



*Whidbey Island's Premiere Waterfront Community*



# **City of Oak Harbor**

Biennial Budget  
For the Years Ending 2011-2012

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

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### **Vision Statement**

Oak Harbor...Whidbey Island's Premier Waterfront Community.

### **Mission Statement**

The Staff of the City of Oak Harbor is committed to delivering the highest possible level of service to its citizens, improving economic opportunity, quality of life and fostering community partnerships.

### **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.
- Goal 8: Annual review of the City's overall performance.

**Council Members and Management Team**

**Council Members**

Mayor.....Jim Slowik  
Mayor Pro-tem.....Danny Paggao  
Council Member.....Rick AlMBERG  
Council Member.....James Campbell  
Council Member.....Scott Dudley  
Council Member.....Beth Munns  
Council Member.....Jim Palmer  
Council Member.....Bob Severns

**Management Team**

City Administrator.....Paul Schmidt  
Finance Director.....Doug Merriman  
Police Chief.....Rick Wallace  
Fire Chief.....Mark Soptich  
Public Works Director.....Cathy Rosen  
Development Services Director.....Steve Powers  
Harbormaster.....Unfilled  
City Attorney.....Margery Hite  
City Engineer.....Eric Johnston  
Human Resource Manager.....Jessica Neill Hoyson

**Commissions**

**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. One position is vacant at this time. The current members and their term expirations are listed below:

Bruce Neil (Chairman).....	06/2011
Keith Fakkema (Vice-chairman).....	11/2011
Kristi Jensen.....	06/2012
Jerry Oliver.....	09/2013
Jeff Wallin.....	09/2013
Greg Wasinger.....	12/2010

**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 eleven members appointed by the Mayor, with only seven of those positions filled at this time. Each commissioner serves a term of four years. The current members and their term expirations are listed below:

Rick Lawler (Chairman).....	06/2011
Sharon Hall (Vice-chairman).....	05/2013
Kit Christopherson.....	05/2012
Fern Miller.....	03/2014
Nora O'Connell-Balda.....	03/2014
K. C. Pohtilla.....	03/2012
Erica Shumacher.....	09/2011

**Standing Committees**

The Oak Harbor Council deliberates and makes informed decisions on many different municipal subjects in the course of conducting City business. These can be divided into four general areas: finance, governmental services, public safety and public works. In an effort to efficiently and effectively study and gathering information, the responsibility has been divided up among all sitting council members and each sits on certain standing committees for a two-year term.

**Finance Standing Committee**

The current members and their term expirations are listed below:

Jim Palmer (Chairman).....	12/2011
Bob Severns.....	12/2011
Beth Munns.....	12/2011

**Governmental Services Standing Committee**

The current members and their term expirations are listed below:

James Campbell (Chairman).....	12/2011
Rick Almberg.....	12/2011
Jim Palmer.....	12/2011

**Public Safety Standing Committee**

The current members and their term expirations are listed below:

Bob Severns (Chairman).....	12/2011
Scott Dudley.....	12/2011
Beth Munns.....	12/2011

**Public Works and Utilities Standing Committee**

The current members and their term expirations are listed below:

Danny Paggao (Chairman).....	12/2011
Rick Almberg.....	12/2011
Scott Dudley.....	12/2011

## City of Oak Harbor, Washington

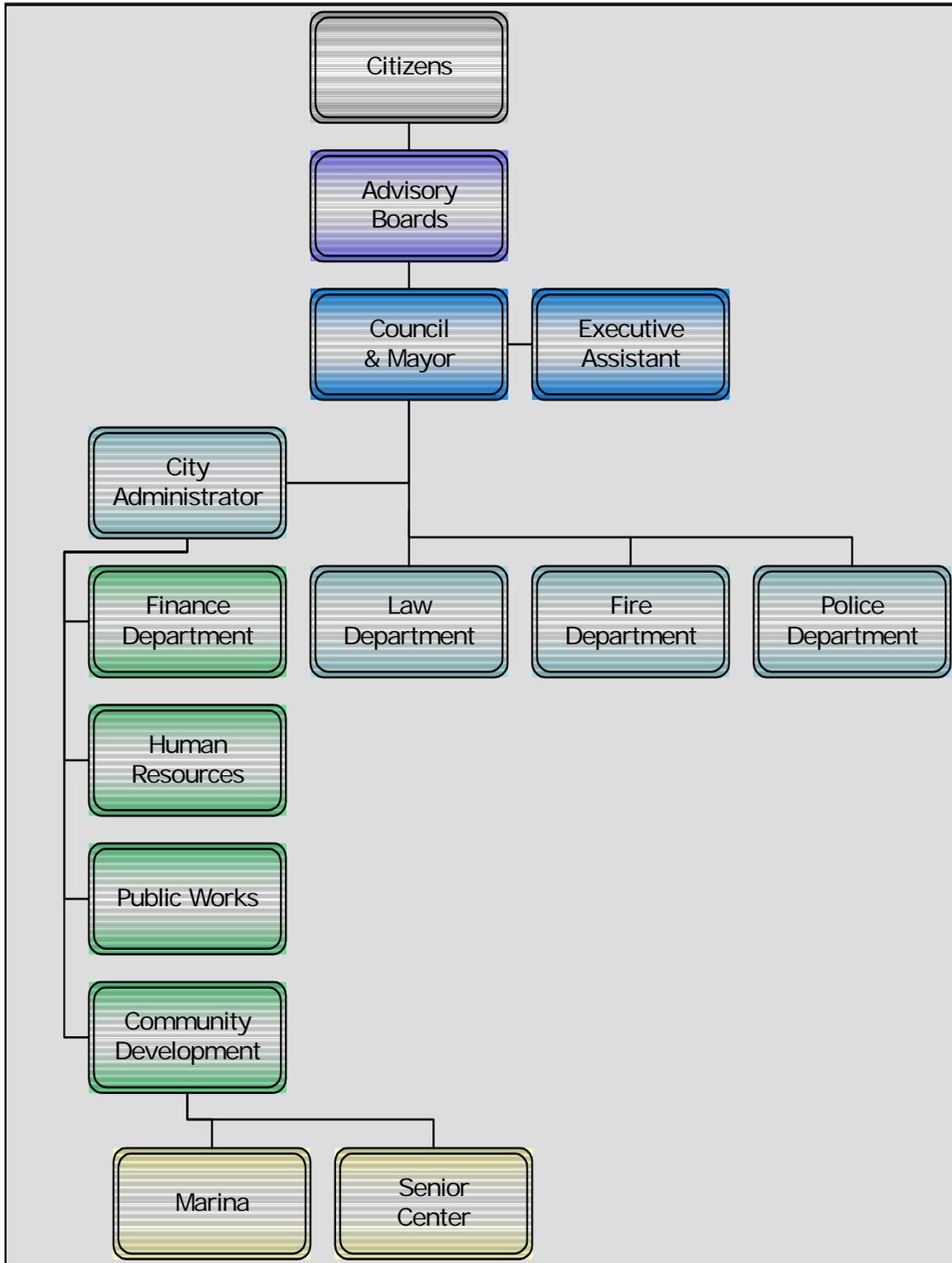


In 1850 the Irish began to settle into the Oak Harbor area with the Dutch following in the 1890's. In 1941 the U.S. Navy began to establish its presence near Oak Harbor. Since then the growth and changes of mission of the Naval Air Station, along with the economic growth of the Northwest Washington, 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, 2011

Dear Fellow Citizens of Oak Harbor:

I am pleased to present to you the City of Oak Harbor 2011-2012 Annual Operating Budget. It addresses our citizens' fundamental needs as we confront the challenges posed by a weakening national, state and local economy and a reduced four-year budget cycle.

Oak Harbor's most pressing problem is to balance the cost of services the public currently receives and the revenues that sustain it. City Staff and the City Council made some tough decisions. I extend my appreciation to the City Council and to our City management staff for diligently working to propose budget changes that respond to current economic conditions and still meet the needs of providing essential services to the community.

The overall 2011 City budget totals \$99.8 million, with the General Fund portion of the budget totaling \$14.3 million, down \$531,000 from the 2010 amended General Fund budget. For 2012, the City Council approved a total City budget of \$72.0 million.

I can assure you that our City family works hard for you and is dedicated in providing the best service possible. I am proud of the effort put forth every day by our City employees to provide those services that we do enjoy and do equate to a very high quality of life here in Oak Harbor and on Whidbey Island. We must also not rest on what we have accomplished and continue to seek better ways of providing service in more effective and efficient ways. Change is inevitable and we must also continue to prepare ourselves for change internally and externally by others. The 2011-2012 Annual Operating Budget represents our community's values to spend our resources wisely and sparingly, but to also recognize that we must continue to invest in our community with well thought out projects and to maintain what we have already constructed over the years. I look forward to serving you in these challenging times and do appreciate your interest in the 2011-2012 Annual Operating Budget for the City of Oak Harbor.

Jim Slowik, Mayor

### **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 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:

- Revenue Policies
- Expenditure Policies
- Reserve Policies
- Accounting, Financial Reporting and Auditing Policies
- Performance Measurement Policies

### ***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***

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 fifteen percent of the fund's operating budget, excluding the beginning fund balance, building permit revenue and any significant one-time revenue.

Technology Reserve Fund

The Technology Reserve Fund is to be utilized as a sinking fund in which to set aside the necessary resources to finance the purchase or replacement of new technology or highly specialized equipment for the operational needs of the City. Each fund or operation of the City will prepare an inventory of computers, network servers, and other technological equipment. This list will include a schedule of planned retirement of such assets, and a schedule of periodic payments to be made to the Technology Reserve Fund for the purpose of replacing outdated equipment as they are retired from the City inventory.

Equipment Replacement Reserve Fund

The Equipment Replacement Reserve Fund is to be utilized as a sinking fund to set aside the necessary resources to finance the purchase or replacement of vehicles and equipment for the operational needs of the City. For each listed piece of equipment, a schedule will be made outlining the project future cost of replacement, a listing of the current contributions made towards replacement, and the estimated service charges for maintenance. Funds or departments that participate will make regularly scheduled payments to ensure that adequate funds are available. Should a department require equipment that has not previously been scheduled; the initial acquisition of the equipment will be budgeted for and purchased from the department's own budgetary schedule. The equipment will then be donated to the equipment replacement fund. Under no circumstances will funds be withdrawn from the reserve for other operating purposes unless a corresponding reduction in the equipment listing is made 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 1<sup>st</sup> 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 1<sup>st</sup> 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.

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

The City of Oak Harbor will establish and maintain a high standard of accounting practices. Accounting and budgetary systems will, at all times, conform to Generally Accepted Accounting Principles, the State of Washington Budgeting Accounting Reporting System (BARS) and local regulations.

A comprehensive accounting system will be maintained to provide all financial information necessary to effectively operate the City.

The City will meet the financial reporting standards set by the Governmental Accounting Standards Board. An annual audit will be performed by the State Auditor's Office and will include the issuance of a financial opinion as to the financial position and the results of operations of the City.

***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.

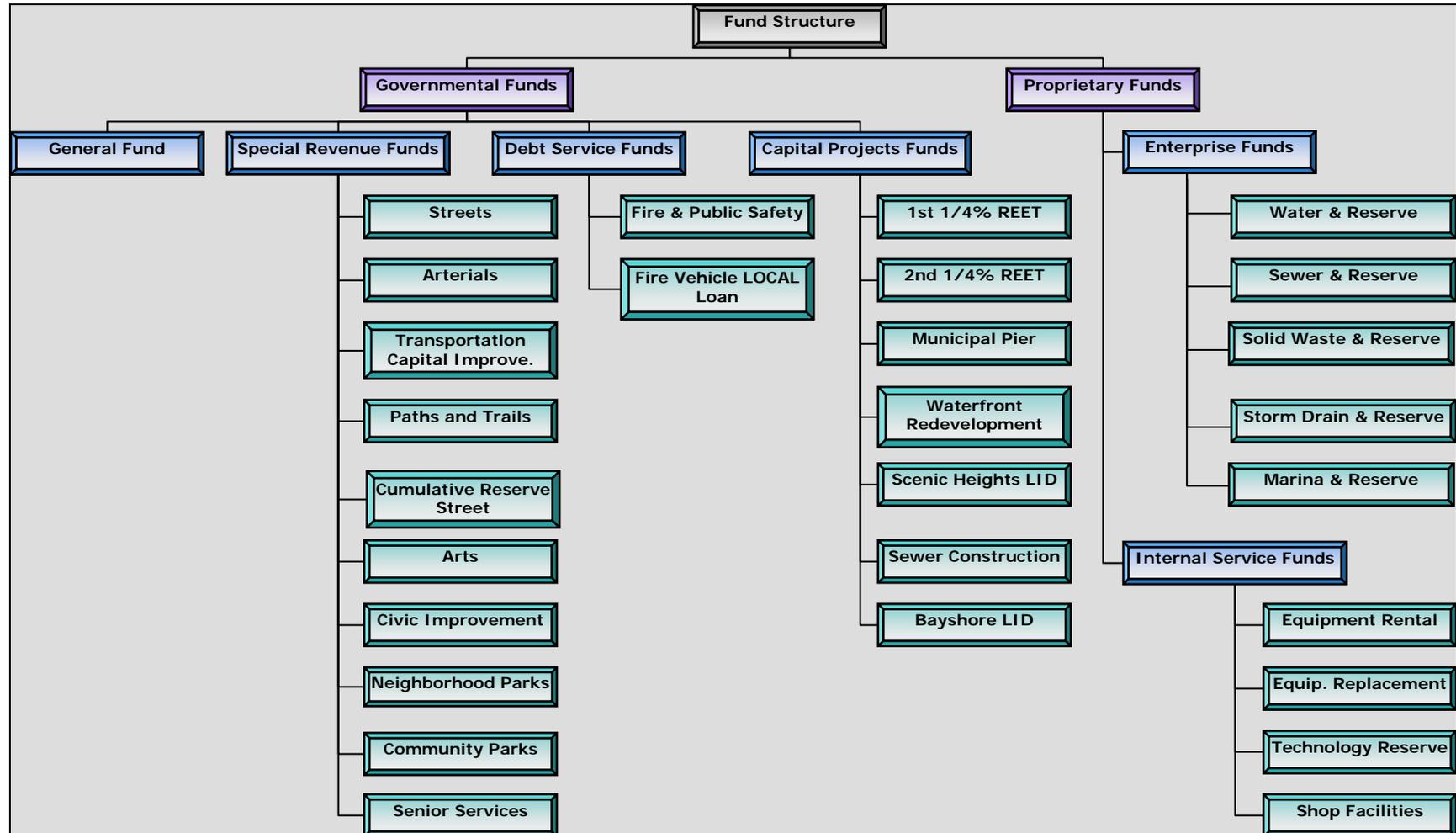
To this end, it is the policy of the City of Oak Harbor to develop a comprehensive productivity/work measurement program throughout City government to improve the efficiency and effectiveness of service delivery. The primary objectives of this City initiative should be:

- 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.

**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 2010 assessed property valuation is \$1,832,165,652. The Councilmanic Legal limit is \$27,482,485. The Unlimited Tax G.O. Bond, Utility and Parks legal limit are all \$45,804,141.

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.

## 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 reserve funds. Currently the fire department reserve funding is the major revenue source.

The ***Ameriflex 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

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 **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.

The **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.

**Fire Vehicle LOCAL Loan Fund #230** accounts for the debt service on the purchase of two new fire trucks (\$192,000). These bonds will be retired in the year 2012.

### 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  $\frac{1}{4}$  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  $\frac{1}{4}$  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 **Waterfront Redevelopment 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 99 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 69 miles of sanitary sewer mains, 10 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 47 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, boat dolly, grid 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.

## 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.

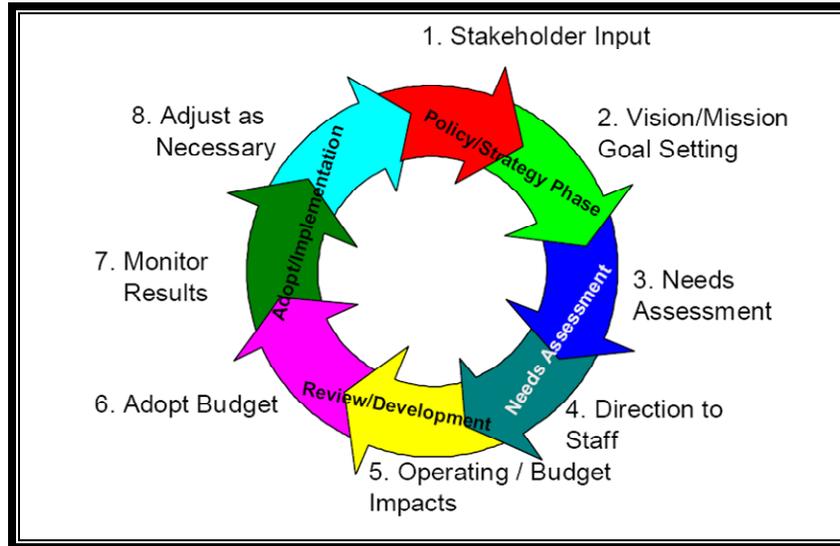
The **Equipment Replacement Fund #502** accumulates funds for future purchases of larger pieces of equipment and all vehicles for the City.

The **Technology Reserve Fund #505** accounts for the purchase and acquisition of technologically oriented equipment such as computers equipment.

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**

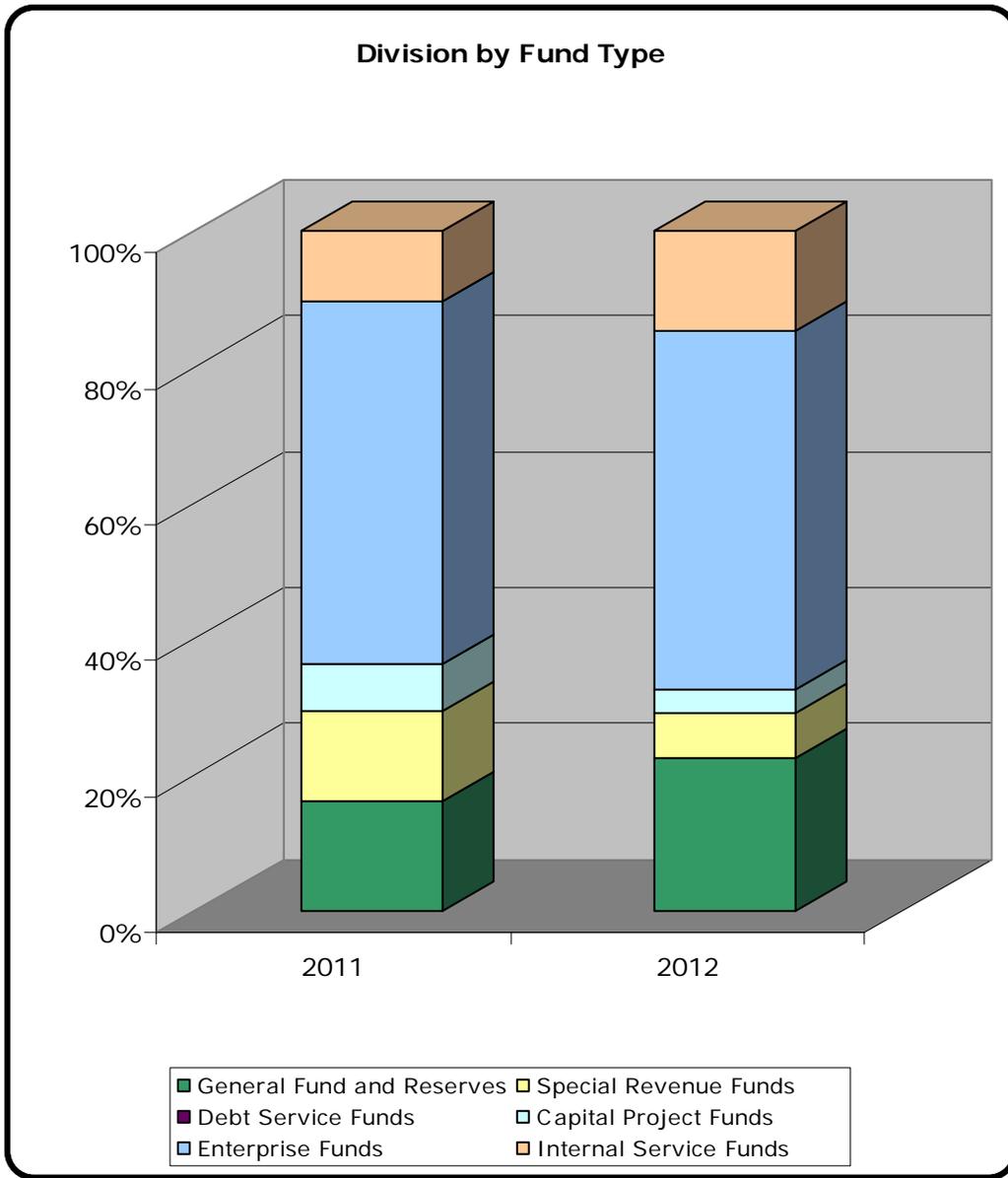
Stakeholder Input Process	March
Council Retreat	Early April
Early Budget Hearing	Early June
Deadline for City Council Suggestions & Proposals	June 30
Mid-Year Financial Review	Mid-July
Proposed Preliminary Budget	Late September
Proposed Biennial Budget and Planning Calendar	2 <sup>nd</sup> Week September
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 for Mid-Biennium Review - review with City Council	Sept. 1, through Aug 31

**Overall Budget Summary****2011 - 2012 Operating Budget by Fund**

<b>Fund</b>	<b>Actual 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
001 Current Expense	\$ 12,405,615	\$ 14,863,204	\$ 14,331,914	\$ 14,280,339
002 Current Expense Reserves	-	1,390,238	1,390,238	1,390,238
003 Current Expense - Ameriflex	40,927	60,000	60,000	60,000
005 Current Expense - Seizure	8,206	10,000	10,000	10,000
006 Whidbey Island Marathon	27,887	140,374	345,936	354,272
101 Streets	1,030,946	2,010,031	2,019,932	1,842,823
104 Arterials	704,684	6,491,877	8,173,028	370,666
105 Transportation Capital Improvement	-	991,131	1,115,100	1,144,799
106 Paths and Trails	-	17,536	19,968	22,418
110 Streets Cumulative Reserve	-	21,063	21,223	21,383
115 Arts Acquisition and Maintenance	41	21,423	88,505	120,977
116 Civic Improvement	198,427	472,518	476,918	518,618
125 Neighborhood Parks	2,738	246,065	299,433	59,433
126 Community Parks	98,294	359,773	340,435	256,435
129 Senior Services	431,647	576,009	549,048	467,166
201 Fire and Public Safety Bond	246,800	254,040	-	-
230 Fire Vehicle LOCAL	51,711	51,711	51,711	25,856
311 Cumulative Reserve 1st 1/4% REET	-	3,333,827	3,420,702	1,501,202
312 Cumulative Reserve 2nd 1/4% REET	-	2,804,853	2,883,853	357,603
320 Municipal Pier	10,780	733,871	276,961	298,461
325 Waterfront Redevelopment	-	479,039	482,039	334,439
401 Water	4,828,932	7,218,873	15,504,619	9,062,925
402 Wastewater	4,161,134	10,975,619	10,991,311	10,532,585
403 Solid Waste	2,963,854	5,025,727	5,305,423	5,256,189
404 Storm Drain	1,179,510	1,666,854	4,064,998	1,685,718
410 Marina	1,277,404	2,063,617	5,191,337	2,320,791
411 Water Cumulative Reserve	27,929	5,761,619	6,162,043	3,477,983
412 Wastewater Cumulative Reserve	1,601	5,045,609	5,173,118	5,025,497
413 Solid Waste Cumulative Reserve	-	119,514	120,414	121,314
414 Storm Drain Cumulative Reserve	-	367,520	395,370	423,420
420 Marina Cumulative Reserve	-	50,000	75,710	101,220
501 Equipment Rental	908,971	959,584	955,761	987,699
502 Equipment Replacement	424,903	6,593,251	6,690,729	6,767,527
505 Technology Reserve	240,345	472,961	549,402	572,592
510 Shop Facility	1,730,169	1,817,555	2,237,663	2,260,314
<b>Total</b>	<b>\$ 33,003,455</b>	<b>\$ 83,466,886</b>	<b>\$ 99,774,842</b>	<b>\$ 72,032,902</b>

**2011 - 2012 Operating Budget by Fund Type**

Fund	Actual 2009	Amended 2010	Adopted 2011	Adopted 2012
General Fund and Reserves	\$ 12,482,635	\$ 16,463,816	\$ 16,138,088	\$ 16,094,849
Special Revenue Funds	2,466,777	11,207,426	13,103,590	4,824,718
Debt Service Funds	298,511	305,751	51,711	25,856
Capital Project Funds	10,780	7,351,590	7,063,555	2,491,705
Enterprise Funds	14,440,364	38,294,952	52,984,343	38,007,642
Internal Service Funds	3,304,388	9,843,351	10,433,555	10,588,132
<b>Total</b>	<b>\$ 33,003,455</b>	<b>\$ 83,466,886</b>	<b>\$ 99,774,842</b>	<b>\$ 72,032,902</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 Excise Taxes, Sales Tax Equalization, Liquor Excise Taxes, Liquor Profits, and others. With the recent passage of I-695, the Sales Tax Equalization monies and Motor Vehicle Excise Taxes have been diminished.

***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.

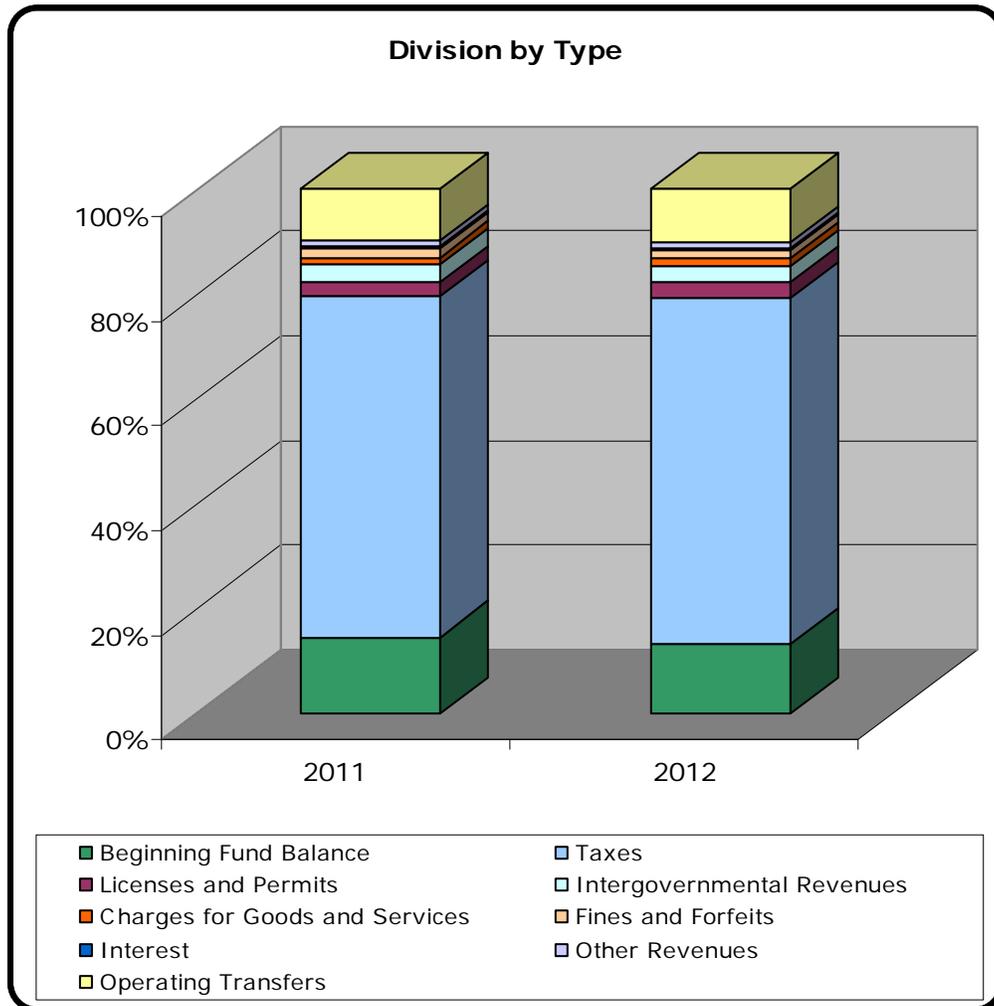
***Camping Fees***

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

**Current Expense Summary**

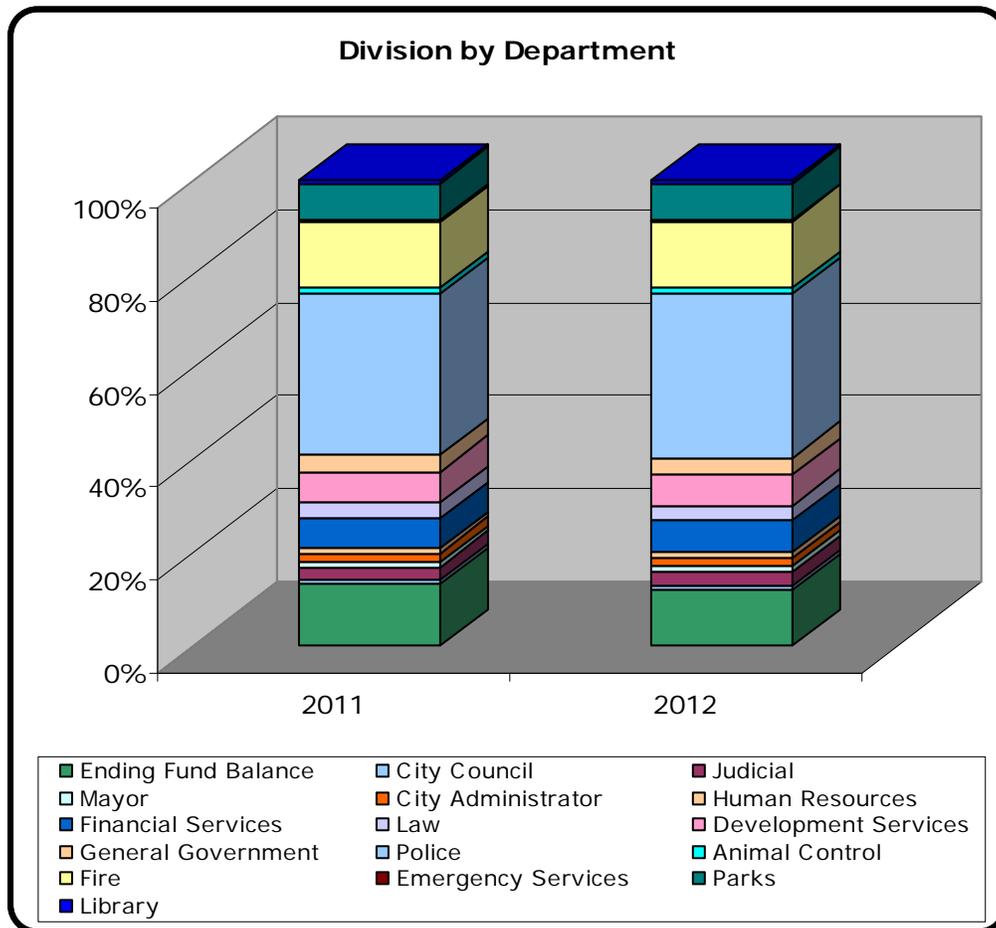
**Revenues by Type**

Source	Actual 2009	Amended 2010	Adopted 2011	Adopted 2012
Beginning Fund Balance	\$ -	\$ 2,369,647	\$ 2,072,833	\$ 1,872,513
Taxes	9,686,168	9,605,349	9,322,568	9,447,644
Licenses and Permits	679,612	497,150	406,900	421,150
Intergovernmental Revenues	400,000	417,500	490,750	466,150
Charges for Goods and Services	456,513	251,700	184,350	186,850
Fines and Forfeits	173,234	222,000	229,500	231,800
Interest	131,345	165,200	58,600	58,800
Other Revenues	124,296	165,350	162,650	167,250
Operating Transfers	1,180,061	1,169,308	1,403,763	1,428,182
<b>Total</b>	<b>\$ 12,831,229</b>	<b>\$ 14,863,204</b>	<b>\$ 14,331,914</b>	<b>\$ 14,280,339</b>



**Expenditures by Department**

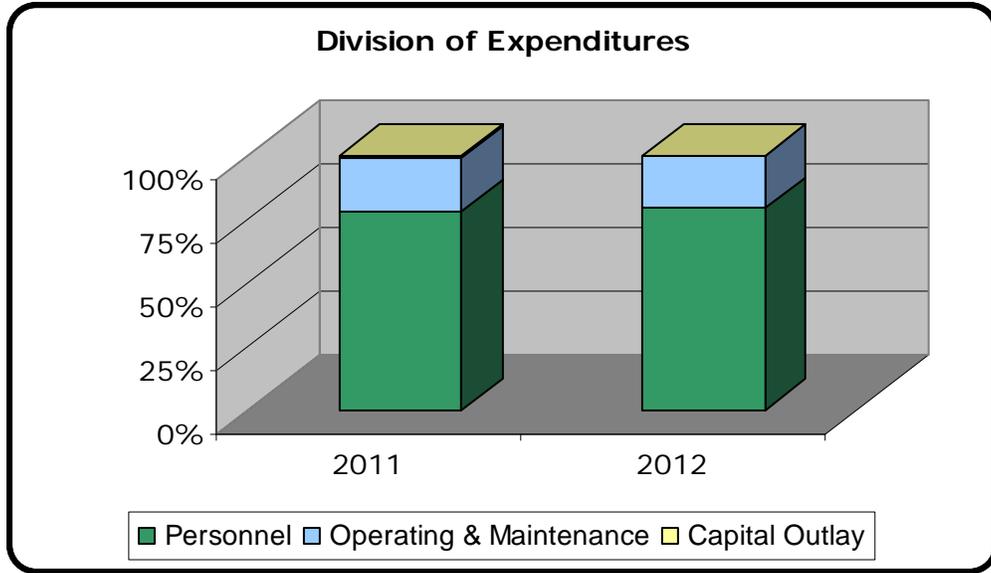
Fund	Actual 2009	Amended 2010	Adopted 2011	Adopted 2012
Ending Fund Balance	\$ -	\$ 2,308,149	\$ 1,872,513	\$ 1,702,848
City Council	104,958	112,130	116,138	119,446
Judicial	445,942	437,440	414,750	423,296
Mayor	154,126	172,007	170,427	175,324
City Administrator	241,502	262,288	254,628	260,407
Human Resources	143,952	221,913	172,103	177,718
Financial Services	821,318	881,382	919,245	961,053
Law	539,160	459,069	465,360	475,924
Development Services	951,364	896,145	958,643	940,286
General Government	903,391	587,349	528,198	532,056
Police	4,724,719	4,992,031	4,981,623	5,033,682
Animal Control	184,597	190,777	183,005	183,449
Fire	2,013,309	2,121,717	2,040,000	2,064,775
Emergency Services	16,163	34,450	32,350	31,450
Youth Services	-	9,000	-	-
Parks	1,092,870	1,104,157	1,153,531	1,128,726
Library	68,244	73,200	69,400	69,900
<b>Total</b>	<b>\$ 12,405,615</b>	<b>\$ 14,863,204</b>	<b>\$ 14,331,914</b>	<b>\$ 14,280,339</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 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Beginning Fund Balance	\$ 3,813,826	\$ 2,369,647	\$ 2,072,833	\$ 1,872,513
Operating Revenues	11,650,002	11,324,249	10,849,318	10,973,644
Expenditures				
Personnel	8,167,597	8,642,976	9,137,444	9,379,831
Operating & Maintenance	2,504,298	2,725,507	2,442,785	2,414,756
Capital Outlay	113,642	57,560	118,374	41,500
Total Expenditures	10,785,537	11,426,043	11,698,603	11,836,087
Operating Surplus (Deficit)	864,465	(101,794)	(849,285)	(862,443)
Other Sources (Uses)				
Net Interfund Transactions	(855,336)	(625,180)	(505,975)	(511,973)
Net Operating Transfers	441,044	665,476	1,154,940	1,204,751
Sources Over (Under) Uses	(414,292)	40,296	648,965	692,778
Change in Fund Balance	450,173	(61,498)	(200,320)	(169,665)
Ending Fund Balance	\$ 4,263,999	\$ 2,308,149	\$ 1,872,513	\$ 1,702,848



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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.

**2010 Accomplishments:**

- ✓ Completed the planning and began implementation of the Pioneer Way Improvement Project.
- ✓ Completed Phase I and began Phase II of the Marina Redevelopment Project.

- ✓ Completed the Utility Rate Audit for all City utilities.
- ✓ Selected engineering consultant and began initial steps of completing the Wastewater Treatment Facility Plan.
- ✓ Executed ten year DNR lease for the Marina.
- ✓ Completed the Oak Harbor Street Improvement Project.
- ✓ Developed updated City website.

**2011 – 2012 Goals:**

- ❖ **Goal: Complete the Pioneer Way Improvement Project.**
- ❖ **Goal: Complete Phase II of the Marina Redevelopment Project.**
- ❖ **Goal: Continue with the Wastewater Treatment Facility Plan, scheduled to be completed in 2013.**
- ❖ **Goal: Begin the 42" Storm Water Outfall Project.**
- ❖ **Goal: Complete the Goldie Road Annexation.**
- ❖ **Goal: Develop Economic Overlay Area Ordinance.**
- ❖ **Goal: Establish an Adult Entertainment Ordinance.**
- ❖ **Goals Complete the Scenic Heights Trailhead Project.**
  - To continue to invest in our community's infrastructure and to implement those regulatory and supportive policies that will continue to grow the City's economy.

**Measurement Results**

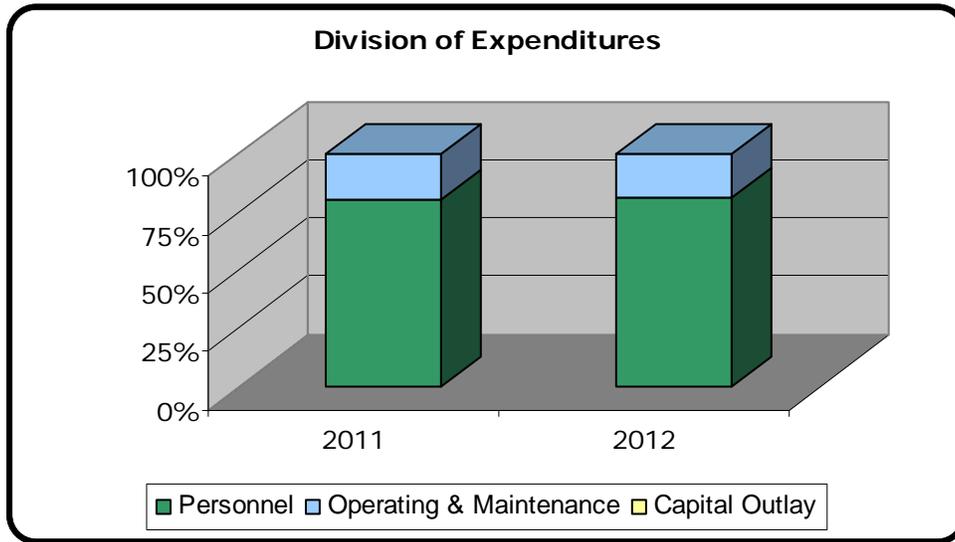
Measures	Actual		Projected	
	2009	2010	2011	2012
<b>Qualitative Measures</b>				
Projects completed	3	4	4	4
<b>Quantitative Measures</b>				
Projects undertaken	3	4	4	4

**Personnel Schedule**

Classification	Authorized Positions				
	2008	2009	2010	2011	2012
City Council Members	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 2009	Amended 2010	Adopted 2011	Adopted 2012
Expenditures				
Personnel	\$ 82,908	\$ 94,180	\$ 88,744	\$ 92,051
Operating & Maintenance	22,050	17,950	21,610	21,610
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>104,958</b>	<b>112,130</b>	<b>110,354</b>	<b>113,661</b>
Other Uses				
Interfund Transactions	-	-	5,784	5,784
Operating Transfers Out	-	-	-	-
<b>Total Uses</b>	<b>\$ 104,958</b>	<b>\$ 112,130</b>	<b>\$ 116,138</b>	<b>\$ 119,445</b>



**Discussion of Key Elements**

**Personnel Expenditures:**

There have been no significant changes.

**Operating and Maintenance Expenditures:**

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

**Capital Outlay:**

There are no capital assets budgeted for 2011 or 2012.

**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.

**2010 Accomplishments:**

- ✓ Established the Work Crew Pilot Program.
- ✓ Develop Work Crew Program into a regular full time program.

**2011 – 2012 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.
- ❖ **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.

**Measurement Results**

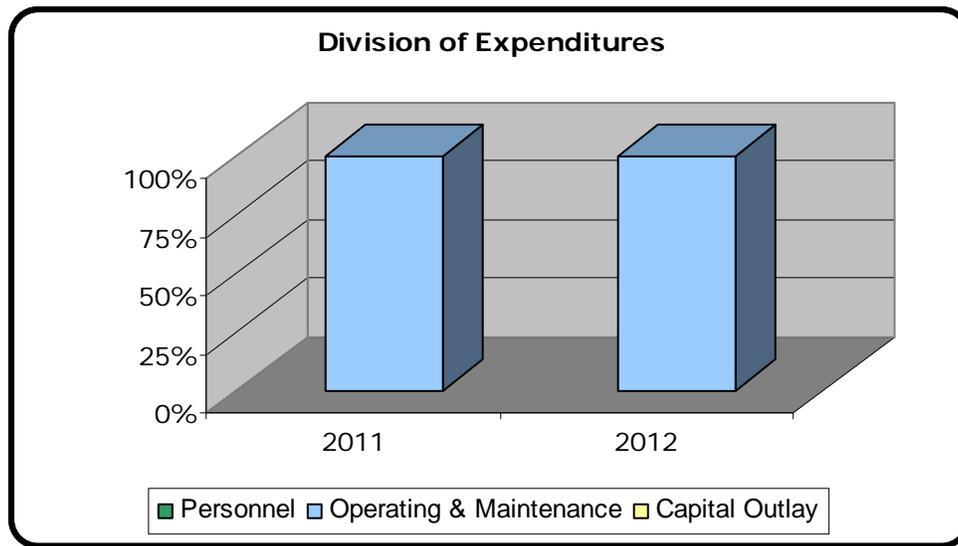
Measures	Actual		Projected	
	2009	2010	2011	2012
<b>Qualitative Measures</b>				
Cases filed	842	873	875	875
Successfully prosecutions	581	767	700	700
<b>Quantitative Measures</b>				
Misdemeanor cases administered	842	873	875	875

**Personnel Schedule**

Classification	Authorized Positions				
	2008	2009	2010	2011	2012
Probation Clerk	0.50	0.50	0.50	0.00	0.00
Total	0.50	0.50	0.50	0.00	0.00

**Summary of Financial Information**

Use of Funds	Actual 2009	Amended 2010	Adopted 2011	Adopted 2012
Expenditures				
Personnel	\$ 7,008	\$ 18,090	\$ -	\$ -
Operating & Maintenance	438,934	419,350	414,750	423,296
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>445,942</b>	<b>437,440</b>	<b>414,750</b>	<b>423,296</b>
Other Uses				
Interfund Transactions	-	-	-	-
Operating Transfers Out	-	-	-	-
<b>Total Uses</b>	<b>\$ 445,942</b>	<b>\$ 437,440</b>	<b>\$ 414,750</b>	<b>\$ 423,296</b>



**Discussion of Key Elements**

**Personnel Expenditures:**

As of 2011, there are no longer any authorized positions in this department.

**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 judges fees.

**Capital Outlay:**

There are no capital assets budgeted for 2011 or 2012.

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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.

**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, ordinances 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.

**2010 Accomplishments:**

- ✓ Created *Municipal Issues on OHTV* television program for the purpose of keeping the public informed on City matters. Segments have included roundtable discussions with City Staff and citizens on various subjects and educational spots on City activities. Two segments are taped each month and broadcast on Comcast Channel 10.
- ✓ Met with Federal legislators and Pentagon officials to discuss issues relative to the City's new Wastewater Treatment Facility project, our downtown revitalization and our unique partnership with Naval Air Station Whidbey Island (NASWI).
- ✓ Presented our Legislative Priorities to State Senator Mary Margaret Haugen and State Representatives Barbara Bailey and Norma Smith.
- ✓ Participated in the NW Clean Air Conference. Presented at Sound Waters 2010, League of Women Voters, various service organizations, and Chamber of Commerce. Hosted a meeting of the Sustainable Whidbey Coalition and discussed the Green Roads Project and other City sustainable activities.
- ✓ Served on the I-COM Board of Directors, Island County Board of Health, Island County Council of Governments, Island County Housing Advisory Board, Island County Justice Court Districting Committee, Island County Law and Justice Council, Island County Regional Transportation Planning Organization and the Sustainable Whidbey Coalition Steering Committee.

**2011 – 2012 Goals:**

- ❖ **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 reserves in case of unseen expense, economic downturn or emergency.

- ❖ **Goals: Remain strongly focused on infrastructure projects.**
  - Objective: Systematically complete essential public works projects, with emphasis on strong infrastructure. Old and aging infrastructure threatens the City's finances and our ability to deliver City services.
- ❖ **Goals: Meet with Pentagon Officials regarding NASWI.**
  - Objective: To discuss items of mutual interest and mutual partnership such as police, fire protection, water, sewer, solid waste, zoning, noise and encroachment.
- ❖ **Goals: Produce Municipal Issues on OHTV.**
  - Objective: To inform the public on issues, projects and information of the City. To offer updates on City projects as well as education on public affairs and items of City government and services.

**Measurement Results**

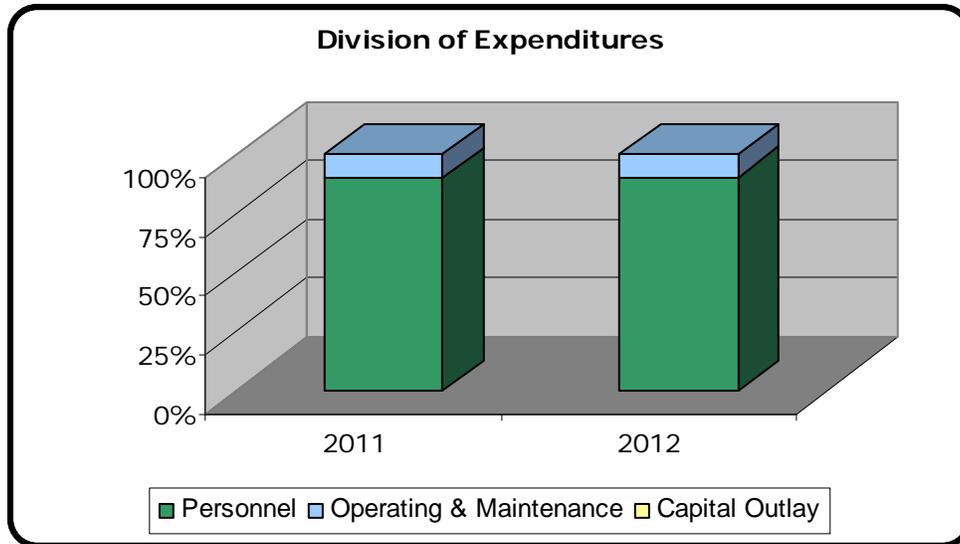
Measures	Actual		Projected	
	2009	2010	2011	2012
<b>Qualitative Measures</b>				
Lobbying trips to Washington DC to secure retaining NAS Whidbey Island	1	1	1	1
<b>Quantitative Measures</b>				
Produce Municipal Issues on OHTV segments	0	21	24	24
Conduct Full Staff Meetings between NASWI and City personnel with emphasis on Public Works, Fire and Police departments	1	1	3	3

**Personnel Schedule**

Classification	Authorized Positions				
	2008	2009	2010	2011	2012
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 2009	Amended 2010	Adopted 2011	Adopted 2012
Expenditures				
Personnel	\$ 144,292	\$ 150,157	\$ 151,336	\$ 156,233
Operating & Maintenance	9,834	21,850	16,560	16,560
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>154,126</b>	<b>172,007</b>	<b>167,896</b>	<b>172,793</b>
Other Uses				
Interfund Transactions	-	-	2,531	2,531
Operating Transfers Out	-	-	-	-
<b>Total Uses</b>	<b>\$ 154,126</b>	<b>\$ 172,007</b>	<b>\$ 170,427</b>	<b>\$ 175,324</b>



**Discussion of Key Elements**

**Personnel Expenditures:**

While salaries are held to insignificant increases throughout 2011 and 2012, the cost of benefits continue their climb with a 3% increase for 2011 and a 10% increase in 2012.

**Operating and Maintenance Expenditures:**

The Mayor’s office is dedicated to keeping operating expenses down and reduced as indicated by a 46% decrease in travel expenses, 50% decrease in supplies and a 40% decrease in miscellaneous expenses. There is a 26% increase from 2010 in the professional services line item so that we can continue to produce and broadcast the Municipal Issues on OHTV program. Throughout the year, this program provides information and education for our citizens.

**Capital Outlay:**

There are no capital assets budgeted for 2011 or 2012.

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**City Administrator**

**Mission:**

The mission of the City's Administrator's Office is to maintain effective relationships with the Mayor, City Council, operating departments and other agencies. Assist the Mayor, City Council and City Staff in policy formation and in the implementation of policy decisions and directions. Provide professional leadership and management practices that create an organizational culture that results in the delivery of excellent services to our customers and our community and ensure operational accountability to the public, Mayor and City Council.

**Responsibilities:**

- Chief Administrative Officer of the City.
- Management and administration of the day-to-day operations of the City.
- Coordination of inter-departmental projects and programs.
- Coordination of departmental programs.
- Liaison between the Mayor, City Council, Boards/Committees, City staff and the general public.
- Provide clear, timely and accurate information to the public, Mayor and City Council.
- Ensure that City services are cost effective and efficiently provided.

**2010 Accomplishments:**

- ✓ Facilitated the website redesign.
- ✓ Oversaw the successful 2010 Whidbey Island Marathon event.
- ✓ Assisted in the new policy development for the Marina improvements, Pioneer Way Improvement Project and the beginning phases of the new wastewater treatment facility
- ✓ Assisted in the policy development of the utility rates.
- ✓ Assisted in the overall development of the City of Oak Harbor budget policies.

**2011 – 2012 Goals:**

- ❖ **Goal: Support the Mayor and City Council in effective ways as they work to achieve the City's goals.**
  - Objective: Provide requested information and new information to the City Council in a timely manner.
  - Objective: Implement 2011/2012 Budget that focuses on achieving the City's goals.
  - Objective: Clearly communicate to the Mayor and City council staff recommendations and the basis for the recommendations.
- ❖ **Goal: Provide consistent and positive leadership to the organization.**
  - 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.

❖ **Goal: Align departmental performance expectations with the available resources.**

- Objective: Provide 2011/2012 work program based on approved biennial budget. Communicate with the City Council the desired outcome and report progress.
- Objective: Provide ongoing communication to the Mayor and City Council on potential policy direction for enhancing revenue and program deliver.
- Objective: Work with Human Resources Department to continue the current employee job performance evaluation process to assure it best reflects the revised job descriptions, customer service and departmental performance measures.
- Objective: Work with Human Resources Department to continue to provide ongoing organization-wide training for safety and operational performance benefits.

**Measurement Results**

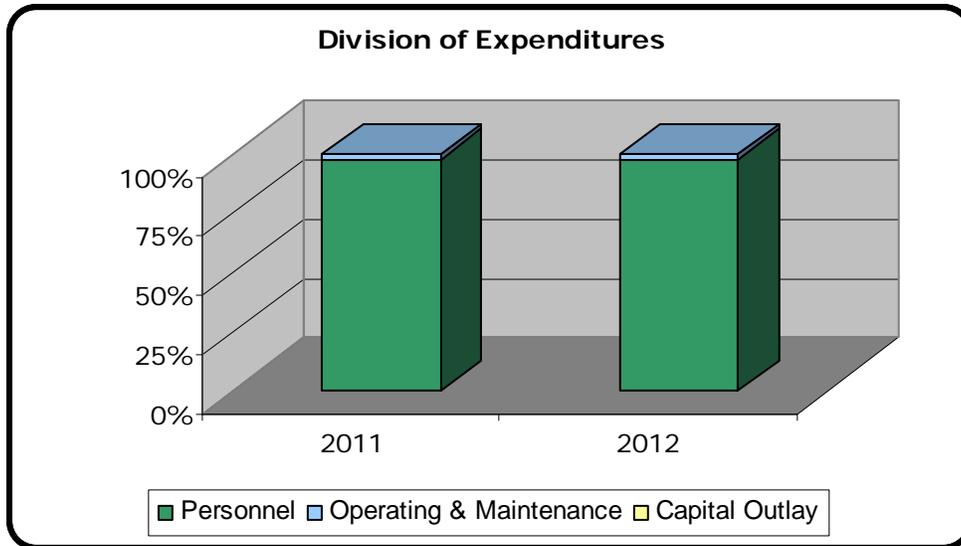
Measures	Actual		Projected	
	2009	2010	2011	2012
<b>Qualitative Measures</b>				
Improved web site traffic through updated designed (hits)	55,993	97,895	102,789	107,928
<b>Quantitative Measures</b>				
Agenda bills processed	205	201	208	211
Committee meetings and workshops	49	49	50	50

**Personnel Schedule**

Classification	Authorized Positions				
	2008	2009	2010	2011	2012
City Administrator	1.00	1.00	1.00	1.00	1.00
Administrative 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 2009	Amended 2010	Adopted 2011	Adopted 2012
<b>Expenditures</b>				
Personnel	\$ 238,465	\$ 252,088	\$ 246,597	\$ 252,376
Operating & Maintenance	3,037	9,200	5,500	5,500
Capital Outlay	-	1,000	-	-
<b>Total Expenditures</b>	<b>241,502</b>	<b>262,288</b>	<b>252,097</b>	<b>257,876</b>
<b>Other Uses</b>				
Interfund Transactions	-	-	2,531	2,531
Operating Transfers Out	-	-	-	-
<b>Total Uses</b>	<b>\$ 241,502</b>	<b>\$ 262,288</b>	<b>\$ 254,628</b>	<b>\$ 260,407</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 and travel.

**Capital Outlay:**

There are no capital assets budgeted for 2011 or 2012.

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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.

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**2010 Accomplishments:**

- ✓ Transitioned the Human Resources department through a change in leadership while continuing to support all City programs and Departments in an efficient and effective manner.
- ✓ Created and executed a City-wide salary survey. This process included creating standard evaluation criteria to determine City comps, creation of a custom position survey, data collection, data analysis, evaluation of internal parity and compression issues and final compensation recommendations.
- ✓ Facilitated multi-department communication training seminars. These seminars improved department communication skills thus decreasing the amount of interpersonal conflicts.
- ✓ Managed completion of City-wide Diversity and Anti-Harassment training.
- ✓ Began process for installation of City Human Resources Information System.
- ✓ Assisted in creating a reorganization plan for Public Works that will better utilize personnel for upcoming projects while also providing a clear path for succession planning.

**2011 – 2012 Goals:**

❖ **Goal: Convert all personnel data to an electronic management system.**

- Objective: Provide up-to-the minute personnel data as well as providing accurate historical data on positions and employees. Create a check and balance process between Human Resources and payroll.
- Objective: Provide a tracking system for positions that will better enable the City to manage costs and utilize position budgeting.
- Objective: Create a two- step process for all payroll changes that will ensure a check and balance to transactions.
- Objective: Provide a clear process for all personnel changes.

❖ **Goal: Update and re-write current Employee Handbook and the Personnel Section on the Municipal Code.**

- Objective: Provide staff with clear policies that have been updated to reflect legislative changes and City policy changes. Update Personnel Code to contain all items related to compensation as well as to reflect legally required updates. Legal and clear employee polices protect both the City and the employees.

❖ **Goal: Create a supervisor employee manual.**

- Objective: Support the creation of a diverse workforce that appropriately reflects the diverse citizens of the City of Oak Harbor through the creation of a Diversity Program that focuses on expanded public outreach.

- ❖ **Goal: Align the HR function with the strategic goals of the City. Assist the departments in meeting human resources needs and serving the citizens in a professional, cost-effective and timely manner.**
  - Objective: Reclassify the HR Administrative Assistant to an HR Analyst and increase the hours from 0.45 FTE (18 hours per week) to 0.50 FTE (20 hours per week).
  - Objective: By increasing the current HR staffing to 1.50 FTE and reclassifying the HR Administrative Assistant, the HR Department will be better able to assist City departments in meeting current/anticipated human resources needs and serve citizens in a professional, cost-effective and timely manner.
  
- ❖ **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: Pursuing this will 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**

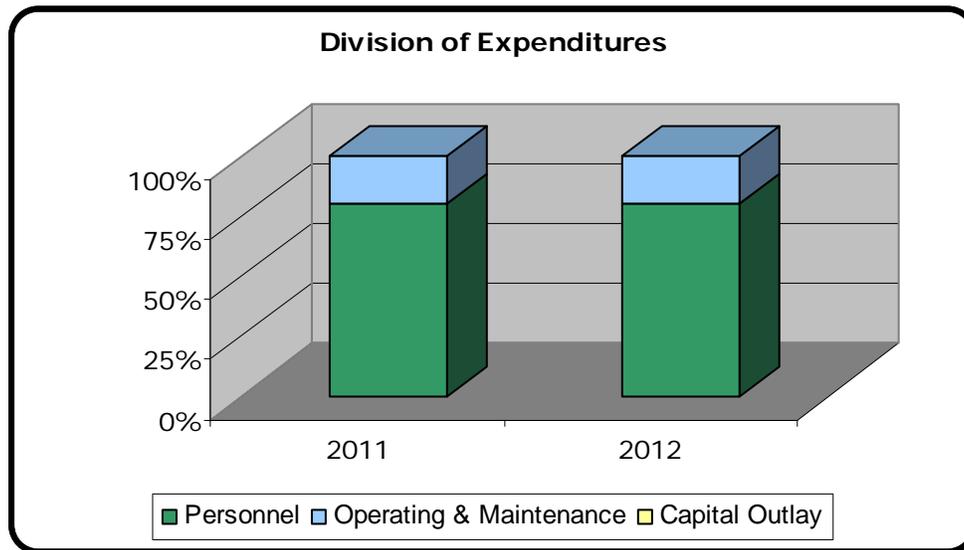
Measures	Actual		Projected	
	2009	2010	2011	2012
<b>Qualitative Measures</b>				
Promote wellness and morale	100%	100%	100%	100%
Improve value/utility of HR paper	25%	25%	25%	25%
Align City salaries with comparables	NA	80%	NA	100%
<b>Quantitative Measures</b>				
Improve L&I Experience Factor	NA	1.1416	0.85	0.75
Employee policies manual	NA	50%	100%	100%
Number of internal training programs	7	7	9	9

**Personnel Schedule**

Classification	Authorized Positions				
	2008	2009	2010	2011	2012
Human Resources Director	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	0.45	0.45	0.45	0.00	0.00
Human Resources Analyst	0.00	0.00	0.00	0.50	0.50
<b>Total</b>	<b>1.45</b>	<b>1.45</b>	<b>1.45</b>	<b>1.50</b>	<b>1.50</b>

**Summary of Financial Information**

Use of Funds	Actual 2009	Amended 2010	Adopted 2011	Adopted 2012
Expenditures				
Personnel	\$ 125,686	\$ 133,681	\$ 136,212	\$ 141,027
Operating & Maintenance	13,368	68,888	33,360	34,160
Capital Outlay	-	14,860	-	-
<b>Total Expenditures</b>	<b>139,054</b>	<b>217,429</b>	<b>169,572</b>	<b>175,187</b>
Other Uses				
Interfund Transactions	4,898	4,484	2,531	2,531
Operating Transfers Out	-	-	-	-
<b>Total Uses</b>	<b>\$ 143,952</b>	<b>\$ 221,913</b>	<b>\$ 172,103</b>	<b>\$ 177,718</b>



**Discussion of Key Elements**

**Personnel Expenditures:**

The new HR Analyst position will support the need to strategically align HR with the goals of the organization. Activities, such as training and compensation analysis will be internal functions under this new direction thus saving the City funds that would have previously gone to consultants. The position will provide high level support to the HR manager. The HR Analyst 0.5 FTE position will replace the current 0.45 FTE Admin Assistant – HR.

**Operating and Maintenance Expenditures:**

The majority of the operating and maintenance budget is for professional services, however professional services were reduced by the reclassification of the HR Admin Assistant to an HR Analyst. This change allows the HR department to perform more activities in-house, such as training and benefits and compensation analysis.

**Capital Outlay:**

There are no capital assets budgeted for 2011 or 2012.

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**Financial Services****Mission:**

The mission of the Financial Services department is to promote the efficient and effective use of the City's financial 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:**

- Managing and investing public funds.
- Budget management and fiscal compliance.
- Financial reporting for both public information and management decision-making purposes.
- Strategic financial planning and revenue projecting for all City operations.
- Utility rate structure analysis.
- Utility and Business Licensing billing.
- Coordinating and publishing the City's biennial budget and Annual Financial Report.
- Collecting and recording City revenues.
- Liaison for State Auditors office.
- Payroll and accounts payable and audits of all payments.
- Coordinating and regulatory reporting 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.

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.

**2010 Accomplishments:**

- ✓ Outsource printing of the utility bills.
- ✓ Implemented monthly billing.
- ✓ Shifting of report compilation process for internal controls over financial reporting.
- ✓ Development of rate structure and long-term financial plan for the City Marina.
- ✓ Development of rate structure and long-term capital planning for City utilities.
- ✓ Revision of procurement card, fraud discovery, and debt policies.
- ✓ Establishment of a fund balance reserve utilization plan for years 2011-2016.

**2011 – 2012 Goals:**

- ❖ **Goal: Initiate financing for Phases I, II, and III of the Marina Redevelopment Plan.**
  - Objective: Apply for municipal bond rating upgrade with Standard & Poors and Moody's rating agencies for Marina dredging project bond issue.
  - Objective: Issue \$2.57 million in financing bonds for the Marina Phase II dredging project.
  - Objective: Establish 6-year capital financing plan for eventual replacement of Marina float infrastructure.
  
- ❖ **Goal: Review and rewrite City Debt policy.**
  - Objective: Review APTUS&C Debt Issue Program.
  - Objective: Rewrite Debt Issue Policy to include issuance of LTGO, Revenue, Assessment, and interfund loan scenarios.
  - Objective: Submit Debt Policy to WMTA peer review program for certification.
  
- ❖ **Goal: Submit City Comprehensive Annual Report (CAFR) for GFOA certification for 2012.**
  - Objective: Convert existing CAFR document to required standards.
  - Objective: Obtain supplemental information from Island County, if possible.
  - Objective: Submit final document to GFOA for peer review and certification.
  
- ❖ **Goal: Upgrade EDENS Inforum Gold to 5.0+ Version.**
  - Objective: Establish city-wide technology standards for hardware/software.
  - Objective: Establish upgrade conversion team and complete application fit analysis.
  - Objective: Purchase required IT infrastructure for conversion applicability.
  - Objective: Coordinate upgrade of software with Oak Harbor School District contractors.
  
- ❖ **Goal: Implement Governmental Accounting Standards Board (GASB) pronouncement #54.**
  - Objective: Research pronouncement details by Finance staff.
  - Objective: Review current applicability of pronouncement to financial statement reporting process.
  - Objective: Implement GASB #54 effective for 2011 CAFR.
  
- ❖ **Goal: Review and restructure City-wide cash handling procedures.**
  - Objective: Review cash handling and investment internal controls for upgrades.
  - Objective: Write cash handling training manual for use by cash handling locations.
  - Objective: Train cash handling staff in revised/upgraded procedures.

**Measurement Results**

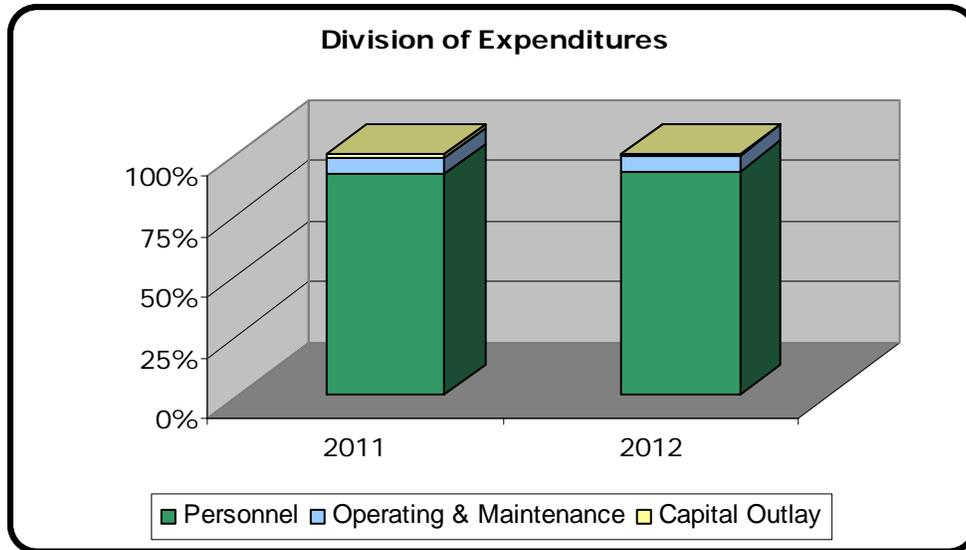
Measures	Actual		Projected	
	2009	2010	2011	2012
<b>Qualitative Measures</b>				
State Auditor findings	0	2	0	0
GFOA Certificate of Achievement for Excellence in Financial Reporting	0	0	1	1
Average rating of customer service survey forms	NA	NA	90%	92%
<b>Quantitative Measures</b>				
Number of accounts payable invoices processed	9,894	9,870	10,330	10,800
Size of expenditure budget managed	\$82 mil	\$84 mil	\$99 mil	\$72 mil
Number of utility accounts maintained	5,884	5,964	6,000	6,100

**Personnel Schedule**

Classification	Authorized Positions				
	2008	2009	2010	2011	2012
Finance Director	1.00	1.00	1.00	1.00	1.00
City Clerk	1.00	1.00	1.00	1.00	1.00
Accountant/Internal Audit	3.00	3.00	3.00	0.00	0.00
Financial/Systems Accountant	0.00	0.00	0.00	3.00	3.00
Accounting Technician/Admin Assistant	0.00	0.00	0.00	1.00	1.00
Accounting Technician	3.00	3.00	3.00	2.00	2.00
Cashier	2.00	2.00	2.00	2.00	2.00
Receptionist	1.00	1.00	1.00	1.00	1.00
<b>Total</b>	<b>11.00</b>	<b>11.00</b>	<b>11.00</b>	<b>11.00</b>	<b>11.00</b>

**Summary of Financial Information**

Use of Funds	Actual 2009	Amended 2010	Adopted 2011	Adopted 2012
<b>Expenditures</b>				
Personnel	\$ 718,480	\$ 783,104	\$ 820,483	\$ 872,291
Operating & Maintenance	83,242	63,650	63,100	63,100
Capital Outlay	-	19,700	15,000	5,000
<b>Total Expenditures</b>	<b>801,722</b>	<b>866,454</b>	<b>898,583</b>	<b>940,391</b>
<b>Other Uses</b>				
Interfund Transactions	19,596	14,928	20,662	20,662
Operating Transfers Out	-	-	-	-
<b>Total Uses</b>	<b>\$ 821,318</b>	<b>\$ 881,382</b>	<b>\$ 919,245</b>	<b>\$ 961,053</b>



**Discussion of Key Elements**

**Personnel Expenditures:**

An Accountant position and an Accounting Technician position remain unfilled.

**Operating and Maintenance Expenditures:**

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

**Capital Outlay:**

The Finance Department anticipates upgrading its utility cashing counter to provide better public access while enhancing security over cash assets. The anticipated cost of counter and security upgrades is estimated to be \$14,500.

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**Law**

**Mission:**

The Law 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.

**2010 Accomplishments:**

- ✓ Adoption of Adult Entertainment Ordinances -- Interim zoning ordinance; licensing ordinance; public hearing and legal advice to City officials on parameters established by courts.
- ✓ Utility Ordinances -- Policy ordinances establishing rationale for rates and classes of customers; Rate ordinance unifying stormwater, sewer and water rates into a single ordinance.
- ✓ Ordinance and Resolution Drafting Class -- Training for departmental representatives responsible for preparing draft ordinances and resolutions.
- ✓ Departmental Communications Training -- Training to improve intra-office communications and effectiveness.
- ✓ Solid Waste Disposal Franchises -- Establish model ordinance extinguishing damages claims.
- ✓ Pioneer Way Right-of-Way Acquisition -- Monitor outside counsel.
- ✓ Stormwater Regulatory Ordinance -- Meet requirements of NPDES Phase II permit.
- ✓ Review SEPA Appeal Procedures -- Meet WCIA audit requirements.
- ✓ Jail Contracting for Excess Bed Space -- Assisted Oak Harbor Police Department in establishing a procedure for renting excess bed space to other agencies.
- ✓ Prosecution of Criminal and Code Violations -- Successful prosecution of growing caseload -- over 500 cases handled as of September 30, 2010; Reduction of jail medical costs through prosecutor intervention
- ✓ Establishment of Strong Police-Prosecutor Collaborations -- Legal guidance on search and seizure and other issues.

**2011 – 2012 Goals:**

- ❖ **Goal: Personnel code re-write.**
  - Objective: Adopt policies on wages and hours by ordinance; update post-deprivation remedies in the city code; Administrative personnel handbook revision.
- ❖ **Goal: City UGA expansion.**
  - Objective: Pursue council policy before county government; Potential GMA litigation.
- ❖ **Goal: Contracting class.**
  - Objective: Training for departmental contract officers on essential elements.
- ❖ **Goal: Establish work crew for alternative service at jail.**
  - Objective: Create an alternative to jail time for offenders to work off debt to society through work on city facilities.
- ❖ **Goals: Adoption of prosecution plea and sentencing standards.**
  - Objective: Standardized and public criteria for disposing of criminal/traffic/code violations.

**Measurement Results**

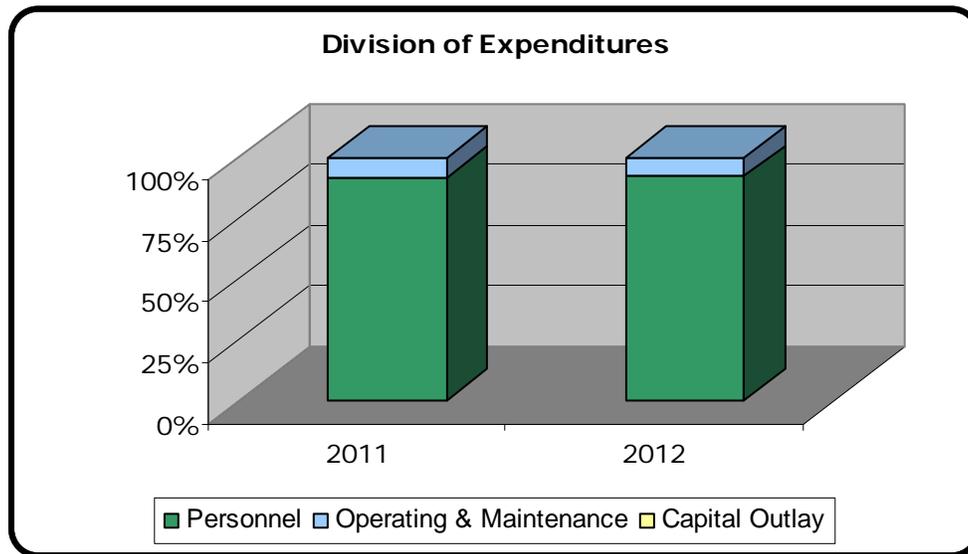
Measures	Actual		Projected	
	2009	2010	2011	2012
<b>Qualitative Measures</b>				
Customer Surveys <i>(in progress)</i>	0	0	1	1
<b>Quantitative Measures</b>				
Criminal cases:				
Filed	842	846	888	932
Declined	47	54	57	60
Ordinances/resolutions reviewed	28	38	40	42
Contracts/agreements reviewed	40	41	43	46

**Personnel Schedule**

Classification	Authorized Positions				
	2008	2009	2010	2011	2012
City Attorney	1.00	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
Legal Admin Assistant/Chief Examiner	0.00	0.00	0.00	1.00	1.00
Code Enforcement Officer	0.50	0.00	0.00	0.00	0.00
<b>Total</b>	<b>4.50</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>

**Summary of Financial Information**

Use of Funds	Actual 2009	Amended 2010	Adopted 2011	Adopted 2012
Expenditures				
Personnel	\$ 374,883	\$ 390,805	\$ 423,452	\$ 434,016
Operating & Maintenance	158,290	60,024	37,724	37,724
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>533,173</b>	<b>450,829</b>	<b>461,176</b>	<b>471,740</b>
Other Uses				
Interfund Transactions	5,987	8,240	4,184	4,184
Operating Transfers Out	-	-	-	-
<b>Total Uses</b>	<b>\$ 539,160</b>	<b>\$ 459,069</b>	<b>\$ 465,360</b>	<b>\$ 475,924</b>



**Discussion of Key Elements**

**Personnel Expenditures:**

The current Administrative Assistant will be re-classified to take on the Chief Examiner/Secretary to the Civil Service Commission position in addition to her civil workload which, in turn, will off-load the Human Resources Department of a significant assignment.

**Operating and Maintenance Expenditures:**

The majority of the operating and maintenance budget is for professional services and office and operating supplies. Office and operating supplies, travel and professional services have been reduced by 61% from the 2010 budget.

**Capital Outlay:**

There are no capital assets budgeted for 2011 or 2012.

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

The mission of the Development Services department is to help the community articulate its vision for Oak Harbor. This is accomplished through the ongoing implementation and refinement of the community's Comprehensive Plan and its related development regulations and design standards. To ensure that the 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. 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 the construction projects within the City.

**Responsibilities:**

- 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.
- Promote compliance with permit reform requirements of State law.
- Administer and enforce city codes as they pertain to land development, infrastructure construction and building construction.
- Assure proper and timely processing of land use applications, 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 and the State Shoreline Management Act.
- Serve as liaison with other departments and agencies involved in growth management, transportation and other infrastructure development.
- Manage and update the City's permit tracking system, various project files and related databases.
- Provide a public process intended to promote public participation in the land use decision-making process.
- Implement requirements and standards for the protection of the public health, safety and welfare of our community.
- Provide basic permit and code information to the public and other city departments; issuing permits; plan reviews; site plan reviews; issuing certificate of occupancies; maintaining records on all projects; performing inspections; and enforcing city codes.
- To protect the public by reducing the potential hazards of unsafe construction, and ensuring public health, safety and welfare.

**2010 Accomplishments:**

- ✓ Received a Washington Chapter of the American Planning Association Award (Honorable Mention) for the Windjammer Plan Public Participation Process.
- ✓ Completed a major update to the Subdivision Code which modernized development standards, promoted sustainability and livability and increased user friendliness
- ✓ Received a Washington Chapter of the American Planning Associate Award (First Place) for the Subdivision Code Update Project.

**2011 – 2012 Goals:**

- ❖ **Goal: Continue implementation of the Oak Harbor Comprehensive Plan.**
  - Objective: Assist in implementation of community development and capital projects identified in the Comprehensive Plan, the Marina Redevelopment Program and the Capital Improvements Plan.
  - Objective: Continue working with the community to define an urban design direction and implement it through appropriate regulations and guidelines.
- ❖ **Goals: To 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.
- ❖ **Goals: Update the City’s Shoreline Master Program to be consistent with the Shoreline Management Act.**
  - Objective: Complete the required update, including approval by the Department of Ecology, by December 1, 2012.

**Measurement Results**

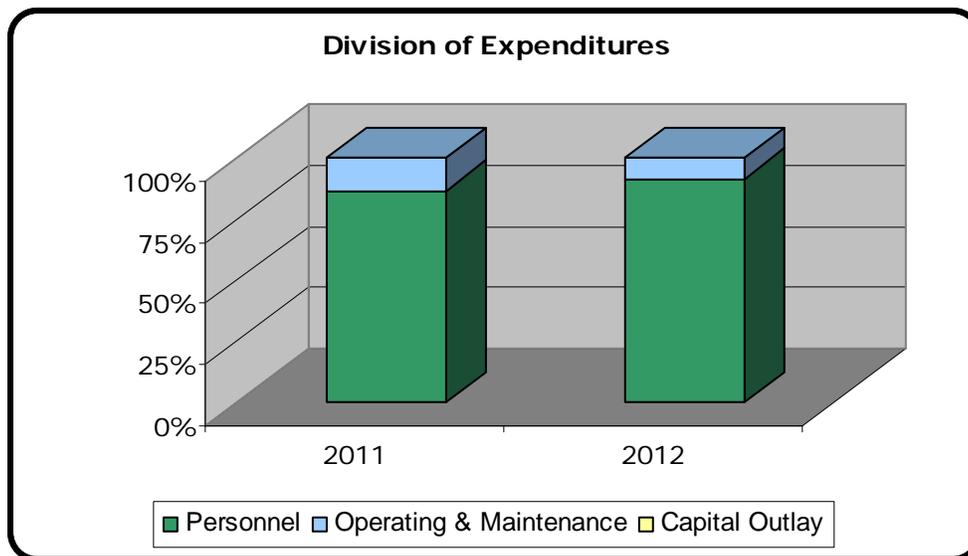
Measures	Actual		Projected	
	2009	2010	2011	2012
<b>Qualitative Measures</b>				
Percent of customer service responses within prescribed timelines	95%	95%	95%	95%
Percent of planning reviews completed within 120-day timeline	95%	95%	95%	95%
Percent of applications approved without administrative variances	100%	85%	95%	95%
Complete Shoreline Master Program update on-time and on-budget	NA	NA	NA	X
Complete Marina Improvement Plan on-time and on-budget	NA	NA	NA	X
<b>Quantitative Measures</b>				
Number of land use applications reviewed	19	38	30	35

**Personnel Schedule**

Classification	Authorized Positions				
	2008	2009	2010	2011	2012
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	1.00	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
Building Inspector	1.00	1.00	1.00	1.00	1.00
City Engineer	1.00	1.00	0.00	0.00	0.00
Project Engineer	1.00	1.00	0.00	0.00	0.00
Civil Engineer	2.00	2.00	0.00	0.00	0.00
Engineering Technician	1.00	1.00	0.00	0.00	0.00
Construction Inspector	1.00	1.00	0.00	0.00	0.00
Seasonal Laborer	0.50	0.50	0.00	0.00	0.00
<b>Total</b>	<b>15.50</b>	<b>15.50</b>	<b>9.00</b>	<b>9.00</b>	<b>9.00</b>

**Summary of Financial Information**

Use of Funds	Actual 2009	Amended 2010	Adopted 2011	Adopted 2012
Expenditures				
Personnel	\$ 730,993	\$ 704,073	\$ 818,750	\$ 846,014
Operating & Maintenance	81,421	170,180	125,440	79,691
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>812,414</b>	<b>874,253</b>	<b>944,190</b>	<b>925,705</b>
Other Uses				
Interfund Transactions	138,950	21,892	14,453	14,581
Operating Transfers Out	-	-	-	-
<b>Total Uses</b>	<b>\$ 951,364</b>	<b>\$ 896,145</b>	<b>\$ 958,643</b>	<b>\$ 940,286</b>



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**Discussion of Key Elements**

**Personnel Expenditures:**

As of 2010, Engineering staff was transferred to Shop Facility fund. All other staffing levels are maintained by this budget. Beyond funding existing staff there are no significant personnel expenditures anticipated for 2011-2012.

**Operating and Maintenance Expenditures:**

The majority of the operating and maintenance budget is for professional services. A \$125,000 grant from the Department of Ecology will be administered for the update to the Shoreline Master Program over a three-year period.

**Capital Outlay:**

There are no capital assets budgeted for 2011 or 2012.

**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.

**2010 Accomplishments:**

- ✓ Continued monitoring and developed further changes in general governmental activities in line with diminishing resources.

**2011 – 2012 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.

**Measurement Results**

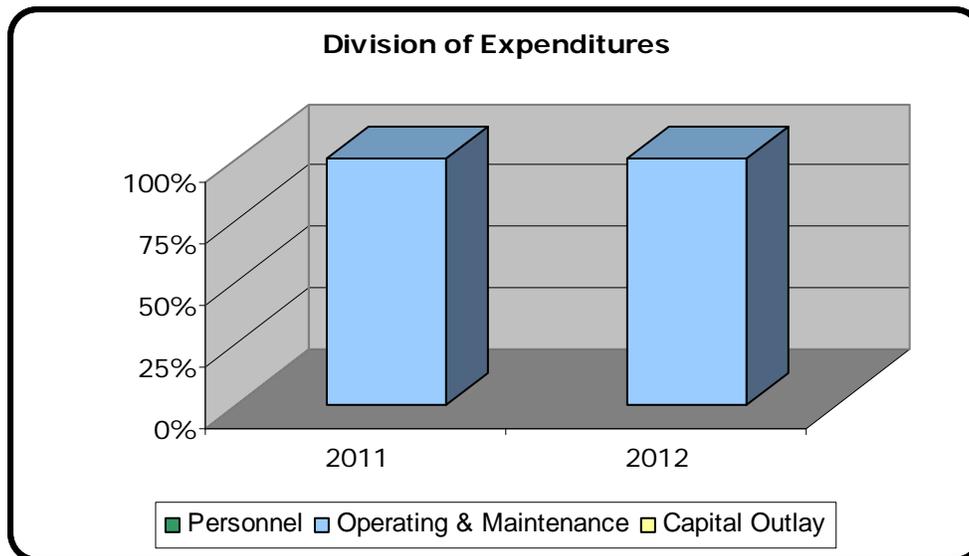
Measures	Actual		Projected	
	2009	2010	2011	2012
<b>Qualitative Measures</b>				
Insurance claims associated with special events	0	1	0	0
<b>Quantitative Measures</b>				
Number of special events permits	54	56	58	60

**Personnel Schedule**

There are no employees charged to this fund.

**Summary of Financial Information**

Use of Funds	Actual 2009	Amended 2010	Adopted 2011	Adopted 2012
Expenditures				
Personnel	\$ 29	\$ -	\$ -	\$ -
Operating & Maintenance	440,079	390,052	349,300	351,800
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>440,108</b>	<b>390,052</b>	<b>349,300</b>	<b>351,800</b>
Other Uses				
Interfund Transactions	54,102	39,539	30,284	30,784
Operating Transfers Out	395,493	157,758	148,614	149,472
<b>Total Uses</b>	<b>\$ 889,703</b>	<b>\$ 587,349</b>	<b>\$ 528,198</b>	<b>\$ 532,056</b>



**Discussion of Key Elements**

**Operating and Maintenance Expenditures:**

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

**Capital Outlay:**

There are no capital assets budgeted for 2011 or 2012.

**Operating Transfers:**

Operating transfers consist of transfers out to the Arts fund for future art purchases, the Senior Center for operations and the Municipal Pier fund for future capital projects

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**Police****Mission:**

The mission of the Police department is to provide law enforcement services within the City, 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 individuals responsible for criminal activity, enforcement of traffic laws, development of community programs that enhance community safety/service, as well as pro-active and reactive police responses.

**Responsibilities:**

- Overall management of all police operations, labor relations, budget, community interaction, crisis management, community issues.
- Responding to calls for service, self-initiation of enforcement, traffic enforcement, preventive patrol, initial follow-up on minor offenses.
- Follow-up on criminal activity, attempt to identify and develop prosecutable cases against those that commit crime within our jurisdiction.
- Responsible for the entering of case information into the Records Management System (RMS), transcribing taped interviews, entering traffic citations into RMS.
- Operation of our 12-bed, thirty-day facility.

The Police department is committed to providing the highest level of service to the citizens of our community, while at the same time being cognizant of our responsibility of stewardship.

**2010 Accomplishments:**

- ✓ Completed transition from one Captain position to two Lieutenant positions regarding the department reorganization.
- ✓ Completed the move of the patrol division from administration section of the building to a larger area in the buildings western section.
- ✓ Repainted building exterior.
- ✓ Replaced the police/ICOM building complex roofing.

**2011 – 2012 Goals:**

- ❖ **Goal: Replace jail video system.**
  - Objective: Replace video system in the jail with computer/digital system.
- ❖ **Goal: Replace video recording workstation.**
  - Objective: Replace the video recording work station for downloading, (to DVD), recordings from the patrol cars and the new jail Video systems.
- ❖ **Goal: Complete Door Card Reader Conversion.**
  - Objective: Complete the conversion of key locations of the department to the card reader door access system.

❖ **Goals: Update Manual of Standards.**

- Objective: Update the department's manual of standards, (MOS).

**Measurement Results**

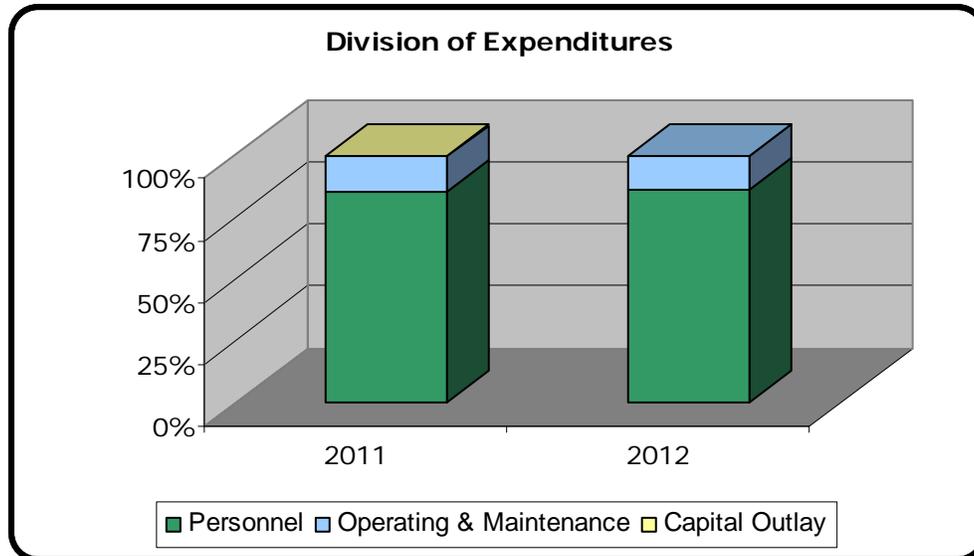
Measures	Actual		Projected	
	2009	2010	2011	2012
<b>Qualitative Measures</b>				
Part one crimes	27.7	28.5	29.0	30.0
Complaints taken	3,424	3,494	3,500	3,550
Crime prevention partnerships	18	21	21	21
<b>Quantitative Measures</b>				
Calls for service	13,840	14,050	14,500	15,000
Misdemeanor/felony arrests	1,760	1,800	1,850	1,900
Traffic stops:				
NOI's	9,295	9,350	9,400	9,450
Citations	2,142	2,150	2,200	2,200

**Personnel Schedule**

Classification	Authorized Positions				
	2008	2009	2010	2011	2012
Chief of Police	1.00	1.00	1.00	1.00	1.00
Captain	1.00	0.00	0.00	0.00	0.00
Lieutenant	2.00	2.00	2.00	2.00	2.00
Administration Assistant	1.00	1.00	1.00	1.00	1.00
Sergeant	4.00	5.00	5.00	5.00	5.00
Police Officer	21.00	19.00	19.00	19.00	19.00
Jail Supervisor	1.00	1.00	1.00	1.00	1.00
Jailer	6.00	6.00	6.00	6.00	6.00
ID/Evidence Technician	1.00	1.00	1.00	1.00	1.00
Support Services Supervisor	1.00	1.00	1.00	1.00	1.00
Records Information Specialist	2.00	2.00	2.00	2.00	2.00
Receptionist	1.00	1.00	1.00	1.00	1.00
<b>Total</b>	<b>42.00</b>	<b>40.00</b>	<b>40.00</b>	<b>40.00</b>	<b>40.00</b>

**Summary of Financial Information**

Use of Funds	Actual 2009	Amended 2010	Adopted 2011	Adopted 2012
Expenditures				
Personnel	\$ 3,675,963	\$ 3,918,109	\$ 4,124,574	\$ 4,190,611
Operating & Maintenance	577,365	795,211	682,106	680,208
Capital Outlay	113,642	-	16,374	-
<b>Total Expenditures</b>	<b>4,366,970</b>	<b>4,713,320</b>	<b>4,823,054</b>	<b>4,870,819</b>
Other Uses				
Interfund Transactions	289,879	208,850	158,569	162,863
Operating Transfers Out	67,870	69,861	-	-
<b>Total Uses</b>	<b>\$ 4,724,719</b>	<b>\$ 4,992,031</b>	<b>\$ 4,981,623</b>	<b>\$ 5,033,682</b>



**Discussion of Key Elements**

**Personnel Expenditures:**

There have been no significant changes to the Police department's personnel expenditures.

**Operating and Maintenance Expenditures:**

The majority of the operating and maintenance budget is for dispatch services to the ICOM 911 Dispatch Center. Approximately \$355,000 has been budgeted for each year.

**Capital Outlay:**

In 2011, \$16,374 is budgeted to replace the video system in the jail.

**Animal Control**

**Mission:**

The mission of the Animal Control department is to provide enforcement of 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 given to animals that are under 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, adoptions of animals.
- Partnering with the Navy and WAIF for the utilization and operation of the animal shelter.

**2010 Accomplishments:**

- ✓ Replaced the Animal Control Officer’s vehicle with one that has a removable insert which can be transferred to another vehicle. This insert has five separate ventilated compartments for transporting animals and is ergonomically designed to avoid injury when loading and unloading animals.

**2011 – 2012 Goals:**

- ❖ **Goal: Relocate animal shelter.**
  - Objective: Locate a new location for the animal shelter.

**Measurement Results**

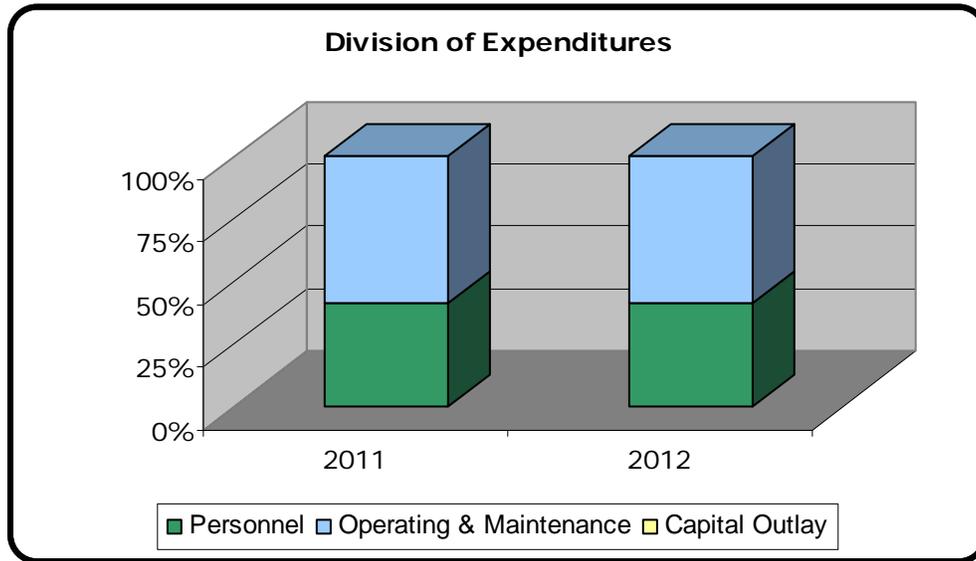
Measures	Actual		Projected	
	2009	2010	2011	2012
<b>Qualitative Measures</b>				
Animal Control Public Education	185	110	200	225
<b>Quantitative Measures</b>				
Number of animal licenses sold	1,172	1,300	1,350	1,400
Number of animals impounded:				
Cats	137	107	150	150
Dogs	96	82	100	100

**Personnel Schedule**

Classification	Authorized Positions				
	2008	2009	2010	2011	2012
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 2009	Amended 2010	Adopted 2011	Adopted 2012
Expenditures				
Personnel	\$ 67,409	\$ 70,836	\$ 72,267	\$ 73,312
Operating & Maintenance	100,225	104,862	104,430	103,752
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>167,634</b>	<b>175,698</b>	<b>176,697</b>	<b>177,064</b>
Other Uses				
Interfund Transactions	16,964	15,079	6,308	6,385
Operating Transfers Out	-	-	-	-
<b>Total Uses</b>	<b>\$ 184,598</b>	<b>\$ 190,777</b>	<b>\$ 183,005</b>	<b>\$ 183,449</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.

**Capital Outlay:**

There are no capital assets budgeted for 2011 or 2012.

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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 the auto aid area with North Whidbey Fire and Rescue. Emergency services include responding to all hazards our citizen's experience ranging from fire suppression, medical, hazardous materials, marine, fire investigation, and technical rescue incidents.

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

### **Responsibilities:**

- The management of department operations, budgeting, personnel relations, and community relations.
- The suppression division is primarily responsible for the mitigation of emergency incidents. Other functions include fire and life safety inspections and assist 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 coordination of public education requests is also included in the responsibilities of the prevention division.
- 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.
- Managing of inventories and the care and maintenance of the station and training buildings, apparatus and equipment, and working closely with the public works maintenance personnel to assure the readiness of all apparatus and equipment.

### **2010 Accomplishments:**

- ✓ Efforts began to implement the Fire Department Re-Organization as approved by City Council in December 2009.
- ✓ Recipient Defibrillator Grant; 10 units issued to City Fire, Police and Senior Center.
- ✓ Recipient WA State Pre Hospital Participation Grant \$2,186 for training and supplies.
- ✓ Adopted 2009 International Fire Code as adopted by Washington State.

### **2011 – 2012 Goals:**

#### **❖ Goal: Implement Fire Department Re-Organization**

- Objective: Complete job description/s and testing process

#### **❖ Goal: Implement WA State Safe Place for Newborns**

- Objective: Complete policies and procedures identifying the fire station as a safe place to transfer a newborn child, under 72 hours old, under specific circumstances.

#### **❖ Goal: Replace Rescue Unit**

- Objective: Identify funding source

❖ **Goal: Technical Rescue Training Site 2011**

- Objective: Complete prop installation

❖ **Goal: Ladder Truck Replacement in 2012**

- Objective: Identify funding source

**Measurement Results**

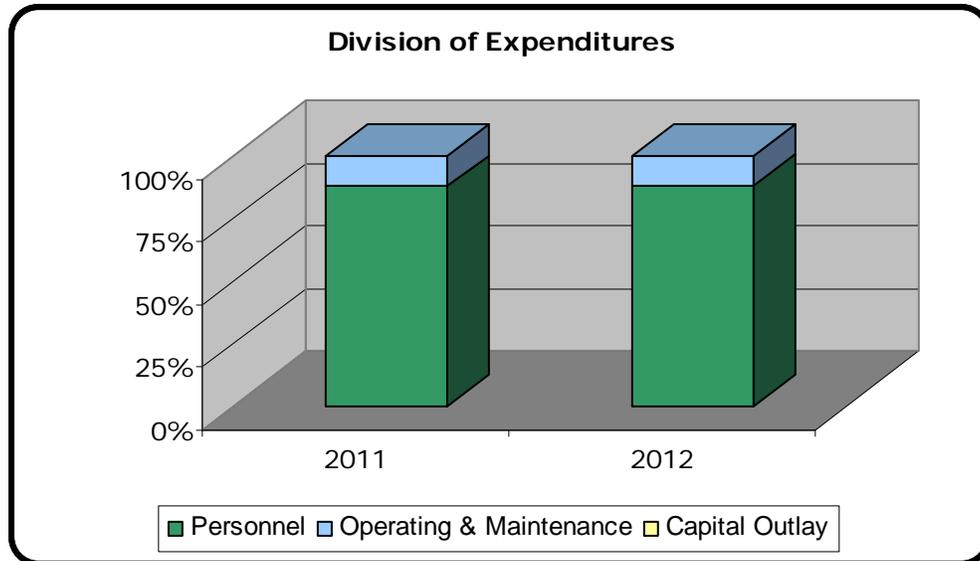
Measures	Actual		Projected	
	2009	2010	2011	2012
<b>Qualitative Measures</b>				
Surveying & Rating Bureau: Rating	4	4	4	4
<b>Quantitative Measures</b>				
Fire & Life Safety Inspections Complete	1,039	1,045	1,059	1,059
Percentage Tested: Hose, Ladders, Pumps, and Self Contained Breathing Apparatus	100%	100%	100%	100%

**Personnel Schedule**

Classification	Authorized Positions				
	2008	2009	2010	2011	2012
Fire Chief	0.90	0.90	0.90	0.90	0.90
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Office Assistant	1.00	1.00	1.00	1.00	1.00
Career Lieutenant	2.00	2.00	2.00	2.00	2.00
Career Firefighter	6.00	6.00	6.00	6.00	6.00
Paid On Call Firefighter	40.00	36.00	36.00	42.00	42.00
Battalion Chief	1.00	1.00	1.00	0.00	0.00
Deputy Chief	0.00	0.00	0.00	2.00	2.00
Public Educator	0.50	0.50	0.50	1.00	1.00
Pre-Fire Program Coordinator	0.33	0.33	0.33	0.00	0.00
Lieutenant Training Officer	1.00	1.00	1.00	1.00	1.00
Lieutenant Maintenance Officer	1.00	1.00	1.00	0.00	0.00
<b>Total</b>	<b>54.73</b>	<b>50.73</b>	<b>50.73</b>	<b>56.90</b>	<b>56.90</b>

**Summary of Financial Information**

Use of Funds	Actual 2009	Amended 2010	Adopted 2011	Adopted 2012
<b>Expenditures</b>				
Personnel	\$ 1,449,483	\$ 1,531,462	\$ 1,656,546	\$ 1,701,593
Operating & Maintenance	197,315	231,105	233,340	236,340
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>1,646,798</b>	<b>1,762,567</b>	<b>1,889,886</b>	<b>1,937,933</b>
<b>Other Uses</b>				
Interfund Transactions	135,871	123,260	98,403	100,986
Operating Transfers Out	230,641	235,890	51,711	25,856
<b>Total Uses</b>	<b>\$ 2,013,310</b>	<b>\$ 2,121,717</b>	<b>\$ 2,040,000</b>	<b>\$ 2,064,775</b>



**Discussion of Key Elements**

**Personnel Expenditures:**

As part of the Fire Department Re-Organization, increase the number of Paid on Call Firefighters by six; increasing Paid on Call staffing to 42.

**Operating and Maintenance Expenditures:**

The majority of the operating and maintenance budget is for office and operating supplies, communications, and utilities.

**Capital Outlay:**

There are no capital assets budgeted for 2011 or 2012.

**Operating Transfers:**

Operating transfers consist of transfers out to the Fire Vehicle LOCAL Loan fund for the annual debt service.

**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.

**2010 Accomplishments:**

- ✓ City Emergency Operations Center was relocated and improvements made.
- ✓ Recipient WA State Homeland Security Grant \$27,270.

**2011 – 2012 Goals:**

- ❖ **Goal: Maintain the Comprehensive Emergency Management Plan (CEMP).**
  - Objective: Conduct a review and update the plan.
- ❖ **Goals: Conduct an Annual Training Exercise.**
  - Objective: Conduct an annual exercise to practice and evaluate the effectiveness of the CEMP and the readiness of city departments.

**Measurement Results**

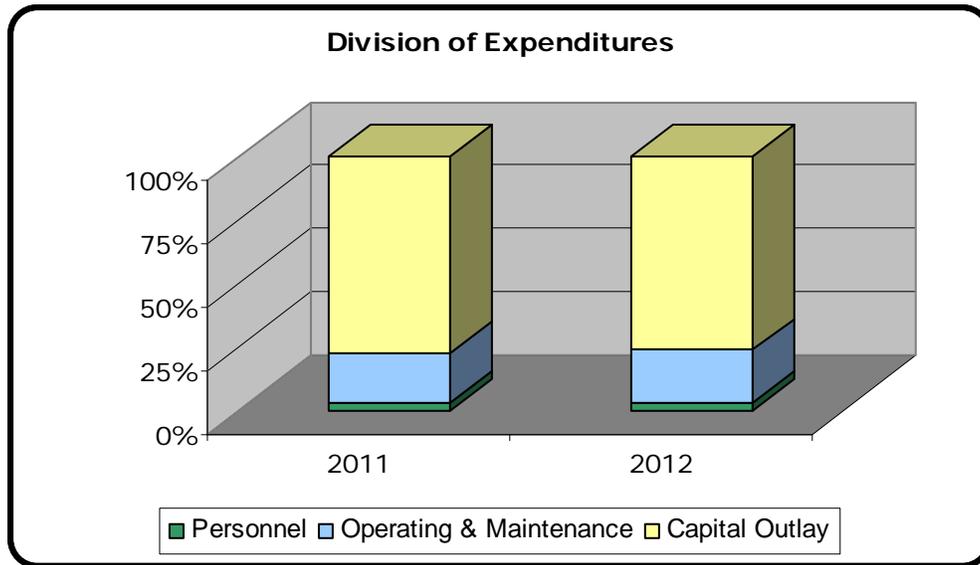
Measures	Actual		Projected	
	2009	2010	2011	2012
<b>Qualitative Measures</b>				
Percentage of CEMP updated	100%	0%	100%	25%
<b>Quantitative Measures</b>				
Number of training exercises	1	1	1	1

**Personnel Schedule**

Classification	Authorized Positions				
	2008	2009	2010	2011	2012
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 2009	Amended 2010	Adopted 2011	Adopted 2012
Expenditures				
Personnel	\$ 975	\$ 975	\$ 975	\$ 975
Operating & Maintenance	15,188	11,475	6,375	6,475
Capital Outlay	-	22,000	25,000	24,000
<b>Total Expenditures</b>	<b>16,163</b>	<b>34,450</b>	<b>32,350</b>	<b>31,450</b>
Other Uses				
Interfund Transactions	-	-	-	-
Operating Transfers Out	-	-	-	-
<b>Total Uses</b>	<b>\$ 16,163</b>	<b>\$ 34,450</b>	<b>\$ 32,350</b>	<b>\$ 31,450</b>



**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.

**Capital Outlay:**

Capital outlay for both years is for equipment to improve emergency communications between the City and the Emergency Operations Center.

## 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, green belts and community spaces through the use of City staff, contract labor and volunteers.
- To provide unique summer recreational activities at Windjammer Park swimming lagoon and wading pools through a contract with North Whidbey Park and Recreation District.
- To promote tourism through the efficient operation of the Windjammer Staysail RV Park, which includes 56 full hook-ups and 23 overflow sites.
- 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.

### **2010 Accomplishments:**

- ✓ Development of Maylor Point Trail, adding 0.8 mile to the waterfront trail system.
- ✓ Construction of a 200 square foot gazebo at Hal Ramaley Park.
- ✓ Development of the Scenic Heights Trailhead. The project includes public parking, site maps, interpretive signage and a public art display. This site acts as the access point to the Freund Marsh Trail and the Oak Harbor Bay Waterfront Trail.

**2011 – 2012 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 skateboarding.
- Objective: To increase passive recreational opportunities by adding a trail link at Freund Marsh, connecting the trail on the north perimeter of the property to the south, adjacent to the Dillard's neighborhood community.

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

- Objective: To replace the roofing on the restrooms at Windjammer Park to extend their life and usefulness. Also, to replace the picnic shelter (smokehouse kitchen) at Windjammer Park with a new shelter capable of hosting large gatherings.
- Objective: To construct a new Multi-Modal Facility at Flintstone Park to be used for community events. This facility will be the only publicly owned indoor facility on the waterfront.
- Objective: To repaint the two tennis courts at Sumner Park in order to maintain the 15 year warranty for the premier membrane court surfaces.
- Objective: To control vandalism and graffiti that occurs within the City parks by strengthening our partnership with the Oak Harbor Police Department and connecting our surveillance cameras to the City's computer network for better recording capabilities and quicker responses to crimes.

**❖ Goals: 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.

**❖ Goals: High quality maintenance 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. The completion of Scenic Heights Trailhead, Maylor Point Trail, Flintstone Park Multi-Modal Facility, as well as the additional greenbelts and street trees on Oak Harbor Street, will make it difficult for current staffing levels to continue to maintain parks and grounds at the existing level of service. Aging park restrooms, kitchens and playground equipment also adds to the staff's work load
- Objective: To increase the number of parks adopted within the community through the City's Adopt-A-Park program.

**Measurement Results**

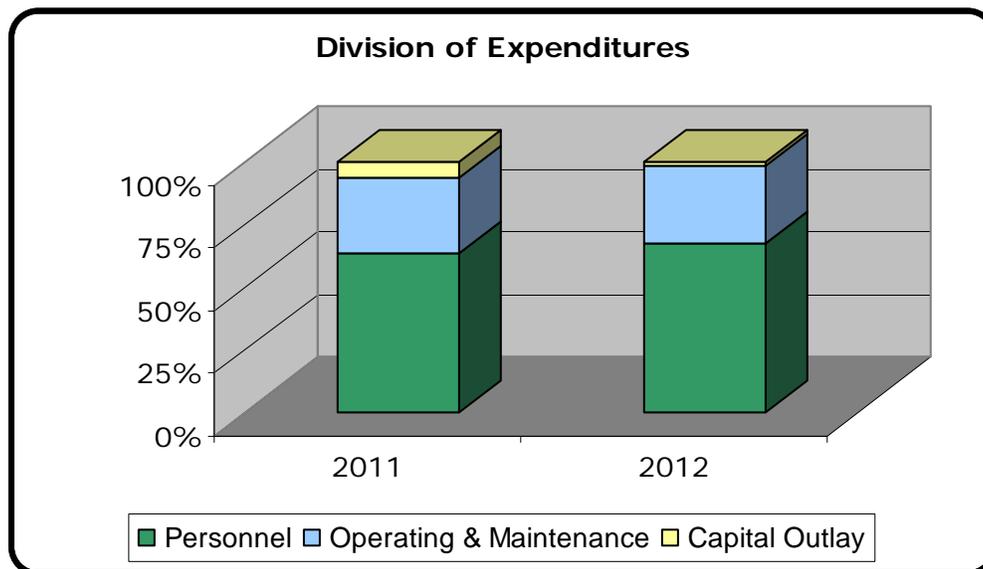
Measures	Actual		Projected	
	2009	2010	2011	2012
<b>Qualitative Measures</b>				
Percent of capital project funds spent in year allocated	100%	100%	100%	100%
Percent of grant and/or sponsorship funds received	100%	50%	100%	100%
<b>Quantitative Measures</b>				
Acres of open space maintained	72.6	72.6	72.6	86.6
Community parks (acres)	86.5	87	87	87
Neighborhood parks (acres)	37	37	37	37
Linear miles of trails maintained	3.45	4.25	4.5	4.5
Total number of sports camps and tournaments in City parks	6	6	7	7
Sports leagues participation	1,140	1,164	1,180	1,200
Number of volunteer groups participating in Parks projects	15	16	16	16
Total number of community events held in parks	32	30	30	30
Number of visitors to the RV Park (full hookups)	6,140	6,609	6,600	6,600
Number of visitors to tent sites	371	404	400	400
Number of parks adopted	9	11	12	13
Public art pieces/memorials	9	9	14	15
Kitchen facility rentals	227	216	230	260
Banners hung at Beeksma Park	23	25	25	28

**Personnel Schedule**

Classification	Authorized Positions				
	2008	2009	2010	2011	2012
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	2.00	2.00	2.00	1.00	1.00
Parks Specialist I	3.00	3.00	3.00	4.00	4.00
Parks Laborer (Part Time)	0.50	0.20	0.20	0.20	0.20
Seasonal Laborer	1.00	1.00	1.00	2.00	2.00
<b>Total</b>	<b>8.50</b>	<b>8.20</b>	<b>8.20</b>	<b>9.20</b>	<b>9.20</b>

**Summary of Financial Information**

Use of Funds	Actual 2009	Amended 2010	Adopted 2011	Adopted 2012
Expenditures				
Personnel	\$ 551,022	\$ 595,416	\$ 597,508	\$ 619,332
Operating & Maintenance	296,787	282,510	280,790	285,640
Capital Outlay	-	-	62,000	12,500
<b>Total Expenditures</b>	<b>847,809</b>	<b>877,926</b>	<b>940,298</b>	<b>917,472</b>
Other Uses				
Interfund Transactions	188,011	185,908	158,735	157,151
Operating Transfers Out	45,014	40,323	54,498	54,103
<b>Total Uses</b>	<b>\$ 1,080,834</b>	<b>\$ 1,104,157</b>	<b>\$ 1,153,531</b>	<b>\$ 1,128,726</b>



**Discussion of Key Elements**

**Personnel Expenditures:**

There have been no significant changes in personnel expenditures.

**Operating and Maintenance Expenditures:**

The most significant item in operating and maintenance is the utility costs of approximately \$140,000 which include water for irrigating and electricity for the parks.

**Capital Outlay:**

The 2011 budget includes \$25,000 to replace the smokehouse kitchen at Windjammer Park and \$10,000 to replace the roof on the kitchen facility on the east side of the park. The new, open sided shelter will have power and water available to users and will be able to accommodate large group functions and \$15,000 to put a new roof on the RV Park restroom at Windjammer Park as well as additional repairs and painting. In addition, \$12,000 will be spent to repaint Sumner Park tennis courts.

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In 2012, \$12,500 will be spent on a new roof for the east side restroom at Windjammer Park.

**Operating Transfers:**

Operating transfers consist of transfers out to the Shop fund for operations.

**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 fund.

**Summary of Financial Information**

<b>Use of Funds</b>	<b>Actual 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Expenditures				
Personnel	\$ -	\$ -	\$ -	\$ -
Operating & Maintenance	67,165	70,200	68,400	68,900
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>67,165</b>	<b>70,200</b>	<b>68,400</b>	<b>68,900</b>
Other Uses				
Interfund Transactions	1,079	3,000	1,000	1,000
Operating Transfers Out	-	-	-	-
<b>Total Uses</b>	<b>\$ 68,244</b>	<b>\$ 73,200</b>	<b>\$ 69,400</b>	<b>\$ 69,900</b>

**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:**

There are no capital assets budgeted for 2011 or 2012.

**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 to segregate Council designated funds for anticipated future projects. 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 Ameriflex Section 125 medical reimbursement plan, the DARE program, the City's Drug Seizure Program, and the Whidbey Island Marathon.

**Sources of Revenue:**

There are no sources of revenue from this operation.

**Personnel Schedule**

There are no employees charged to this fund.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Beginning Fund Balance	\$ 1,390,238	\$ 1,390,238	\$ 1,390,238	\$ 1,390,238
Operating Revenues	-	-	-	-
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Operating Surplus (Deficit)	-	-	-	-
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	-	-	-	-
Change in Fund Balance	-	-	-	-
Ending Fund Balance	\$ 1,390,238	\$ 1,390,238	\$ 1,390,238	\$ 1,390,238

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

**Ameriflex**

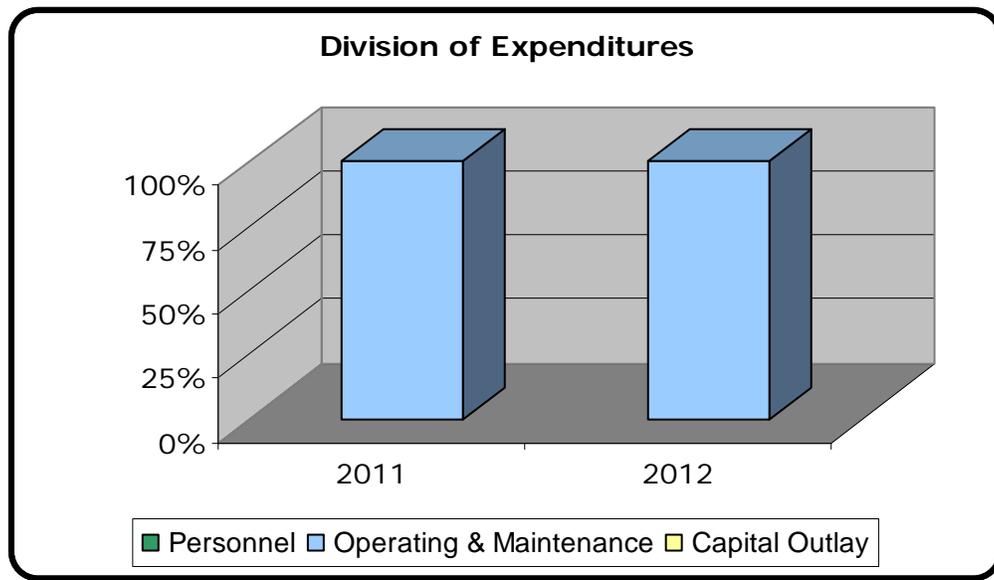
Ameriflex fund accounts for employee contributions into a tax deferred Section 125 fund.

**Sources of Revenue:**

Revenues consist of employee contributions.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -
Operating Revenues	40,927	60,000	60,000	60,000
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	40,927	60,000	60,000	60,000
Capital Outlay	-	-	-	-
Total Expenditures	40,927	60,000	60,000	60,000
Operating Surplus (Deficit)	-	-	-	-
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	-	-	-	-
Change in Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -



**DARE**

The DARE fund accounts for expenditures in support of the DARE Program.

**Sources of Revenue:**

Revenues consist of donations and fund raising.

**Summary of Financial Information**

There is no activity in the fund

**Seizure**

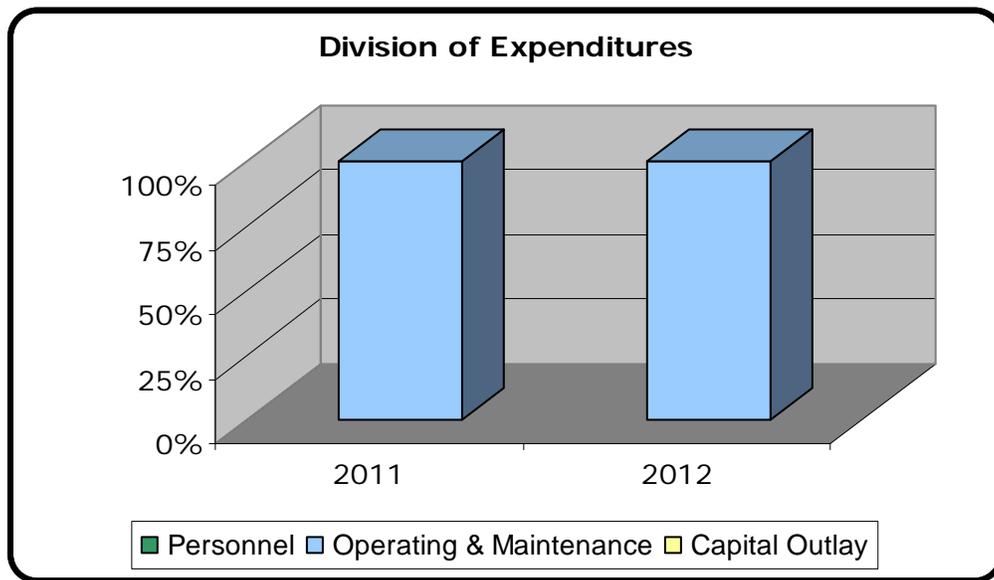
The Seizure fund accounts for expenditures in support of the City's confidential Drug Seizure program.

**Sources of Revenue:**

Revenues consist of funds confiscated from drug seizure arrests.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -
Operating Revenues	10,742	10,000	10,000	10,000
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	8,206	10,000	10,000	10,000
Capital Outlay	-	-	-	-
Total Expenditures	8,206	10,000	10,000	10,000
<b>Operating Surplus (Deficit)</b>	<b>2,536</b>	<b>-</b>	<b>-</b>	<b>-</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	2,536	-	-	-
<b>Ending Fund Balance</b>	<b>\$ 2,536</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



**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

**2010 Accomplishments:**

- ✓ Added a successful 5-K race to the Half and Full Marathon event.
- ✓ Increased participation from 2009.

**2011 – 2012 Goals:**

- ❖ **Goal: Increase participation in the 5K Race, Half and Full Marathon each year by 10%.**
  - Objective: To continue to promote and advertise through international media.
- ❖ **Goals: Increase the number of Expo vendors.**
  - Objective: To continue to provide a quality event that would draw increased vendor participation

**Measurement Results**

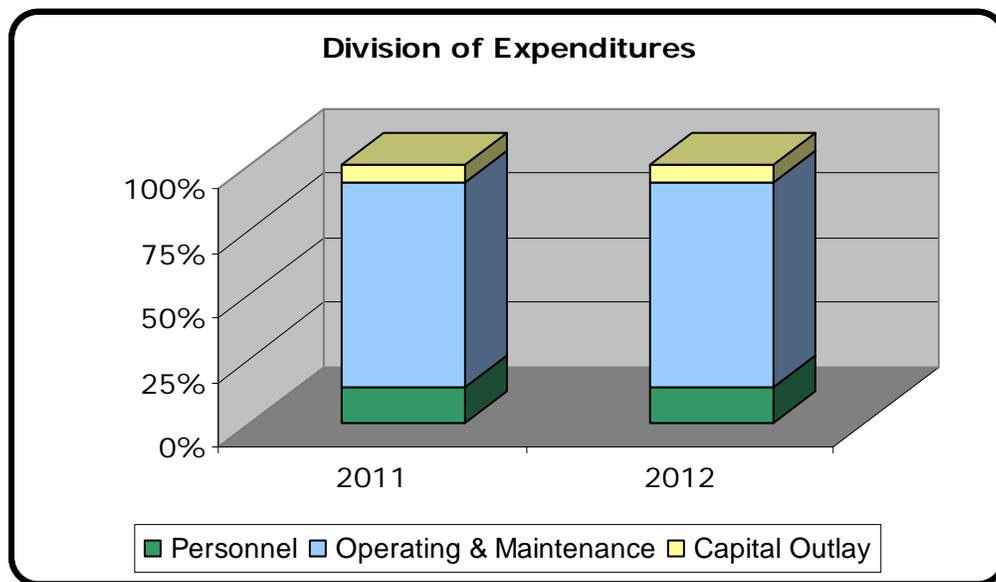
Measures	Actual		Projected	
	2009	2010	2011	2012
<b>Qualitative Measures</b>				
Listed in the <i>Lonely Planet</i> as one of the top ten places to run a marathon in the world.	NA	X	X	X
<b>Quantitative Measures</b>				
Number of participants:				
Full marathon	285	305	320	336
Half marathon	1,332	1,597	1,676	1,759
5-K	NA	168	176	184
Number of vendors	—	11	14	16

**Personnel Schedule**

Classification	Authorized Positions				
	2008	2009	2010	2011	2012
Web Specialist	0.00	0.00	0.00	0.10	0.10
Total	0.00	0.00	0.00	0.10	0.10

**Summary of Financial Information**

Fund Balance Reconciliation	Actual 2009	Amended 2010	Adopted 2011	Adopted 2012
Beginning Fund Balance	\$ -	\$ 5,774	\$ 167,936	\$ 172,447
Operating Revenues	18,261	134,600	166,000	169,825
Expenditures				
Personnel	-	-	23,832	25,106
Operating & Maintenance	14,887	111,050	137,657	140,231
Capital Outlay	13,000	13,000	12,000	12,000
Total Expenditures	27,887	124,050	173,489	177,337
Operating Surplus (Deficit)	(9,626)	10,550	(7,489)	(7,512)
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	150,000	-	12,000	12,000
Sources Over (Under) Uses	150,000	-	12,000	12,000
Change in Fund Balance	140,374	10,550	4,511	4,488
Ending Fund Balance	\$ 140,374	\$ 16,324	\$ 172,447	\$ 176,935



**Discussion of Key Elements**

**Personnel Expenditures:**

A new position was authorized for a Web Specialist to maintain the Whidbey Island Marathon web site.

**Operating and Maintenance Expenditures:**

Approximately \$50,000 relates to professional fees for the following services:

- » Marathon Coordinator – duties include general organization, securing of sponsorships, coordination of promotion and marketing, expo coordination, race course coordination, start/finish line coordination and 5K coordination.
- » Marathon Contractor – duties include working with the Marathon Coordinator in marketing/promotion, sponsorships, 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.

**Capital Outlay:**

The City purchased The Whidbey Island Marathon, an intangible asset in 2009. The cost of the marathon is \$50,000 and will be made in four annual payments.

**Operating Transfers:**

Operating transfers consist of transfers in from the Civic Improvement fund for the annual payment for the purchase of the Marathon.

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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 more than 68 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 1,000 traffic and street signs, 9 signalized intersections, 35 School Zone flashing lights, 2 pedestrian activated lighted crosswalks, 2 radar activated speed reader boards and channelization (striping and pavement markings).
- To manage and fund the energy costs for 1,100 Street lights through Puget Sound Energy and also to operate and maintain 300 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 Pioneer Way, provide assistance with the installation and removal of the lighted holiday decorations on Midway Boulevard and Pioneer Way, and to coordinate 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.

### **2010 Accomplishments:**

- ✓ Received grant funding from the Washington Traffic Safety Commission to install 13 School Zone flashing units. Units were installed prior to the 2009/2010 school year.
- ✓ Installed painted "sharrows" (share the road for bicycles) on NE Regatta Drive from Whidbey Avenue to Crescent Harbor Road.
- ✓ Completed small overlays by Streets Division staff at locations throughout the City.
- ✓ Removed trip hazards in the sidewalks, replaced street trees and upgraded ADA crosswalk ramps on NE 7<sup>th</sup> Avenue from SR-20 to Midway Boulevard.
- ✓ Installed new City of Oak Harbor banners along the SR-20 corridor.

### **2011 – 2012 Goals:**

- ❖ **Goal: Meet retro-reflectivity requirements mandated by the WSDOT.**
  - Objective: To complete the inventory and implement a sign retro-reflectivity maintenance program of all City signage by 2012, then a 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; 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 is not as environmentally safe.

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

- 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.

❖ **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.

**Measurement Results**

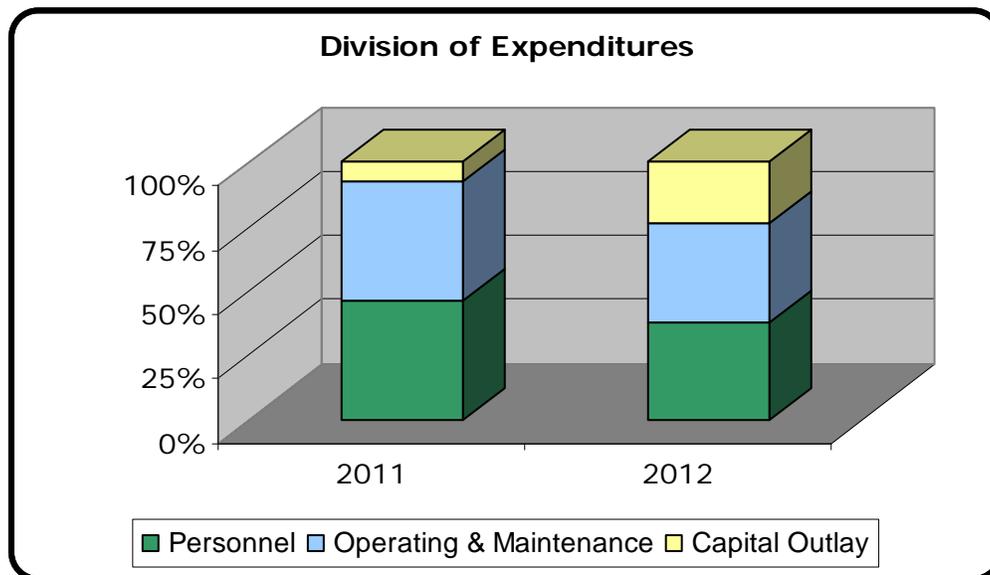
Measures	Actual		Projected	
	2009	2010	2011	2012
<b>Qualitative Measures</b>				
Overall street rating (4-year rating cycles for residential) (2-year rating cycles for arterials)	100%	100%	100%	100%
Repair potholes within 72 hours	100%	100%	100%	100%
<b>Quantitative Measures</b>				
Linear feet of sidewalks repaired and/or installed	350	400	350	350
Grinding trip hazards on existing sidewalks	270	170	150	150

**Personnel Schedule**

Classification	Authorized Positions				
	2008	2009	2010	2011	2012
Operations Manager	0.33	0.33	0.33	0.00	0.00
Lead Streets Specialist	1.00	1.00	1.00	1.00	1.00
Streets Specialist II	4.00	4.00	4.00	4.00	4.00
Seasonal Laborer	0.25	0.25	0.00	0.25	0.25
<b>Total</b>	<b>5.58</b>	<b>5.58</b>	<b>5.33</b>	<b>5.25</b>	<b>5.25</b>

**Summary of Financial Information**

Fund Balance Reconciliation	Actual 2009	Amended 2010	Adopted 2011	Adopted 2012
Beginning Fund Balance	\$ 802,233	\$ 847,631	\$ 1,011,281	\$ 855,823
Operating Revenues	1,170,570	1,112,400	973,651	977,000
Expenditures				
Personnel	332,054	370,572	326,464	339,759
Operating & Maintenance	298,269	313,136	331,572	349,953
Capital Outlay	60,595	10,000	55,000	210,000
Total Expenditures	690,918	693,708	713,036	899,712
Operating Surplus (Deficit)	479,652	418,692	260,615	77,288
Other Sources (Uses)				
Net Interfund Transactions	(173,578)	(199,577)	(238,286)	(243,677)
Net Operating Transfers	(97,484)	(94,982)	(177,787)	(174,010)
Sources Over (Under) Uses	(271,062)	(294,559)	(416,073)	(417,687)
Change in Fund Balance	208,590	124,133	(155,458)	(340,399)
Ending Fund Balance	\$ 1,010,823	\$ 971,764	\$ 855,823	\$ 515,424



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### **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 2011-2012. The Streets division will hire a three-month temporary employee in 2011-2012. The Operations Manager salary and wages have been moved to the Shop Facility budget, where they will be charged out to all of the divisions according to actual work performed.

#### **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 increase with the proposed addition to new planned street lighting and possible energy rate increases. Approximately 16% of the streets operations budget is dedicated for energy costs for street lighting.

In 2011 and 2012, the General Fund will not allocate funds to support special events, including the Banner Program that is managed by the Streets division and funds to continue ADA upgrades as well as purchase of a salt brine applicator for ice and snow removal.

#### **Capital Outlay:**

In 2011, Capital Outlay for street related improvements includes \$10,000 for ADA access upgrades and \$20,000 for a salt brine applicator for ice and snow removal. \$25,000 is also being requested from the Street Arterial fund to install an irrigation system for the SW Barrington Drive landscaping.

In 2012, Capital Outlay for the Street Division is \$200,000 for street overlays and \$10,000 for ADA access upgrades.

#### **Operating Transfers:**

Operating transfers consist of transfers in from the Transportation Capital Improvement fund for the Barrington Drive irrigation system and the Water fund for street repairs off set by transfers out to the General Fund and the Shop fund for operations.

#### **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.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Beginning Fund Balance	\$ 17,563	\$ 17,563	\$ 21,063	\$ 21,223
Operating Revenues	-	3,500	160	160
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Operating Surplus (Deficit)	-	3,500	160	160
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	-	-	-	-
Change in Fund Balance	-	3,500	160	160
Ending Fund Balance	\$ 17,563	\$ 21,063	\$ 21,223	\$ 21,383

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

Revenues normally consist of operating transfers in.

**Capital Outlay:**

There are no capital projects budgeted for 2011 or 2012.

**Arterials**

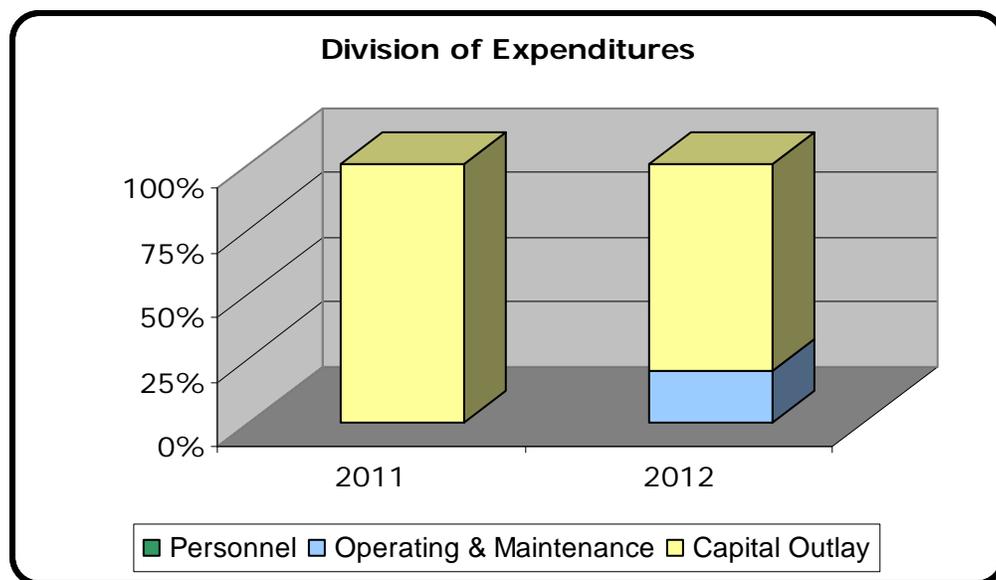
The Arterial Street fund accounts for the operation, maintenance, and minor improvements to the City's arterial streets. Within the City of Oak Harbor, SR 20 is the only principal arterial street. Minor arterials include Bayshore Drive, Fort Nugent Road, Whidbey Avenue, NE 16<sup>th</sup> Avenue, Heller 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 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Beginning Fund Balance	\$ 2,584,362	\$ 2,111,877	\$ 527,984	\$ 245,566
Operating Revenues	241,086	1,180,000	1,125,044	125,100
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	22,603	-	24,000	25,000
Capital Outlay	530,708	2,650,000	7,725,000	100,000
Total Expenditures	553,311	2,650,000	7,749,000	125,000
Operating Surplus (Deficit)	(312,225)	(1,470,000)	(6,623,956)	100
Other Sources (Uses)				
Net Interfund Transactions	(69,466)	(80,339)	(89,217)	(94,022)
Net Operating Transfers	(81,908)	3,120,445	6,430,755	(90,003)
Sources Over (Under) Uses	(151,374)	3,040,106	6,341,538	(184,025)
Change in Fund Balance	(463,599)	1,570,106	(282,418)	(183,925)
Ending Fund Balance	\$ 2,120,763	\$ 3,681,983	\$ 245,566	\$ 61,641



**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.

**Capital Outlay:**

The 2011 budget includes \$75,000,000 for street overlays and \$7,650,000 for the redevelopment Pioneer Way. The project includes water, sewer, and storm drain line replacement; street reconfiguration; new curbs gutters and sidewalks; underground utility lines and the installation of new street furniture, street lights and landscaping.

The 2011 budget includes \$100,000,000 for street overlays.

**Operating Transfers:**

Operating transfers consist of transfers in from the Cumulative Reserve 1<sup>st</sup> 1/4% REET, Cumulative Reserve 2<sup>nd</sup> 1/4% REET, Water, Wastewater and Storm Drain funds for the redevelopment of Pioneer Way offset by transfers out to the General Fund for operations.

**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 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Beginning Fund Balance	\$ 741,273	\$ 821,131	\$ 1,062,132	\$ 1,090,100
Operating Revenues	79,858	170,000	52,968	54,699
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Operating Surplus (Deficit)	79,858	170,000	52,968	54,699
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	(25,000)	-
Sources Over (Under) Uses	-	-	(25,000)	-
Change in Fund Balance	79,858	170,000	27,968	54,699
Ending Fund Balance	\$ 821,131	\$ 991,131	\$ 1,090,100	\$ 1,144,799

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

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

**Capital Outlay:**

There are no capital projects budgeted for 2011 or 2012.

**Operating Transfers:**

Operating transfers consist of transfers out to the Streets fund for the Barrington Drive irrigation.

**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 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Beginning Fund Balance	\$ 12,224	\$ 14,936	\$ 17,536	\$ 19,968
Operating Revenues	2,712	2,600	2,432	2,450
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Operating Surplus (Deficit)	2,712	2,600	2,432	2,450
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	-	-	-	-
Change in Fund Balance	2,712	2,600	2,432	2,450
Ending Fund Balance	\$ 14,936	\$ 17,536	\$ 19,968	\$ 22,418

**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.

**Capital Outlay:**

There are no capital projects budgeted for 2011 or 2012.

**Arts Acquisition and Maintenance**

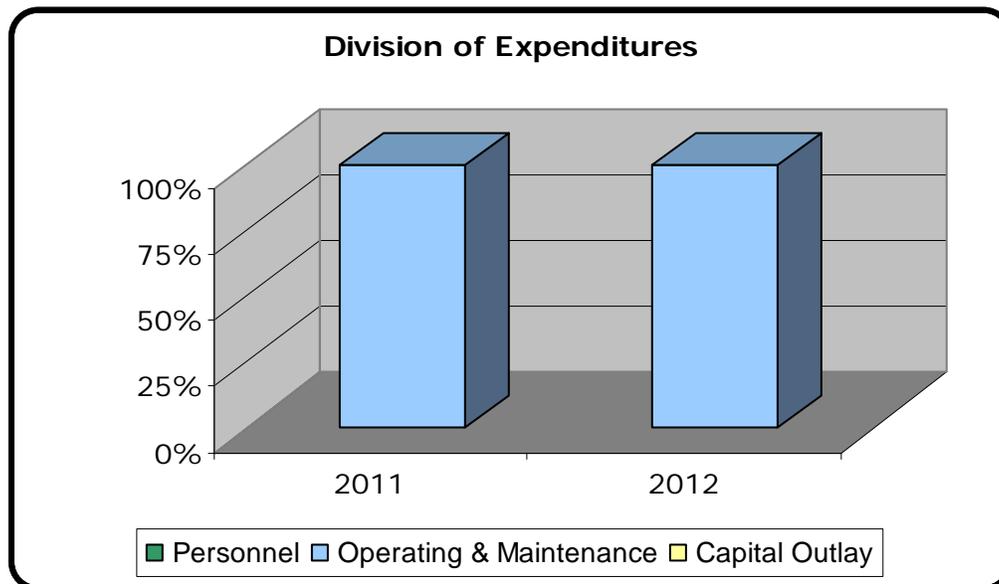
The Arts Acquisition and Maintenance fund accounts for revenues and expenditures related to purchase and preservation of art within the City. The Arts Commission researches and suggests potential projects for the Council's authorization.

**Personnel Schedule**

There are no employees charged to this fund.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Beginning Fund Balance	\$ -	\$ 21,423	\$ 56,331	\$ 87,505
Operating Revenues	109	-	560	1,000
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	41	-	1,000	1,200
Capital Outlay	-	-	-	-
Total Expenditures	41	-	1,000	1,200
Operating Surplus (Deficit)	68	-	(440)	(200)
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	21,314	-	31,614	32,472
Sources Over (Under) Uses	21,314	-	31,614	32,472
Change in Fund Balance	21,382	-	31,174	32,272
Ending Fund Balance	\$ 21,382	\$ 21,423	\$ 87,505	\$ 119,777



**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.

**Operating and Maintenance Expenditures:**

Operating and maintenance expenditures consist of office and operating supplies.

**Capital Outlay:**

There are no capital projects budgeted for 2011 or 2012.

**Operating Transfers:**

Operating transfers consist of transfers in from the General Fund for future art purchases.

**Civic Improvement**

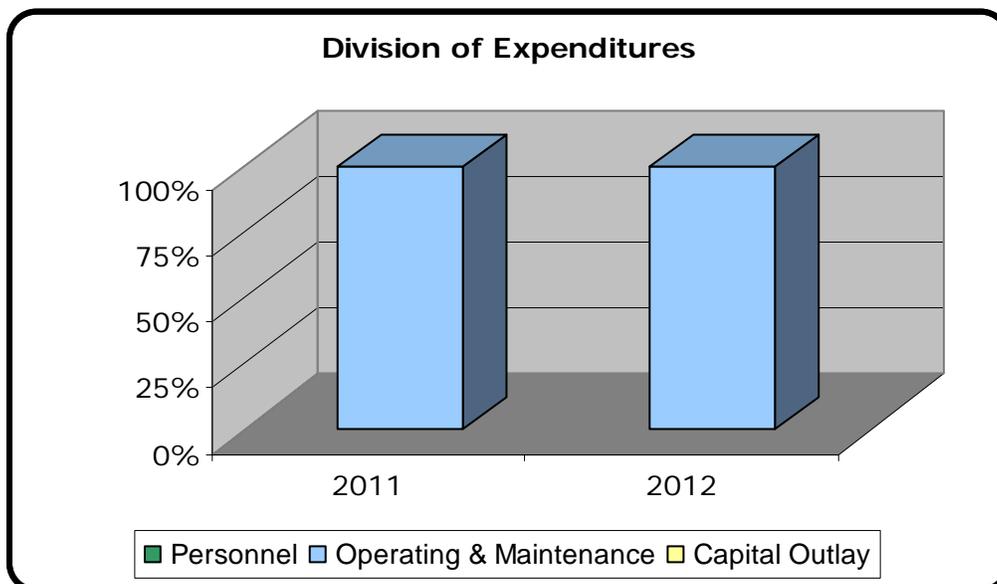
The Civic Improvement fund accounts for revenues and expenditures related to tourism. The City utilizes a Lodging Tax Advisory Committee consisting of representatives from two entities that collect the 2% Hotel Motel Tax funds (hoteliers) and two entities that use the funds in the promotion of tourism. 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 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Beginning Fund Balance	\$ 292,507	\$ 297,018	\$ 305,518	\$ 346,918
Operating Revenues	202,937	175,500	171,400	171,700
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	133,426	132,000	118,000	118,000
Capital Outlay	-	-	-	-
Total Expenditures	133,426	132,000	118,000	118,000
Operating Surplus (Deficit)	69,511	43,500	53,400	53,700
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	(65,000)	(35,000)	(12,000)	(12,000)
Sources Over (Under) Uses	(65,000)	(35,000)	(12,000)	(12,000)
Change in Fund Balance	4,511	8,500	41,400	41,700
Ending Fund Balance	\$ 297,018	\$ 305,518	\$ 346,918	\$ 388,618



**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.

**Capital Outlay:**

There are no capital projects budgeted for 2011 or 2012.

**Operating Transfers:**

Operating transfers consist of transfers out the Whidbey Island Marathon fund for the annual payment for the purchase of the Marathon.

**Neighborhood Parks**

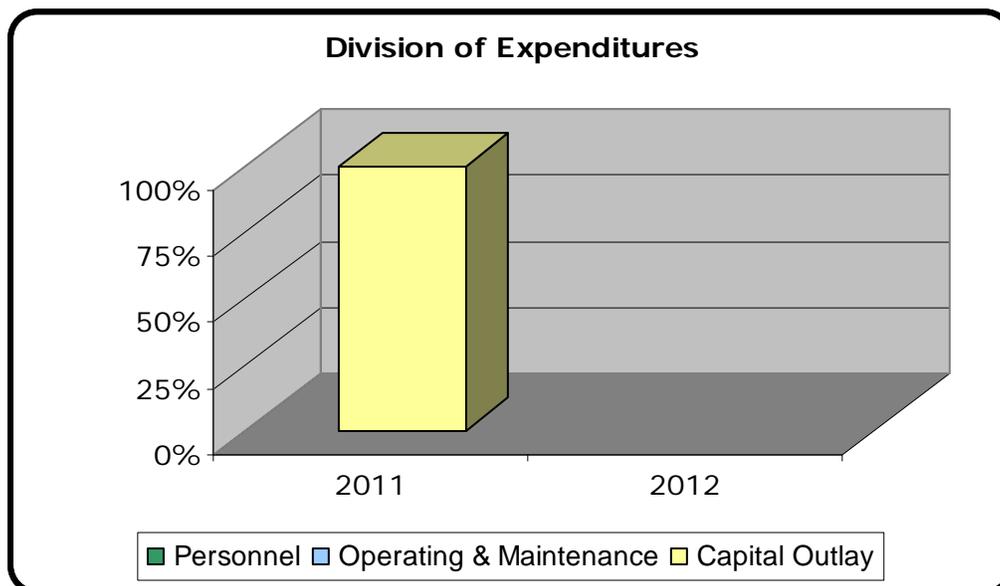
The Neighborhood Parks Improvement fund accounts for revenues and expenditures related to acquisition and/or construction of neighborhood parks.

**Personnel Schedule**

There are no employees charged to this fund.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Beginning Fund Balance	\$ 173,444	\$ 195,065	\$ 124,833	\$ 39,433
Operating Revenues	24,358	51,000	174,600	20,000
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	2,737	-	260,000	-
Total Expenditures	2,737	-	260,000	-
Operating Surplus (Deficit)	21,621	51,000	(85,400)	20,000
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	-	-	-	-
Change in Fund Balance	21,621	51,000	(85,400)	20,000
Ending Fund Balance	\$ 195,065	\$ 246,065	\$ 39,433	\$ 59,433



**Discussion of Key Elements**

**Sources of Revenue**

All Park Impact Fees collected from developers related to neighborhood parks are deposited here.

**Capital Outlay:**

In 2011, \$10,000 has been allocated for the purchase of miscellaneous items for recently developed parks, such as trees, tables, benches and park signs.

\$250,000 has also been budgeted for the purchase of land to be used for park development in areas of the community identified as needing park space within the six year Parks, Recreation and Open Space Comprehensive Plan.

There are no capital projects budgeted for 2012.

**Community Parks**

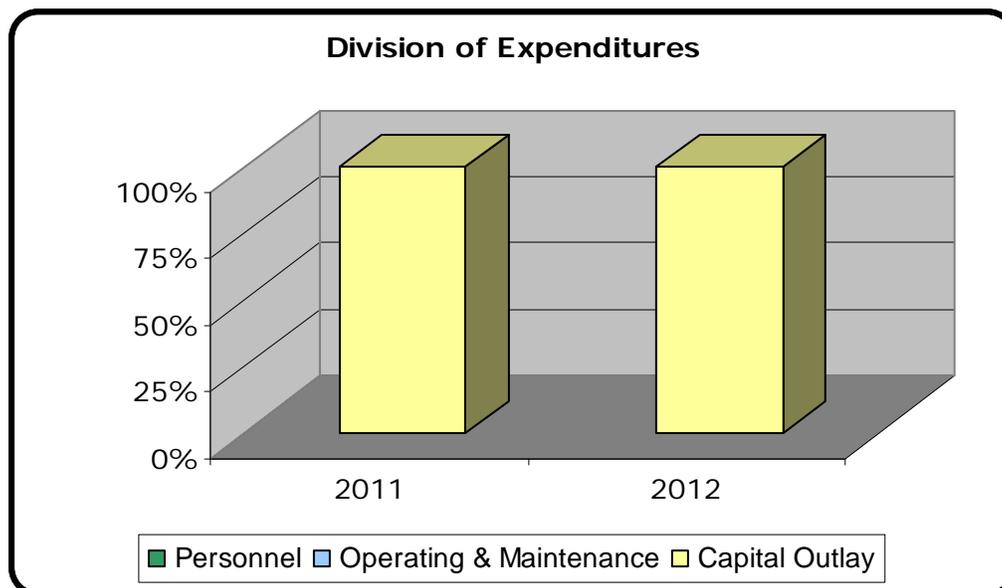
The Community Parks Improvement fund accounts for revenues and expenditures related to acquisition and/or construction of community parks.

**Personnel Schedule**

There are no employees charged to this fund.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Beginning Fund Balance	\$ 228,843	\$ 249,273	\$ 295,435	\$ 211,435
Operating Revenues	66,651	110,500	45,000	45,000
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance		-	-	-
Capital Outlay	63,055	-	129,000	250,000
Total Expenditures	63,055	-	129,000	250,000
Operating Surplus (Deficit)	3,596	110,500	(84,000)	(205,000)
Other Sources (Uses)				
Net Interfund Transactions	(35,000)	-	-	-
Net Operating Transfers	71,500	-	-	-
Sources Over (Under) Uses	36,500	-	-	-
Change in Fund Balance	40,096	110,500	(84,000)	(205,000)
Ending Fund Balance	\$ 268,939	\$ 359,773	\$ 211,435	\$ 6,435



**Discussion of Key Elements**

**Sources of Revenue:**

All Park Impact Fees collected from developers related to community parks are deposited here.

**Capital Outlay:**

In 2011, \$62,000 has been budgeted to extend the Freund Marsh Trail from the existing trails on the north side of the property to the south side of Dillard's Addition. The work will include the construction of a pedestrian bridge.

\$67,000 has also been allocated for the construction of two covered picnic shelters at Ft. Nugent Park and additional security lighting for the lower parking lot at the park site.

For 2012, \$250,000 has been budgeted for future park land acquisition. The land purchase would help us to meet the requirements of the six year Parks, Recreation and Open Space Comprehensive Plan, and the land will be used for open space, trail connections and/or active recreational opportunities for the community.

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**Senior Services**

**Mission:**

The mission of the Senior Services Center is to deliver the highest possible level of service to citizens of Oak Harbor and North and Central Whidbey Island who are age 50 and over. Senior Services is dedicated to improving quality of life, fostering community partnerships, responding to diverse needs and interests, enhancing dignity, supporting independence and encouraging members to be involved in and with the community.

**Responsibilities:**

- Provide programs that promote healthy aging and stimulate mental, intellectual, emotional and spiritual processes that promote balance in healthy aging.
- Provide and then document program use, operations and outcomes to improve service and develop reports for both public information and management decision-making purposes.
- Strategically plan to ensure Senior Services financial, material, and people resources are efficiently used and are in keeping with City goals.
- Promote Senior Services programs and activities to eligible participants through the monthly newspaper, Chamber of Commerce meetings and publications, personal contact with service and community organizations and the local newspaper.
- Maintain facilities that are attractive, safe, welcoming and optimized for housing senior support programs.
- Develop programs that promote enhancement of independent living capabilities and facilitate optimizing senior population community volunteer involvement/work.
- Advocate for our seniors in all aspects of community life.

**2010 Accomplishments:**

- ✓ Funding set aside each year since 2003 was used in 2009 to augment the purchase a replacement Senior Transportation Bus. Budget savings of over \$9,000 in maintenance, repair and operation costs were realized in the first three quarters of new bus operations. An average of \$900 per month is currently collected each month from bus passengers and placed into an account specified to cover the cost of the next replacement vehicle in approximately 2022.
- ✓ Adult Day Care contracted services – In 2010 the non-profit group North Whidbey Caregivers' Cove (NWCC) contracted with the City through year 2012 to provide caregiver resource services replacing Senior Services of Island County. NWCC committed to provide expanded services for \$6,000 less cost per annum.
- ✓ Bingo and social card playing licensing change – In response to new Washington State gambling permit restrictions (Cities prohibited from holding gambling licenses); administration of gambling related senior activities (Bingo, social card playing, raffles) has been assumed by the Oak Harbor Senior Center Foundation. The non-profit organization now maintains oversight, management, reporting and financial responsibilities for all Senior Center gambling permit activities.
- ✓ Implemented new publicity (monthly newspaper) agreement reducing annual costs while increasing distribution.

- ✓ Partnered with local business to provide fitness classes. New partnership resulted in increased exercise class/equipment availability at a lower cost for senior participants (in some cases free) than in past years. Participation in fitness programs by senior members has doubled as a result.

**2011 – 2012 Goals:**

❖ **Goals: Promote a healthy and growing business community.**

- Objective: Develop support of our local business community for Senior Center activities.
- Objective: Ensure that local business organizations are aware of the support services of which owners/employees may avail themselves.
- Objective: Introduce and advertise to our increasing senior population information regarding goods and services offered by local businesses and non-profit groups.

❖ **Goals: Encourage a safe community.**

- Objective: Increase the attendance at safety, emergency and disaster preparedness events.
- Objective: Participate in meetings, maintain current materials for distribution and support planning efforts relating to safety and emergency preparedness.
- Objective: Provide adequate number of safety and preparedness articles published in the Newspaper, flyers and posters.
- Objective: Keep the number and type of discrepancies noted on annual safety and fire inspections at a minimum.

❖ **Goals: Promote a healthy work environment and employee/volunteer excellence.**

- Objective: Obtain feedback from employees and volunteers.
- Objective: Increase volunteer recruitment and training.
- Objective: Observation of employees and volunteers in daily work.
- Objective: Provide formal employee and volunteer recognition.

❖ **Goals: Deliver superior quality service to our customers.**

- Objective: Increase number of people who are members.
- Objective: Maintain/improve passport services for members and the community.
- Objective: Increase meal site and meals-on-wheels nutrition services/support.
- Objective: Increase and vary as needed the number and types of activities in which the members participate, including but not limited to health and travel related activities.
- Objective: Support as feasible the work of social services organizations looking to assist local seniors with health, quality of life and other important issues.

- ❖ **Goals: Protect and enhance capital investment in the City of Oak Harbor.**
  - Objective: Modify existing plans for design of enhanced facility(ies) based on community input.
  - Objective: Create a “business plan” for operation of future facility(ies).
  - Objective: Develop plans for raising funds for construction of facility(ies)
  - Objective: Continue to plan, monitor and perform as needed ongoing maintenance of existing structures
  
- ❖ **Goals: Build and enhance community partnerships.**
  - Objective: Optimally maintain current partnerships.
  - Objective: Actively seek/develop new partnership opportunities.

**Measurement Results**

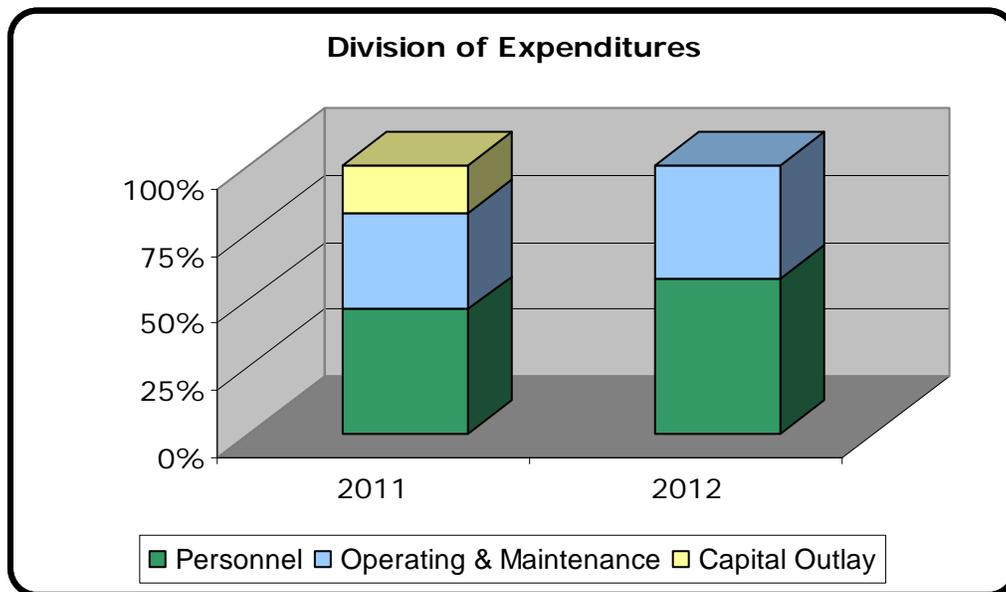
Measures	Actual		Projected	
	2009	2010	2011	2012
<b>Qualitative Measures</b>				
Modify new facility design per community input	NA	NA	X	NA
Develop operational plan for new facility	NA	NA	NA	X
Initial fundraising for new facility	NA	NA	NA	X
<b>Quantitative Measures</b>				
Passports processed	1,076	1,080	1,100	1,100
Meals served (Site/MOWs)	20,095	22,500	28,000	28,000
Members	12,050	13,000	13,050	13,050
Volunteer hours	7,683	6,300	6,500	6,500
Trip participants	1,982	1,621	1,900	1,900

**Personnel Schedule**

Classification	Authorized Positions				
	2008	2009	2010	2011	2012
Senior Services Administrator	1.00	1.00	1.00	1.00	1.00
Program Coordinator	1.00	1.00	1.00	1.00	1.00
Admin Assistant/Volunteer Coordinator	0.75	0.75	0.75	0.75	0.75
<b>Total</b>	<b>2.75</b>	<b>2.75</b>	<b>2.75</b>	<b>2.75</b>	<b>2.75</b>

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Beginning Fund Balance	\$ 251,428	\$ 147,414	\$ 140,705	\$ 93,840
Operating Revenues	294,923	330,837	276,343	276,326
Expenditures				
Personnel	181,477	190,314	196,615	206,572
Operating & Maintenance	200,413	188,711	151,136	151,000
Capital Outlay	-	20,000	75,000	-
Total Expenditures	381,890	399,025	422,751	357,572
Operating Surplus (Deficit)	(86,967)	(68,188)	(146,408)	(81,246)
Other Sources (Uses)				
Net Interfund Transactions	(49,758)	(29,570)	(32,457)	(30,920)
Net Operating Transfers	92,679	97,758	132,000	97,000
Sources Over (Under) Uses	42,921	68,188	99,543	66,080
Change in Fund Balance	(44,046)	-	(46,865)	(15,166)
Ending Fund Balance	\$ 207,382	\$ 147,414	\$ 93,840	\$ 78,674



**Discussion of Key Elements**

**Sources of Revenue:**

Revenues are generated through membership fees, the travel program, and contributions for Island County.

**Personnel Expenditures:**

There have been no significant changes.

**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 seniors and also includes the passport program.

**Capital Outlay:**

This budget provides for the replacement of the Senior Center's aging (25 years old) ventilation system at an estimated cost of approximately \$75,000. While funds have been budgeted for this expense, the acquisition of the new system still requires City Council approval.

**Operating Transfers:**

Operating transfers consist of transfers in from the General Fund for operations and the Equipment Replacement fund for the purchase of a Heating, Ventilation and Air Conditioning unit.

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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 generally refers to long-term 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 one councilmanic debt. The 2008 Fire Vehicle LOCAL loan has an outstanding balance of \$74,985. Repayment comes from the fire department.

#### **Voter Approved Debt**

This is the most common type of general 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 from the Sewer fund. The OAKWA96 Refunding Bond has an outstanding balance of \$380,000 and the OAKWA04 Bond has an outstanding balance of \$2,180,000.

#### **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.

**Fire and Public Safety Bond**

The 1996 Fire and Police Refinancing Bond fund 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. This bond was paid off in 2010.

**Sources of Revenue:**

Revenues consist of operating transfers from the fire department and the police department.

**Personnel Schedule**

There are no employees charged to this fund.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -
Operating Revenues	-	-	-	-
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	246,800	256,040	-	-
Total Expenditures	246,800	256,040	-	-
Operating Surplus (Deficit)	(246,800)	(256,040)	-	-
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	246,800	256,040	-	-
Sources Over (Under) Uses	246,800	256,040	-	-
Change in Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

**Fire Vehicle LOCAL Loan**

The Fire Vehicle LOCAL Loan fund accounts for the debt service on the purchase of two new fire trucks and fire equipment.

**Sources of Revenue:**

Revenues consist of operating transfers from the fire department.

**Personnel Schedule**

There are no employees charged to this fund.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -
Operating Revenues	-	-	-	-
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay				
Debt Service	51,711	51,711	51,711	25,856
Total Expenditures	51,711	51,711	51,711	25,856
Operating Surplus (Deficit)	(51,711)	(51,711)	(51,711)	(25,856)
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	51,711	51,711	51,711	25,856
Sources Over (Under) Uses	51,711	51,711	51,711	25,856
Change in Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

The debt service to maturity is as follows:

<b>Fiscal Year</b>	<b>Principal Payment</b>	<b>Interest Payment</b>	<b>Total Debt Service</b>
2011	\$ 49,565	\$ 2,146	\$ 51,711
2012	25,421	435	25,856



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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 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Beginning Fund Balance	\$ 2,711,008	\$ 2,985,557	\$ 3,233,827	\$ 1,320,702
Operating Revenues	274,549	348,270	186,875	180,500
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Operating Surplus (Deficit)	274,549	348,270	186,875	180,500
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	(1,100,000)	(2,100,000)	-
Sources Over (Under) Uses	-	(1,100,000)	(2,100,000)	-
Change in Fund Balance	274,549	(751,730)	(1,913,125)	180,500
Ending Fund Balance	\$ 2,985,557	\$ 2,233,827	\$ 1,320,702	\$ 1,501,202

**Capital Outlay:**

There are no capital projects budgeted for 2011 or 2012.

**Operating Transfers:**

Operating transfers consist of transfers out to the Arterial fund for the redevelopment of Pioneer Way.

**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 2nd 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 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Beginning Fund Balance	\$ 2,190,221	\$ 2,456,583	\$ 2,704,853	\$ 183,853
Operating Revenues	266,362	348,270	179,000	173,750
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Operating Surplus (Deficit)	266,362	348,270	179,000	173,750
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	(2,100,000)	(2,700,000)	-
Sources Over (Under) Uses	-	(2,100,000)	(2,700,000)	-
Change in Fund Balance	266,362	(1,751,730)	(2,521,000)	173,750
Ending Fund Balance	\$ 2,456,583	\$ 704,853	\$ 183,853	\$ 357,603

**Capital Outlay:**

There are no capital projects budgeted for 2011 or 2012.

**Operating Transfers:**

Operating transfers consist of transfers out to the Arterial fund for the redevelopment of Pioneer Way.

**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 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Beginning Fund Balance	\$ 261,847	\$ 74,871	\$ 255,261	\$ 276,961
Operating Revenues	4,194	639,000	1,700	1,500
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	10,780	659,000	-	-
Total Expenditures	10,780	659,000	-	-
Operating Surplus (Deficit)	(6,586)	(20,000)	1,700	1,500
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	20,000	20,000	20,000	20,000
Sources Over (Under) Uses	20,000	20,000	20,000	20,000
Change in Fund Balance	13,414	-	21,700	21,500
Ending Fund Balance	\$ 275,261	\$ 74,871	\$ 276,961	\$ 298,461

**Capital Outlay:**

There are no capital projects budgeted for 2011 or 2012.

**Operating Transfers:**

Operating transfer consist of transfers in from the General Fund for future capital projects.

**Waterfront Redevelopment**

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

**Sources of Revenue:**

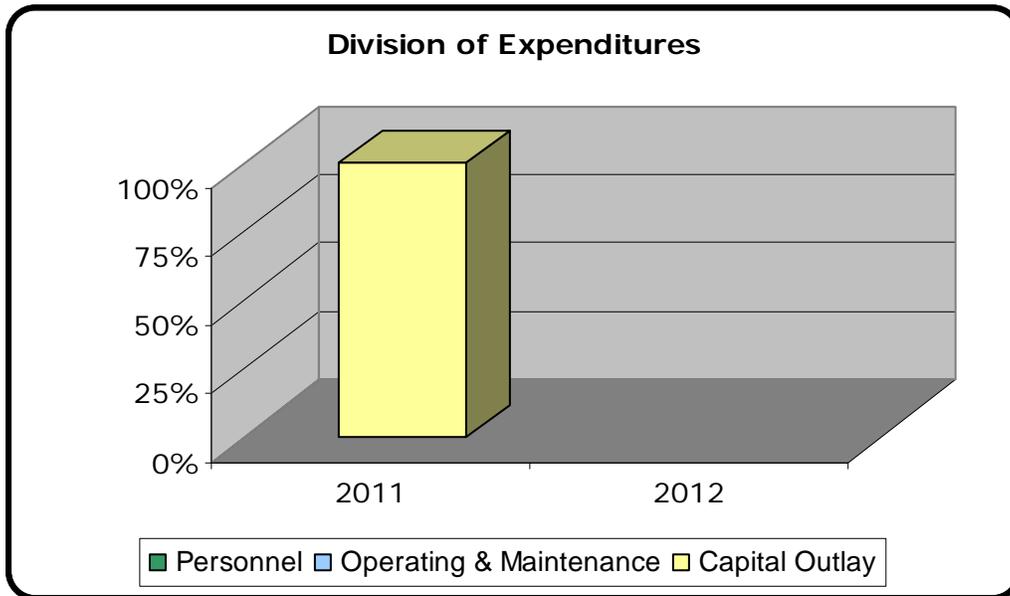
The sources of funds are General Fund contributions, grants, and 2% hotel motel tax.

**Personnel Schedule**

There are no employees charged to this fund.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Beginning Fund Balance	\$ 367,712	\$ 439,039	\$ 479,039	\$ 332,039
Operating Revenues	6,327	5,000	3,000	2,400
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	150,000	-
Total Expenditures	-	-	150,000	-
Operating Surplus (Deficit)	6,327	5,000	(147,000)	2,400
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	65,000	35,000	-	-
Sources Over (Under) Uses	65,000	35,000	-	-
Change in Fund Balance	71,327	40,000	(147,000)	2,400
Ending Fund Balance	\$ 439,039	\$ 479,039	\$ 332,039	\$ 334,439



**Capital Outlay:**

The 2011 budget includes the construction of informational kiosks along the Waterfront Trail and in the downtown area.



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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, 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 three storage tanks, 99+ 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 three 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 867 fire hydrants.
- To support the Finance department operations through accurate and dependable meter reading and meter repairs, 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.

### 2010 Accomplishments:

- ✓ Installation of 840 water meter conversions from manual read to Automatic Radio Read meters.
- ✓ Addition of Tokay Software to better manage the City's Cross Connection Control Program.
- ✓ Completion of the Regatta Drive water line extension to E Fakkema Road.
- ✓ Replacement of sections of Asbestos Cement water main and replacement of fire hydrants prior to the beginning of the Oak Harbor Street Improvement Project.
- ✓ Implementation of monthly billing from the previous bi-monthly billing system.
- ✓ Participation in the independent Rate Study.
- ✓ Design of future Gun Club North Reservoir connection.

**2011 – 2012 Goals:**

- ❖ **Goal: Educate and assist customers concerning new rate structure and monthly billing policy and procedures.**
  - Objective: To assist the City water customers to understand the new 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: Complete Radio Read meter upgrades in 2011.**
  - Objective: To complete the change out of manual and touch read meters to Automatic Radio Read water meters to efficiently and accurately read all City water accounts monthly. This was projected as a seven year program but will be completed in six years with existing staff.
- ❖ **Goal: Maintain optimum flows and ensure system reliability and dependability.**
  - Objective: To service and inventory all City water 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 the construction of the 4 million gallon north water reservoir and future related infrastructure upgrades.
  - 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.
  - 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.
- ❖ **Goal: Minimize water main breaks/leaks.**
  - Objective: To perform quality repairs; maintain a proactive program of 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 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**

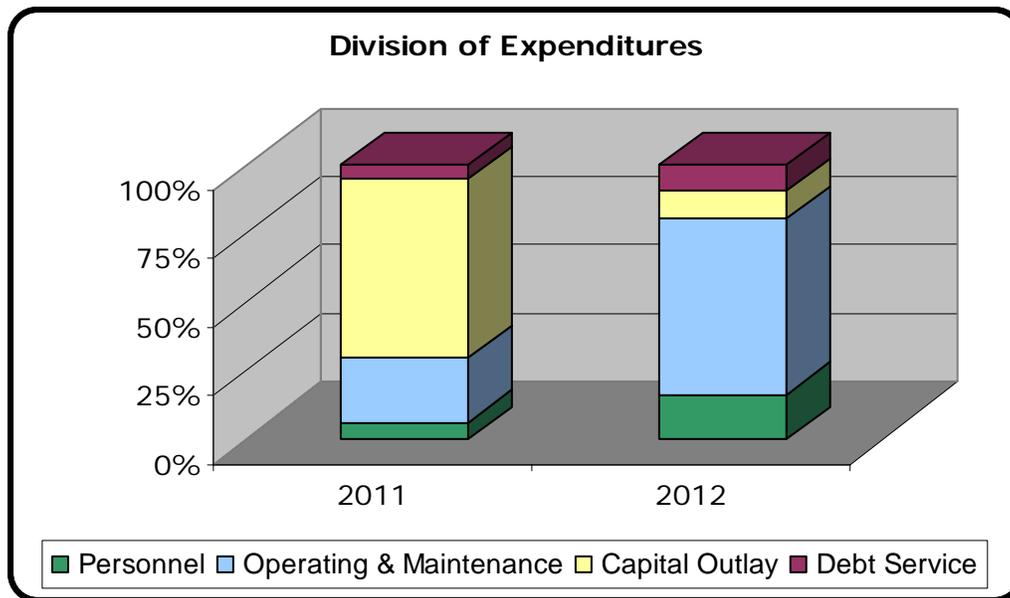
Measures	Actual		Projected	
	2009	2010	2011	2012
<b>Qualitative Measures</b>				
Water quality sampling compliance	100%	100%	100%	100%
<b>Quantitative Measures</b>				
Number of water line breaks/leaks repaired	13	15	<12	<12
Number of undesirable water quality concern	15	8	<10	<10
Percentage of water unaccounted for	4.52%	3.35%	5%	5%

**Personnel Schedule**

Classification	Authorized Positions				
	2008	2009	2010	2011	2012
Operations Manager	0.34	0.34	0.34	0.00	0.00
Lead Water Specialist	1.00	1.00	1.00	1.00	1.00
Water Specialist II	3.00	4.00	5.00	5.00	5.00
Water Specialist I	3.00	2.00	1.00	1.00	1.00
Water Service Coordinator	1.00	1.00	1.00	1.00	1.00
Seasonal Laborer	0.25	0.25	0.25	0.50	0.50
<b>Total</b>	<b>8.59</b>	<b>8.59</b>	<b>8.59</b>	<b>8.50</b>	<b>8.50</b>

**Summary of Financial Information**

Fund Balance Reconciliation	Actual 2009	Amended 2010	Adopted 2011	Adopted 2012
Beginning Fund Balance	\$ 3,948,780	\$ 2,660,542	\$ 3,209,800	\$ 4,546,673
Operating Revenues	4,295,834	4,555,331	9,171,759	4,513,252
Expenditures				
Personnel	615,946	613,667	594,412	583,330
Operating & Maintenance	1,474,774	1,898,934	2,309,448	2,324,023
Capital Outlay	1,847,718	735,000	6,446,000	363,000
Debt Service	89,247	60,177	471,200	334,757
Total Expenditures	4,027,685	3,307,778	9,821,060	3,605,110
Operating Surplus (Deficit)	268,149	1,247,553	(649,301)	908,142
Other Sources (Uses)				
Net Interfund Transactions	(395,981)	(418,692)	(449,325)	(468,471)
Net Operating Transfers	(397,957)	(393,909)	2,435,499	(460,793)
Sources Over (Under) Uses	(793,938)	(812,601)	1,986,174	(929,264)
Change in Fund Balance	(525,789)	434,952	1,336,873	(21,122)
Ending Fund Balance	\$ 3,422,991	\$ 3,095,494	\$ 4,546,673	\$ 4,525,551



### Discussion of Key Elements

#### Personnel Expenditures:

The Operations Manager salary and wages have been moved to the Shop Facility budget, where they will be charged out to all of the divisions according to actual work performed.

There is one authorized position in the Water division that is vacant and will not be filled at this time. The salary and benefits for this position were removed from the 2011/2012 budget.

The Water division budgeted for a six month temporary laborer in 2011/2012. 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 (which has seen a 35.7% increase), the State B&O Tax and the City Utility Tax that the Water division must pay.

**Capital Outlay:**

The 2011/2012 budget includes several projects that are identified in the Water Comprehensive Plan.

For 2011, the projects include:

- » \$100,000 for the final year of implementation of Automatic Meter Reading System
- » \$150,000 to investigate reactivation of old wells and alternative water sources.
- » \$150,000 to replace a failed water main on SR-20 from SW 6<sup>th</sup> to SW 8<sup>th</sup> Avenue.
- » \$3,400,000 to construct a four million gallon north reservoir.
- » \$2,306,000 for the Gun Club water main connection between the planned north reservoir and the existing water system.
- » \$40,000 to purchase two variable message reader boards for displaying road work and or information. Cost will be shared with other enterprise funds

The 2012 capital budget of \$363,000 is for annual water main replacements.

**Debt Service:**

A new bond will be issued in 2011 to cover the cost of the Water department's capital projects.

**Operating Transfers:**

Operating transfers consist of transfers in from the Water Cumulative Reserve fund for the Ault Field pump station, Gun Club water main and the North reservoir and from the Wastewater, Solid Waste and Storm Drain funds for the purchase of a reader board, offset by transfers out to the General Fund and the Shop fund for operations, to the Arterial fund for the redevelopment of Pioneer Way, to the Streets Fund for street repairs, and 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 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Beginning Fund Balance	\$ 4,928,403	\$ 5,222,619	\$ 5,758,043	\$ 3,071,983
Operating Revenues	298,115	515,000	380,000	382,000
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	27,929	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	27,929	-	-	-
Operating Surplus (Deficit)	270,186	515,000	380,000	382,000
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	24,000	24,000	(3,066,060)	24,000
Sources Over (Under) Uses	24,000	24,000	(3,066,060)	24,000
Change in Fund Balance	294,186	539,000	(2,686,060)	406,000
Ending Fund Balance	\$ 5,222,589	\$ 5,761,619	\$ 3,071,983	\$ 3,477,983

**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.

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## Wastewater

### Mission:

The mission of the Wastewater division is to serve the community by protecting public health, property and the environment. To provide efficient and reliable service by utilizing sound financial and resource management practices. Encourage the support of the public and recognize that our employees are the key to success.

### Responsibilities:

- 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 1.9 million gallons of wastewater each day at the City's two wastewater treatment plants.
- To provide dependable collection and conveyance of wastewater to both City Wastewater Treatment Plants through a network of more than 65 miles of sewer mains, 10 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 ordinance 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 three annual grease trap inspections of 70 businesses 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.

### 2010 Accomplishments:

- ✓ Completed the installation of new generators at the Lagoon and RBC plant.
- ✓ Installed and placed a third diversion pump online.
- ✓ Bypassed the RBC plant due to an outfall line failure and converted the RBC process to pretreatment for regulatory compliance.

### 2011 – 2012 Goals:

- ❖ **Goal: Continue the process to build a new wastewater treatment facility.**
  - Objective: To keep on track the process of building a new wastewater treatment plant by 2017, a capital facilities plan has begun and is scheduled to be completed by the end of 2012. RCW 36.70A.070.
  - Objective: 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 plants.**

- 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; and successfully implement biological pretreatment at the RBC.
- Objective: Improve operations of the Lagoon WWTP by operational controls and lessons learned over the past two years. This includes aerator and dissolved oxygen control, reduced polymer usage and lower detention times minimizing the growth of algae.
- Objective: With the implementation of a new NPDES permit in 2011 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: Protect the system by educating businesses and individuals in how to reduce downstream problems that burden our system and reduce its effectiveness.
- Objective: Enforce compliance by making regular site visits and adhering to our program rules and requirements.

**Measurement Results**

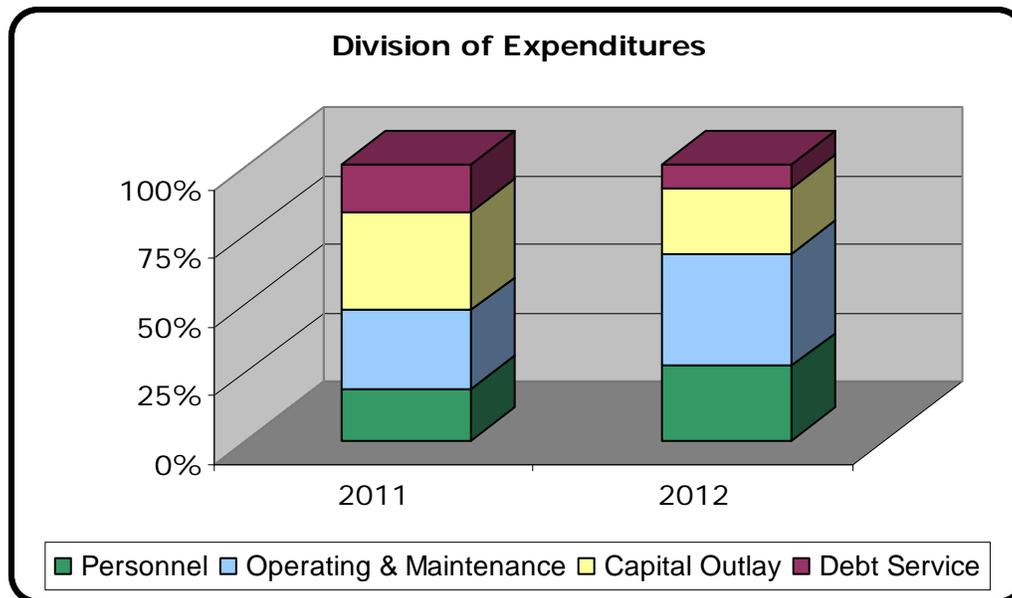
Measures	Actual		Projected	
	2009	2010	2011	2012
<b>Qualitative Measures</b>				
Permit compliance violations	1	0	0	0
<b>Quantitative Measures</b>				
Number of grease traps inspected	136	132	136	141
Millions of gallons of wastewater treated	691.8	709.5	727.3	745.5

**Personnel Schedule**

Classification	Authorized Positions				
	2008	2009	2010	2011	2012
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	0.00	1.00	1.00	2.00	2.00
WWC Specialist I	1.00	1.00	1.00	0.00	0.00
Wastewater Engineer	1.00	0.00	0.00	0.00	0.00
WWTP Supervisor	1.00	1.00	1.00	1.00	1.00
Lead WWTP Operator	2.00	2.00	2.00	2.00	2.00
WWTP Lab Coordinator	1.00	1.00	1.00	1.00	1.00
WWTP Operator II	1.00	1.00	1.00	1.00	1.00
WWTP Operator I	0.00	1.00	1.00	0.00	0.00
WWTP Operator In Training	1.00	0.00	0.00	1.00	1.00
<b>Total</b>	<b>8.83</b>	<b>8.83</b>	<b>8.83</b>	<b>8.83</b>	<b>8.83</b>

**Summary of Financial Information**

Fund Balance Reconciliation	Actual 2009	Amended 2010	Adopted 2011	Adopted 2012
Beginning Fund Balance	\$ 5,022,617	\$ 4,971,836	\$ 5,950,781	\$ 5,515,125
Operating Revenues	4,800,374	5,533,983	4,713,659	4,945,460
Expenditures				
Personnel	668,180	711,496	660,191	684,308
Operating & Maintenance	856,052	1,494,803	1,010,892	1,042,368
Capital Outlay	1,178,346	868,000	1,264,570	616,000
Debt Service	616,638	618,185	612,970	211,530
Total Expenditures	3,319,216	3,692,484	3,548,623	2,554,206
Operating Surplus (Deficit)	1,481,158	1,841,499	1,165,036	2,391,254
Other Sources (Uses)				
Net Interfund Transactions	(512,052)	(501,491)	(538,793)	(558,103)
Net Operating Transfers	(329,867)	148,386	(1,061,899)	(311,813)
Sources Over (Under) Uses	(841,919)	(353,105)	(1,600,692)	(869,916)
Change in Fund Balance	639,239	1,488,394	(435,656)	1,521,338
Ending Fund Balance	\$ 5,661,856	\$ 6,460,230	\$ 5,515,125	\$ 7,036,463



### 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 and taxes, including the State B&O Tax and the City Utility Tax that the Wastewater division must pay.

#### Capital Outlay:

The 2011 budget includes the following projects:

- » \$150,000 to upgrade sewer lines that cause maintenance problems for the department. In 2011 a 15" main on Ely Street has a major sag in the line, so it needs to be replaced.
- » \$25,000 to replace manhole covers on SR 20 and Pioneer Way.
- » \$1,089,570 for a new treatment plant

The 2011 budget includes the following projects:

- » \$150,000 to upgrade sewer lines that cause maintenance problems for the department. ON Erie Street there is a sewer main that needs to be replaced due to a sag in the pipe.
- » \$150,000 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.
- » \$316,000 to remove the Biosolids in the anaerobic cell at the Lagoon Wastewater plant. At this time it is unclear whether or not this project will need to be done, we test it regularly and it will need to be done in the near future.

**Debt Service:**

The Wastewater division has bonding related to the repair of the liner that forms a protective layer from the soil and the construction of a anaerobic line cell which digests the sludge.

**Operating Transfers:**

Operating transfers consist of transfers in from the Wastewater Cumulative Reserve fund for the treatment plant and the Taftson pump station offset by transfers out to the General Fund and to the Shop fund for operations, to the Arterial fund for the redevelopment of Pioneer Way and to the Water fund for the purchase of a reader board.

**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 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Beginning Fund Balance	\$ 4,462,378	\$ 4,638,609	\$ 4,994,618	\$ 4,846,247
Operating Revenues	177,832	407,000	178,500	179,250
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	1,601	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	1,601	-	-	-
Operating Surplus (Deficit)	176,231	407,000	178,500	179,250
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	(469,800)	(326,871)	(72,000)
Sources Over (Under) Uses	-	(469,800)	(326,871)	(72,000)
Change in Fund Balance	176,231	(62,800)	(148,371)	107,250
Ending Fund Balance	\$ 4,638,609	\$ 4,575,809	\$ 4,846,247	\$ 4,953,497

**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.

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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 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 by providing solid waste and recycling services; assist in maintaining an attractive community through the annual City Wide Clean Up Day, 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 look at and research different methods to improve and reduce solid waste and recycling costs.

### **2010 Accomplishments:**

- ✓ Expanded commercial recycling.
- ✓ Brought on new annexations areas with equivalent or better services than they were used to.
- ✓ Expanded yard waste into established and future annexed areas.
- ✓ Continued upkeep of dumpsters and updating dumpster enclosures closely working with development services department.

### **2011 – 2012 Goals:**

- ❖ **Goal: Expand the Yard waste and Recycle programs.**
  - Objective: Educate the public to remove yard waste and recycle from the solid waste stream to reduce the solid waste tipping costs to further our goal.
- ❖ **Goal: Increase public awareness and education.**
  - Objective: Provide sources of educational information using our newly expanded web site, our environmental educator, and informational pamphlets sent out with utility bills.

**Measurement Results**

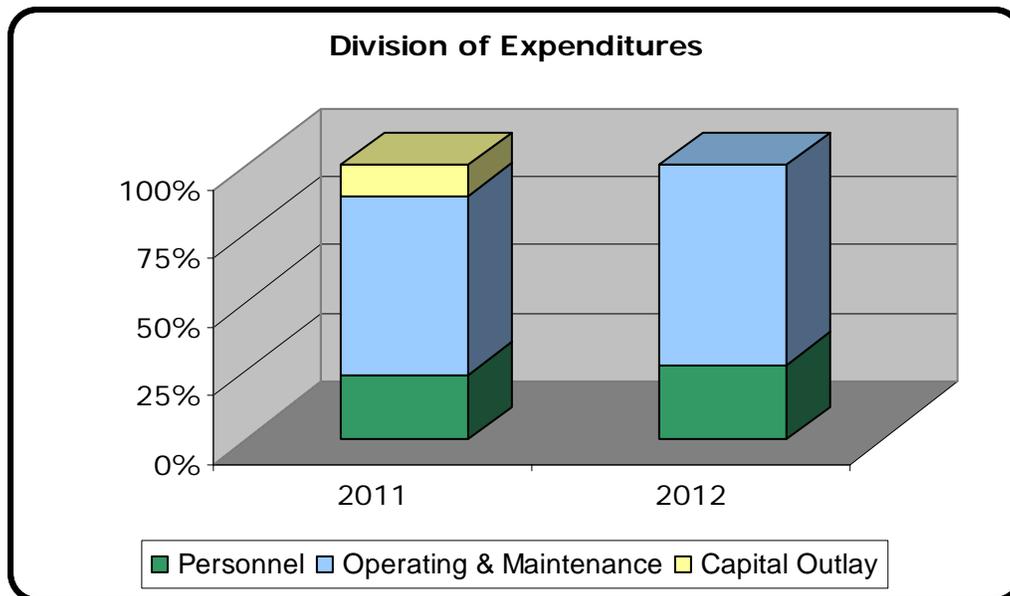
Measures	Actual		Projected	
	2009	2010	2011	2012
<b>Qualitative Measures</b>				
Number of households participating in curbside recycling program	85%	86%	86%	86%
Percent of solid waste stream diverted	35%	36%	38%	38%
Number of households participating in curbside subscription program	27%	30%	30%	31%
<b>Quantitative Measures</b>				
Tons of solid waste collected	7,824.3	7,934.6	7,950.8	8,221.5
Tons of recycling	1,135.2	1,150.4	1,160.6	1,252.3
Tons of yard waste	628.6	668.2	670.2	690.3
Number of commercial accounts with recycle rollcarts	55	68	73	80

**Personnel Schedule**

Classification	Authorized Positions				
	2008	2009	2010	2011	2012
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	5.00	5.00	5.00	5.00
Solid Waste Specialist I	1.00	1.00	1.00	1.00	1.00
Total	7.33	7.33	7.33	7.33	7.33

**Summary of Financial Information**

Fund Balance Reconciliation	Actual 2009	Amended 2010	Adopted 2011	Adopted 2012
Beginning Fund Balance	\$ 2,070,610	\$ 1,783,814	\$ 1,969,348	\$ 1,917,564
Operating Revenues	3,179,346	3,238,413	3,332,075	3,334,625
Expenditures				
Personnel	458,493	493,201	579,837	601,531
Operating & Maintenance	1,520,952	1,664,995	1,601,853	1,610,454
Capital Outlay	28,596	-	270,000	-
Total Expenditures	2,008,041	2,158,196	2,451,690	2,211,985
Operating Surplus (Deficit)	1,171,305	1,080,217	880,385	1,122,640
Other Sources (Uses)				
Net Interfund Transactions	(715,827)	(597,696)	(651,918)	(688,356)
Net Operating Transfers	(234,479)	(230,089)	(280,251)	(276,802)
Sources Over (Under) Uses	(950,306)	(827,785)	(932,169)	(965,158)
Change in Fund Balance	220,999	252,432	(51,784)	157,482
Ending Fund Balance	\$ 2,291,609	\$ 2,036,246	\$ 1,917,564	\$ 2,075,046



### **Discussion of Key Elements**

#### **Personnel Expenditures:**

In 2012 an annexation agreement with Island Disposal will expire and an additional 533 homes will be added to our residential routes. Most homes within our pickup areas utilize all of the City solid waste programs and each home generally has three rollcarts which results in 1600 new pickups for our department. In 2012 the Solid Waste division will be requesting to fill an already authorized position.

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

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

#### **Capital Outlay:**

The 2011 budget of \$270,000 is for the purchase of an additional solid waste side arm truck to handle the annexations.

#### **Operating Transfers:**

Operating transfers consist of transfers out to the General Fund and the Shop fund for operations and to the Water fund for the purchase of a reader board.

### **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 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Beginning Fund Balance	\$ 113,726	\$ 115,514	\$ 119,514	\$ 120,414
Operating Revenues	1,788	4,000	900	900
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Operating Surplus (Deficit)	1,788	4,000	900	900
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	-	-	-	-
Change in Fund Balance	1,788	4,000	900	900
Ending Fund Balance	\$ 115,514	\$ 119,514	\$ 120,414	\$ 121,314

**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 56+ 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.

### **2010 Accomplishments:**

- ✓ Purchased a new regenerative air sweeper. \$50,000 of the replacement money came from a Pass Through Grant provided by the Department of Ecology.
- ✓ Council passed a new Stormwater code entitled Elicit Discharge Elimination.
- ✓ Inspected 60 detention ponds.

### **2011 – 2012 Goals:**

- ❖ **Goal: Provide continuous pollution prevention public education and outreach.**
  - Objective: Provide sources of educational information using our newly expanded web site, our environmental educator, and informational pamphlets sent out with utility bills.
- ❖ **Goal: Protect and preserve ocean, shoreline/beaches, and ecosystems from pollutants.**
  - Objective: Utilizing the new 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.

**Measurement Results**

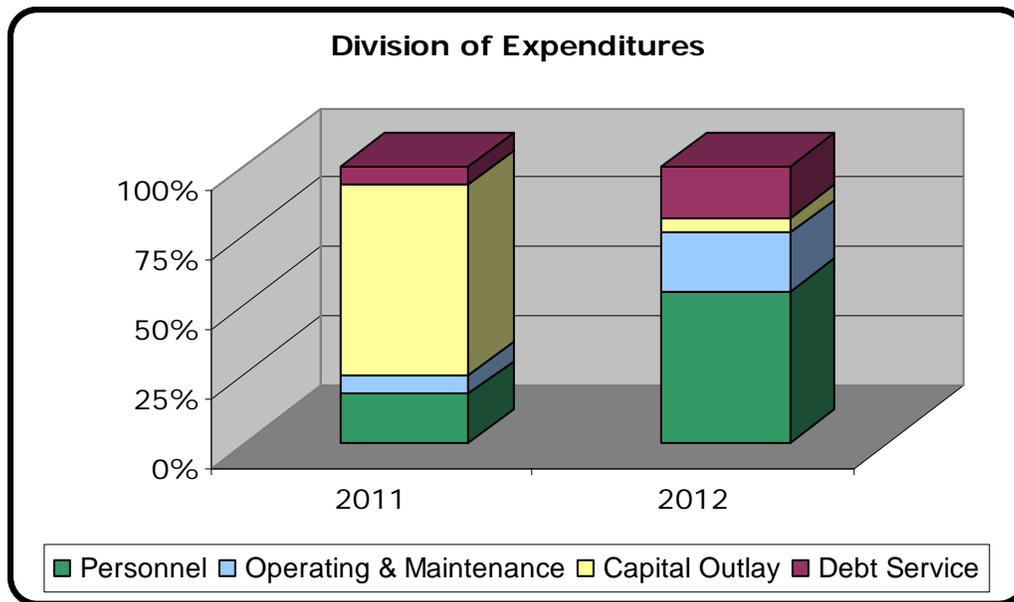
Measures	Actual		Projected	
	2009	2010	2011	2012
<b>Qualitative Measures</b>				
Environmental activities	158	137	175	175
<b>Quantitative Measures</b>				
Street sweeping (hours)	383	460	475	475
Control devices/detention pond inspections	183	194	200	200
Catch basins cleaned	890	948	900	900

**Personnel Schedule**

Classification	Authorized Positions				
	2008	2009	2010	2011	2012
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
Storm Drain Specialist II	2.00	2.00	3.00	3.00	3.00
Storm Drain Specialist I	1.00	1.00	0.00	0.00	0.00
Environmental Educator	1.00	1.00	1.00	1.00	1.00
Code Compliance Officer	0.00	0.00	0.00	0.25	0.25
Seasonal Laborer	0.25	0.25	0.25	0.25	0.25
<b>Total</b>	<b>5.09</b>	<b>5.09</b>	<b>5.09</b>	<b>5.34</b>	<b>5.34</b>

**Summary of Financial Information**

Fund Balance Reconciliation	Actual 2009	Amended 2010	Adopted 2011	Adopted 2012
Beginning Fund Balance	\$ 191,078	\$ 193,642	\$ 596,124	\$ 206,387
Operating Revenues	1,301,349	1,470,712	3,466,374	1,476,831
Expenditures				
Personnel	401,256	408,165	489,615	509,436
Operating & Maintenance	310,302	177,663	193,547	195,131
Capital Outlay	1,924	-	1,906,000	50,000
Debt Service	-	-	173,022	173,022
Total Expenditures	713,482	585,828	2,762,184	927,589
Operating Surplus (Deficit)	587,867	884,884	704,190	549,242
Other Sources (Uses)				
Net Interfund Transactions	(189,242)	(222,559)	(283,635)	(295,152)
Net Operating Transfers	(226,661)	(218,577)	(810,292)	(282,613)
Sources Over (Under) Uses	(415,903)	(441,136)	(1,093,927)	(577,765)
Change in Fund Balance	171,964	443,748	(389,737)	(28,523)
Ending Fund Balance	\$ 363,042	\$ 637,390	\$ 206,387	\$ 177,864



### Discussion of Key Elements

#### Personnel Expenditures:

The Storm Drain division is requesting that instead of hiring a code enforcement office for a three or four month period that we fill that position with a part time employee to work 1 day a week. Filling this position this way will help us stay current year round and not allow us to get behind in the winter months.

#### Operating and Maintenance Expenditures:

A significant portion of the operating and maintenance budget is for taxes, including the the City Utility Tax that the Storm Drain division must pay.

#### Capital Outlay:

The 2011budget includes the following projects:

- » \$50,000 for a flow meter at the golf course.
- » \$50,000 for annual main replacements.
- » \$300,000 to connect the Freund Marsh line to SR 20.
- » \$1,506,000 to replace the 42" storm drain outfall.

The 2011budget includes the \$50,000 for annual main replacements.

#### Debt Service:

A new bond may potentially be issued in to cover the cost of the capital projects.

**Operating Transfers:**

Operating transfers consist of transfers out to the General Fund and the Shop fund for operations, to the Arterial fund for the redevelopment of Pioneer Way, to the Water fund for the purchase of a reader board, and to the Storm Drain Cumulative Reserve fund for future capital projects.

**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 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Beginning Fund Balance	\$ 306,985	\$ 337,020	\$ 367,520	\$ 395,370
Operating Revenues	5,035	5,500	2,850	3,050
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Operating Surplus (Deficit)	5,035	5,500	2,850	3,050
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	25,000	25,000	25,000	25,000
Sources Over (Under) Uses	25,000	25,000	25,000	25,000
Change in Fund Balance	30,035	30,500	27,850	28,050
Ending Fund Balance	\$ 337,020	\$ 367,520	\$ 395,370	\$ 423,420

**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 related recreational facilities for both permanent tenants and visitors, to attract new users and visitors to the facility and to provide maximum user service to our customers, all while maintaining safe, fiscally sound and efficient operations.

### **Responsibilities:**

- Provide quality, in-water moorage for our permanent tenants and visiting 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 to the boating public through operation of storage sheds for lease by permanent tenants, in which they may store their boats, equipment, etc; operation of a marine fueling dock, at which we provide fuel and lubricants to all boaters, both transient and permanent; and safe and efficient launch and recovery of boats utilizing our overhead sling hoist.
- Accomplish effective maintenance and repair of all marina facilities, so that we provide for all of our customers grounds and facilities that are safe, clean, properly functioning and in good repair, and by so doing, to ensure the longest possible service life for these facilities.
- Plan and execute an effective facilities improvement, upgrade and expansion program, (including the use of surveys, and other planning and budgeting tools), to determine needed repairs, modernization and added facilities to meet the present and future needs of our customers and to maintain the "health" of our physical plant.
- Provide recycling opportunities and facilities for our tenants and guests, with the objective of eliminating any adverse impact on the environment that might result from our marina operation.
- 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.

It is our vision that the Oak Harbor Marina will continue to earn its reputation as one of the premier marinas in the Northwest, through friendly, quality and professional service to the boating public. The Marina will continue to grow and improve in both quality and quantity of facilities and services, and will realize its full potential as a key component of the City's waterfront through thoughtful planning and careful analysis of the needs of the boaters in this area and in the Puget Sound. The Marina will continue to operate on a sound fiscal basis.

### **2010 Accomplishments:**

- ✓ Negotiated a new lease with DNR preserving the City's ability to construct the permitted redevelopment project.
- ✓ Completed the design and construction of the Marina Redevelopment Program, Phase 1 improvements.
- ✓ Completed the design for and began Phase 2 improvements (dredging).

- ✓ Entered into an interlocal agreement with North Whidbey Parks Department for purposes of continuing the City's support the Youth Sailing program.
- ✓ Established a Neighborhood Watch program.
- ✓ The Marina Committee initiated action which led the US Coast Guard to make several improvements to the Aids to Navigation in the marina's entrance channel.

**2011 – 2012 Goals:**

- ❖ **Goal: Continue implementation of the Marina Redevelopment Program.**
  - Objective: Complete Phase 2 of the Program: dredging
  - Objective: Adopt a Marina Improvement Plan that identifies the sequencing and funding for future phases of work.
- ❖ **Goals: Continue modernizing Marina facilities and operations.**
  - Objective: Improve customer service and customer satisfaction in targeted areas.
  - Action: Purchase and install new computer software that will expand the Marina's capabilities in moorage management and guest moorage reservations.
  - Action: Purchase and install a new security system that will protect customer assets while still allowing general public access to marina facilities.

**Measurement Results**

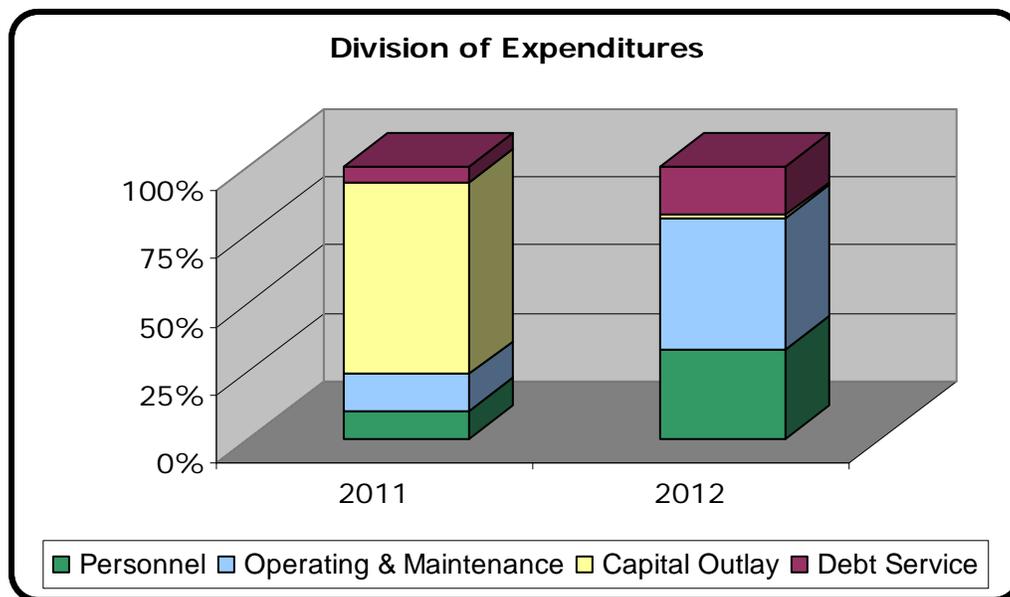
Measures	Actual		Projected	
	2009	2010	2011	2012
<b>Qualitative Measures</b>				
Complete Redevelopment Program Phase 2: dredging	NA	NA	X	NA
Adopt Marina Improvement Plan	NA	NA	NA	X
Improve moorage management through new computer software	NA	NA	X	X
Improve marina security through installation of new gate controls	NA	NA	X	NA
<b>Quantitative Measures</b>				
Gallons of fuel pumped	83,867	77,410	75,000	75,000
Fuel spill responses	16	8	10	10
Yacht clubs hosted	0	10	12	14

**Personnel Schedule**

Classification	Authorized Positions				
	2008	2009	2010	2011	2012
Harbormaster	1.00	1.00	1.00	1.00	1.00
Assistant Harbormaster	1.00	1.00	1.00	1.00	1.00
Marina Maintenance Attendant I	1.00	1.00	1.00	1.00	1.00
Marina Maintenance Attendant II	1.00	1.00	1.00	1.00	1.00
Customer Service Technician	1.00	1.00	1.00	1.00	1.00
Seasonal Laborer	0.66	0.66	0.66	0.66	0.66
<b>Total</b>	<b>5.66</b>	<b>5.66</b>	<b>5.66</b>	<b>5.66</b>	<b>5.66</b>

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Beginning Fund Balance	\$ 1,056,943	\$ 465,257	\$ 1,208,838	\$ 963,141
Operating Revenues	1,284,214	1,598,360	3,982,499	1,357,650
Expenditures				
Personnel	331,484	399,191	411,638	428,480
Operating & Maintenance	460,103	695,961	565,500	632,250
Capital Outlay	354,856	10,000	2,888,986	15,700
Debt Service	-	-	233,325	233,325
Total Expenditures	1,146,443	1,105,152	4,099,449	1,309,755
Operating Surplus (Deficit)	137,771	493,208	(116,950)	47,895
Other Sources (Uses)				
Net Interfund Transactions	(22,132)	(12,600)	(6,569)	(6,637)
Net Operating Transfers	(108,829)	(111,086)	(122,178)	(122,416)
Sources Over (Under) Uses	(130,961)	(123,686)	(128,747)	(129,053)
Change in Fund Balance	6,810	369,522	(245,697)	(81,158)
Ending Fund Balance	\$ 1,063,753	\$ 834,779	\$ 963,141	\$ 881,983

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

There have been no significant changes.

**Operating and Maintenance Expenditures:**

Significant operating and maintenance expenditures anticipated include the purchase of fuel for resale at the Marina and the expenditure of professional services funds to assist with the development of a marina improvement plan (2011 and 2012) and designing the next phase of work as identified in that plan.

**Capital Outlay:**

The most significant capital outlay is for the Marina redevelopment project, which includes dredging which will deepen the Marina to improve overall operations....

Other capital outlay purchases include a new security system, new point of sale software that will improve moorage management capabilities, and a new pump-out/work boat (75% grant funded).

**Debt Service:**

A new bond will be issued in 2011 to cover the cost of the Marina's capital projects.

**Operating Transfers:**

Operating transfers consist of transfers out to the General Fund for operations and to the Marina Cumulative Reserve fund for future capital projects.

**Marina Cumulative Reserve**

The Marina Cumulative Reserve fund was established to accumulate excess marina revenue 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 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Beginning Fund Balance	\$ -	\$ 25,000	\$ 50,210	\$ 75,710
Operating Revenues	210	-	500	510
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Operating Surplus (Deficit)	210	-	500	510
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	25,000	25,000	25,000	25,000
Sources Over (Under) Uses	25,000	25,000	25,000	25,000
Change in Fund Balance	25,210	25,000	25,500	25,510
Ending Fund Balance	\$ 25,210	\$ 50,000	\$ 75,710	\$ 101,220

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

Transfers from the Marina fund are the major revenue source for this fund.



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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.

### **2010 Accomplishments:**

- ✓ Provided an effective fleet management program.
- ✓ Implemented programs to become more environmentally safe such as recycling our used oil filters and anti-freeze at no cost.
- ✓ Implemented opportunities to use new technology such as utilizing a lap top in the shop for diagnostic purposes. In addition, staff has added many new software programs to help identify and troubleshoot internally instead of paying for that to be outsourced at a higher rate.
- ✓ Mechanics and operators are regularly trained on equipment. Mechanics have specifically increased their training on fire apparatuses, 6 liter diesel engines, big truck brake clinics and clutch repair and replacement.
- ✓ Improved customer relationships specifically with Fire by updating maintenance schedule and training opportunities.
- ✓ Created a network of communication with City of Anacortes, Town and Coupeville, Island County and the Oak Harbor School District. Allows staff to think outside the box as well as help out our neighbor agencies.

### **2011 – 2012 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.

❖ **Goal: Continued training programs.**

- Objective: To become more efficient and knowledgeable about Allison transmissions and to attend the Cummins drivability training classes.

**Measurement Results**

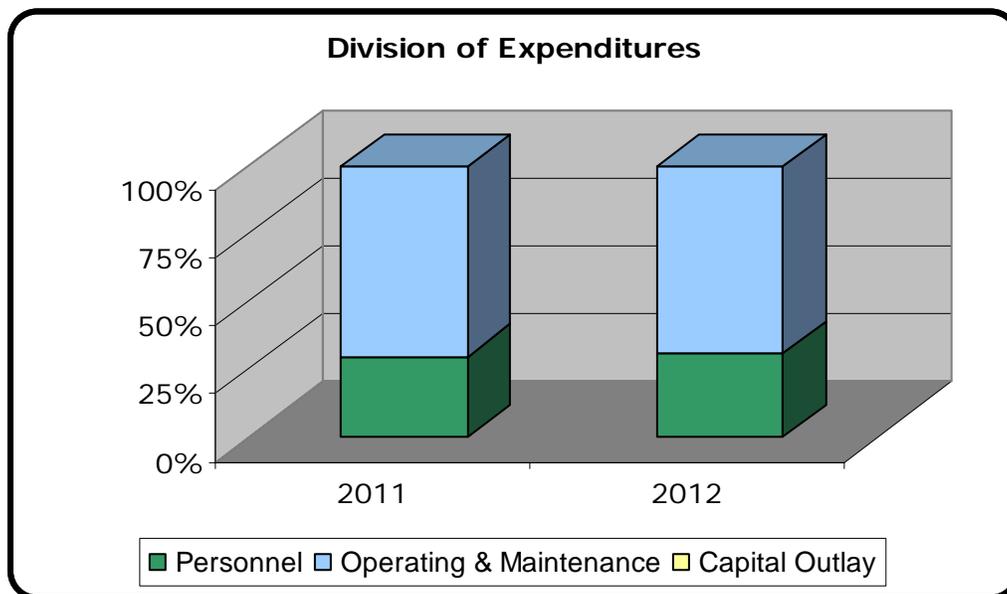
Measures	Actual		Projected	
	2009	2010	2011	2012
<b>Qualitative Measures</b>				
Scheduled Preventive Maintenance orders completed within 30 days	100%	100%	100%	100%
Scheduled equipment repairs completed within 20 days	100%	100%	100%	100%
Downtime in fleet in 30 days	10%	10%	10%	10%
Non-billable department costs (overhead percentage)	37%	42%	42%	42%
<b>Quantitative Measures</b>				
Ratio of vehicles to mechanics	50.4	51.2	51.2	51.2
Number of vehicles in fleet	126	128	128	128
Number of equipment in fleet	102	86	86	86
of which are trailers	19	23	23	23
of which are generators	21	23	23	23
Number of Preventive Maintenance orders performed monthly	45	45	45	45
Number of work orders performed	1,333	1,174	1,400	1,400
Gallons of diesel fuel used	40,831	32,810	41,000	41,000
Gallons of unleaded fuel used	36,302	35,259	36,500	36,500
Total cost of fuel	\$171,970	\$249,774	\$250,000	\$250,000

**Personnel Schedule**

Classification	Authorized Positions				
	2008	2009	2010	2011	2012
Chief Mechanic	1.00	1.00	1.00	0.00	0.00
Lead Mechanic	0.00	0.00	0.00	1.00	1.00
Mechanic	2.00	2.00	2.00	1.00	1.00
Equipment & Purchasing Coordinator	0.50	0.50	0.50	0.00	0.00
Seasonal Laborer	0.50	0.50	0.50	0.50	0.50
<b>Total</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>2.50</b>	<b>2.50</b>

**Summary of Financial Information**

Fund Balance Reconciliation	Actual 2009	Amended 2010	Adopted 2011	Adopted 2012
Beginning Fund Balance	\$ 4,000	\$ (46,128)	\$ 4,136	\$ 5,988
Operating Revenues	16,900	289,976	154,867	153,330
Expenditures				
Personnel	217,081	286,105	201,183	210,626
Operating & Maintenance	499,748	492,273	475,100	475,100
Capital Outlay	-	-	-	-
Total Expenditures	716,829	778,378	676,283	685,726
Operating Surplus (Deficit)	(699,929)	(488,402)	(521,416)	(532,396)
Other Sources (Uses)				
Net Interfund Transactions	788,038	582,992	650,772	670,356
Net Operating Transfers	(78,809)	(74,325)	(127,504)	(132,228)
Sources Over (Under) Uses	709,229	508,667	523,268	538,128
Change in Fund Balance	9,300	20,265	1,852	5,732
Ending Fund Balance	\$ 13,300	\$ (25,863)	\$ 5,988	\$ 11,720



**Discussion of Key Elements**

**Personnel Expenditures:**

In the past, about half of the Equipment Purchasing Coordinator was budgeted in the salaries and benefits line. This expense has been re-allocated to the Shop Facility fund and incorporated in the supervisory line of each division. The 2010 budget included a third mechanic for succession training. With the retirement of the Chief Mechanic in January of 2011, the third mechanic expense has been removed.

**Operating and Maintenance Expenditures:**

A significant portion of the operating and maintenance budget is for fuel and parts for City vehicles.

**Capital Outlay:**

There are no capital assets budgeted for 2011 or 2012.

**Operating Transfers:**

Operating transfers consist of transfers out to the General Fund and the Shop fund for operations.

## Equipment Replacement

### Mission:

The mission of the Equipment Rental division replacement fund is to provide safe, efficient and economical fleet replacements for the City and to be recognized by our customers as improving their efficiency and effectiveness.

### 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.

### 2010 Accomplishments:

- ✓ Continued to implement a fleet procurement program that matches the needs and resources for each division/department.
- ✓ Implemented vehicles that would allow the divisions to move towards their goals such as a street sweeper capable of maintaining pervious pavement.
- ✓ Increased the motor pool program by moving rarely used vehicles into the motor pool fleet in order to be utilized more efficiently. In addition, equipment has been also put into the motor pool program to be utilized by all divisions in order to remove any redundancy issues that would cost the City with unnecessary expenditures

### 2011 – 2012 Goals:

- ❖ **Goal: Continue to implement a fleet procurement program that matches the needs and resources for each division/department.**
  - 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.

### Measurement Results

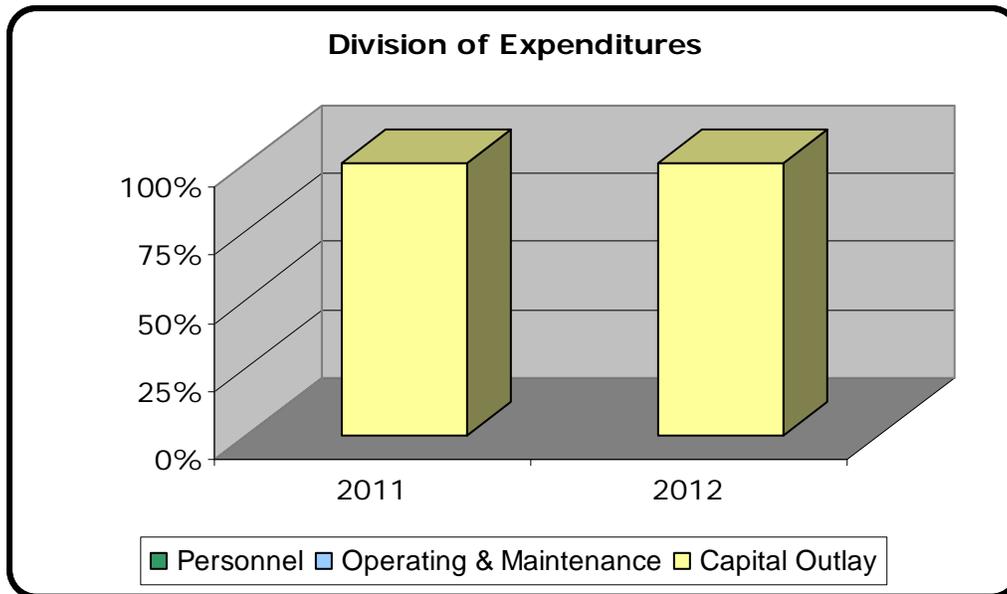
Measures	Actual		Projected	
	2009	2010	2011	2012
<b>Qualitative Measures</b>				
Percent of replacements completed	61.5%	20%	100%	100%
<b>Quantitative Measures</b>				
Number of motor pool vehicles	44	44	34	34
Number of replacements completed	8	1	3	2

**Personnel Schedule**

There are no employees charged to this fund.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Beginning Fund Balance	\$ 4,978,757	\$ 5,671,248	\$ 6,045,597	\$ 6,100,729
Operating Revenues	-	-	-	-
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	25,378	-	-	-
Capital Outlay	399,526	55,000	530,000	75,000
Total Expenditures	424,904	55,000	530,000	75,000
Operating Surplus (Deficit)	(424,904)	(55,000)	(530,000)	(75,000)
Other Sources (Uses)				
Net Interfund Transactions	1,126,505	922,003	645,132	666,798
Net Operating Transfers	-	-	(60,000)	-
Sources Over (Under) Uses	1,126,505	922,003	585,132	666,798
Change in Fund Balance	701,601	867,003	55,132	591,798
Ending Fund Balance	\$ 5,680,358	\$ 6,538,251	\$ 6,100,729	\$ 6,692,527



**Discussion of Key Elements**

**Capital Outlay:**

Capital asset purchases include two garbage trucks and a side arm loader for the Solid Waste fund and a work truck and suction pump for the Wastewater fund.

**Operating Transfers:**

Operating transfer consists of transfers out to Shop fund for the resealing of the parking lot and to the Senior Center for the purchase of a Heating, Ventilation and Air Conditioning unit.

**Technology Reserve****Mission:**

The mission of the Technology Reserve fund is to provide effective and economical technology services for the City. This fund was established to pay for computers, licensing, and other assets of a high tech nature. Individual departments contribute towards future purchases over time in order to have adequate cash to fully purchase the asset with no short term borrowing.

**Responsibilities:**

- 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.

**2010 Accomplishments:**

- ✓ Implemented a technology procurement program that matches the needs and resources.
- ✓ Implemented new technology, such as ColorCube copiers.

**2011 – 2012 Goals:**

- ❖ **Continue to enhance our existing technology fund.**
  - Implement new technology and procedures to assist the departments in meeting their daily needs.

**Measurement Results**

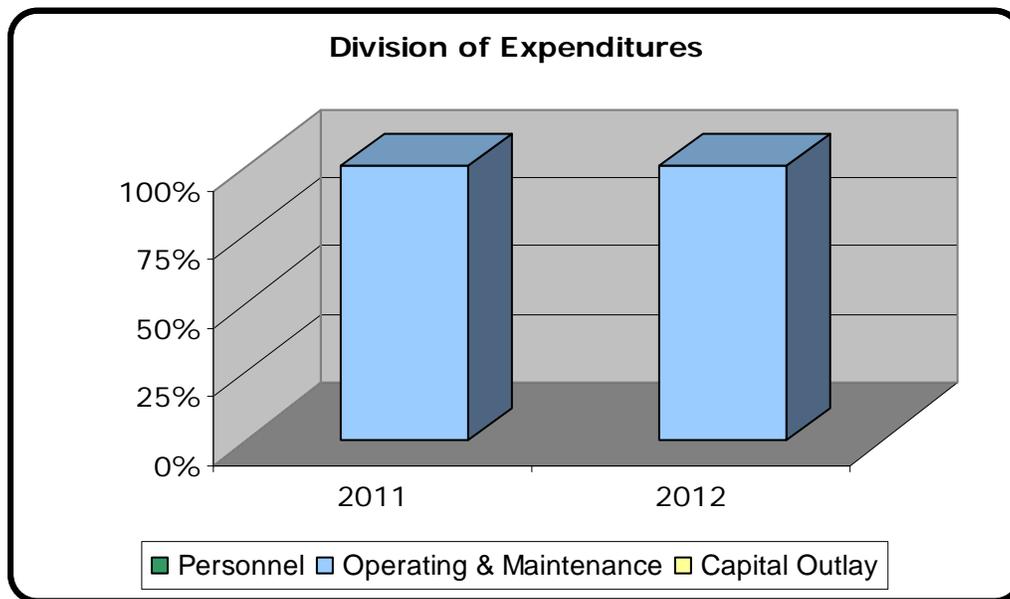
Measures	Actual		Projected	
	2009	2010	2011	2012
<b>Qualitative Measures</b>				
On going completion of a schedule for all technology assets	100%	100%	100%	100%
Review needs annually and implement	100%	100%	100%	100%
Respond to service calls in 24 hours	80%	80%	90%	90%
Respond to supply calls in 24 hours	90%	90%	95%	95%
<b>Quantitative Measures</b>				
Number of workstations replaced	16	25	12	12
Number of IT tickets placed	378	370	374	374

**Personnel Schedule**

There are no employees charged to this fund.

**Summary of Financial Information**

<b>Fund Balance Reconciliation</b>	<b>Actual 2009</b>	<b>Amended 2010</b>	<b>Adopted 2011</b>	<b>Adopted 2012</b>
Beginning Fund Balance	\$ 221,748	\$ 262,383	\$ 295,698	\$ 320,202
Operating Revenues	-	-	-	-
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	189,672	171,283	229,200	229,200
Capital Outlay	50,673	-	-	-
Total Expenditures	240,345	171,283	229,200	229,200
Operating Surplus (Deficit)	(240,345)	(171,283)	(229,200)	(229,200)
Other Sources (Uses)				
Net Interfund Transactions	284,204	210,578	253,704	252,390
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	284,204	210,578	253,704	252,390
Change in Fund Balance	43,859	39,295	24,504	23,190
Ending Fund Balance	\$ 265,607	\$ 301,678	\$ 320,202	\$ 343,392



**Discussion of Key Elements**

**Operating and Maintenance Expenditures:**

The majority of the operating and maintenance budget is for software licensing, which is anticipated to increase in 2011 and 2012.

**Capital Outlay:**

There are no capital assets budgeted for 2011 or 2012.

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## **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 administration functions necessary to support all of the Public Works divisions.

### **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.

### **2010 Accomplishments:**

- ✓ Provided a safe, clean and comfortable place for the City of Oak Harbor employees to work and citizens to participate.
- ✓ Lowered the cost of goods and services by utilizing inter-local agreements with outside agencies and vendors.
- ✓ Remodeled the administration building to allow for additional workspace for the Engineering Division.
- ✓ Fuel Island Upgrade will be completed by the end of the year. Allows for additional fuel storage and emergency redundancy at the fuel pump.

### **2011 – 2012 Goals:**

#### **❖ Goal: Lighting Upgrades.**

- Objective: Complete the lighting upgrades to the Public Works Shop via the PSE light rebate.

#### **❖ 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. 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: Implement the new purchasing policies and procedures that will improve the purchasing process.**
  - Objective: Now that the purchasing ordinance has been implemented, it is time to implement the new policies and procedures that will help streamline and improve the purchasing process.

**Measurement Results**

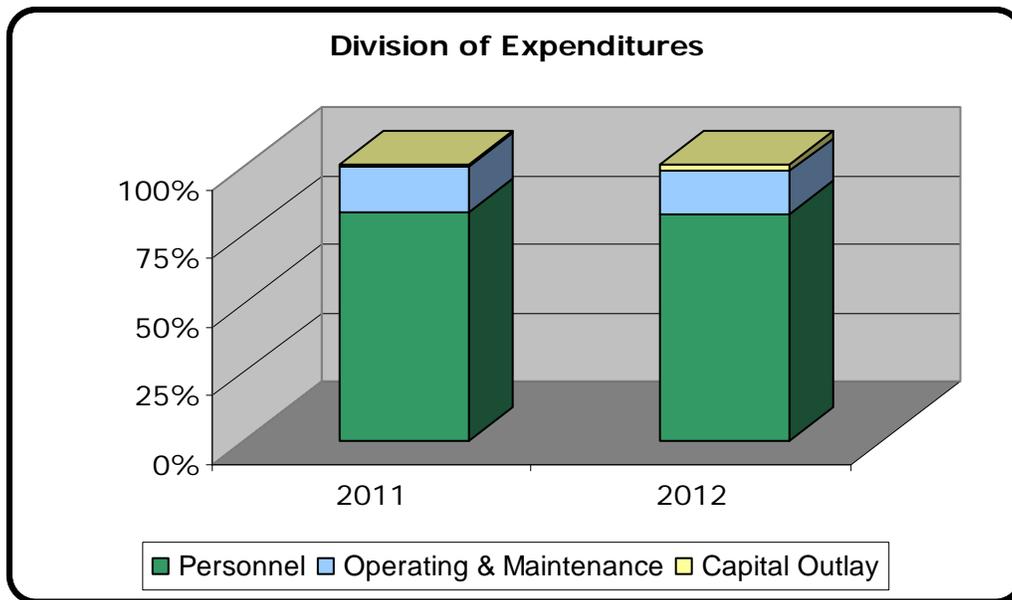
Measures	Actual		Projected	
	2009	2010	2011	2012
<b>Qualitative Measures</b>				
Audit and develop a replacement schedule for City facilities, equipment and property	50%	50%	75%	75%
Percent of maintenance staff hours devoted to preventative maintenance	25%	25%	25%	25%
Percent of maintenance staff hours devoted to on call maintenance issues	25%	25%	25%	25%
Response to service calls in 24 hours	90%	90%	90%	90%
Response to supply calls in 24 hours	95%	95%	95%	95%
Maintenance requests completed in five days	90%	90%	90%	90%
<b>Quantitative Measures</b>				
Number of hours spent at City Hall	298	244	271	271
Number of hours spent at Police Dept	342	200	271	271
Number of hours spent at Senior Center	17	50	34	34
Number of hours spent at Library	31	19	25	25
Number of hours spent with PW divisions	259	98	179	179

**Personnel Schedule**

Classification	Authorized Positions				
	2008	2009	2010	2011	2012
Public Works Director	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Equipment and Purchasing Coordinator	0.50	0.50	0.50	1.00	1.00
Operations Manager	0.34	0.34	0.34	1.00	1.00
Facilities/Utility Worker	1.00	1.00	1.00	1.00	1.00
Code Enforcement	0.00	0.50	0.50	0.00	0.00
City Engineer	0.00	0.00	1.00	1.00	1.00
Project Engineer	0.00	0.00	1.00	1.00	1.00
Civil Engineer	0.00	0.00	2.00	2.00	2.00
Engineering Technician	0.00	0.00	1.00	1.00	1.00
Construction Inspector	0.00	0.00	1.00	1.00	1.00
Project Specialist	0.00	0.00	0.00	1.00	1.00
Administrative Assistant-Engineering	0.00	0.00	0.00	1.00	1.00
<b>Total</b>	<b>3.84</b>	<b>4.34</b>	<b>10.34</b>	<b>13.00</b>	<b>13.00</b>

**Summary of Financial Information**

Fund Balance Reconciliation	Actual 2009	Amended 2010	Adopted 2011	Adopted 2012
Beginning Fund Balance	\$ 41,865	\$ (43,323)	\$ 190,610	\$ 240,554
Operating Revenues	34,447	-	-	-
Expenditures				
Personnel	1,031,476	1,085,032	1,406,696	1,376,491
Operating & Maintenance	228,491	274,474	285,250	260,250
Capital Outlay	17,706	200,000	10,000	40,000
Total Expenditures	1,277,673	1,559,506	1,701,946	1,676,741
Operating Surplus (Deficit)	(1,243,226)	(1,559,506)	(1,701,946)	(1,676,741)
Other Sources (Uses)				
Net Interfund Transactions	849,095	1,194,124	1,200,567	1,252,381
Net Operating Transfers	386,946	360,952	551,323	468,599
Sources Over (Under) Uses	1,236,041	1,555,076	1,751,890	1,720,980
Change in Fund Balance	(7,185)	(4,430)	49,944	44,239
Ending Fund Balance	\$ 34,680	\$ (47,753)	\$ 240,554	\$ 284,793



**Discussion of Key Elements**

**Personnel Expenditures:**

The increase represents the reallocation of the Operations Manager and the Equipment Purchasing & Coordinator salaries and benefits to the Shop Facility fund, which will be charged out to all of the divisions according to actual work performed.

There are also two new positions funded to address the needs of the Engineering division. The first is a Project Specialist which will provide necessary manpower for the implementation, bidding, construction management, project permitting and communications regarding the Capital Improvement project plan by the Public Works department and the second is an Administrative Assistant-Engineering which will assist the entire Engineering department.

**Operating and Maintenance Expenditures:**

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

**Capital Outlay:**

Capital projects have been removed entirely. The only budgeted item is a wide format copier/scanner in capital equipment to be used by all Public Works Divisions.

**Operating Transfers:**

Operating transfers consist primarily of transfers if for operations. In addition, there is a transfer in from Equipment Replacement for the resealing of the parking lot.



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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. 1593**

**AN ORDINANCE TO ENCUMBER RESOURCES AND TO ESTABLISH EXPENDITURE AUTHORITY THROUGH THE ADOPTION OF THE CITY OF OAK HARBOR 2011-2012 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 June 15, 2010 regarding revenue sources for the coming year's budget, 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 on or before September 13, 2010 setting forth the complete financial program of the City for the ensuing fiscal biennium; and

WHEREAS, a proposed preliminary budget was prepared on October 29, 2010 setting out the complete financial program of the City for the ensuing fiscal biennium as required by RCW 35A.34.070; and

WHEREAS, the preliminary budget was prepared in detail on November 12, 2010, making revisions or additions to the reports of the department heads and was made available to the public at least six weeks prior to the City's new fiscal biennium, beginning January 1, 2011; and

WHEREAS, the budget message, explaining the budget, outlining the recommended financial policies and programs of the city for the ensuing fiscal biennium, stating reasons for salient changes from the previous biennium in appropriation and revenue items; and explaining any recommended major changes in financial policy was submitted on September 30, 2010 as required by RCW 35A.34.090; and

WHEREAS, budget workshops were held on June 15, September 29, October 14, November 3, 2010, which were open to the public and at which department heads gave information regarding estimates and programs; and

WHEREAS, the City Clerk has published notice of a final public hearing on the final 2011-2012 biennial budget in the Whidbey News Times on November 3 and November 10, 2010; and,

WHEREAS, the Oak Harbor City Council held the final public hearing at the November 16, 2010 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, 2011 through December 31, 2012;

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

**Section 1:** The 2011-2012 Biennial Budget as presented at the November 16, 2010 public hearing is hereby adopted by reference, and shall constitute the expenditure authority for years 2011-2012 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 encumbrances for each separate fund and the aggregate totals for all such funds combined.

Fund	2011	2012
Fund: 001 CURRENT EXPENSE	\$14,331,914	\$14,280,339
Fund: 002 CURRENT EXPENSE RESERVES	1,390,238	1,390,238
Fund: 003 CURRENT EXP - AMERIFLEX	60,000	60,000
Fund: 005 CURRENT EXP - SEIZURE	10,000	10,000
Fund: 006 WHIDBEY ISLAND MARATHON	345,936	354,272
Fund: 101 STREETS	2,019,932	1,842,823
Fund: 104 ARTERIALS	8,173,028	370,666
Fund: 105 TRANSPORTATION CAPITAL IMPROVE	1,115,100	1,144,799
Fund: 106 PATHS & TRAILS 1/2 OF 1% MVFT	19,968	22,418
Fund: 110 CUMULATIVE RESERVE STREETS	21,223	21,383
Fund: 115 ART ACQUISITION & MAINTENANCE	88,505	120,977
Fund: 116 CIVIC IMPROVEMENT (2%)	476,918	518,618
Fund: 125 PARK IMPROV-NEIGHBORHOOD PARKS	299,433	59,433
Fund: 126 PARK IMPROV COMMUNITY PARKS	340,435	256,435
Fund: 129 SENIOR CENTER	549,048	467,166
Fund: 230 2008 LOCAL FIRE BOND	51,711	25,856
Fund: 311 CUM RESERVE (M) 1ST 1/4% REET	3,420,702	1,501,202
Fund: 312 CUM RESERVE MCI 2ND 1/4% REET	2,883,853	357,603
Fund: 320 CONSTRUCTION - DOCK PROJECT	276,961	298,461
Fund: 325 WATERFRONT REDEVELOPMENT FUND	482,039	334,439
Fund: 401 WATER	15,504,619	9,062,925
Fund: 402 SEWER	10,991,311	10,532,585
Fund: 403 SOLID WASTE	5,305,423	5,256,189
Fund: 404 STORM DRAIN	4,064,998	1,685,718
Fund: 410 MARINA	5,191,337	2,320,791
Fund: 411 CUMULATIVE RESERVE WATER	6,162,043	3,477,983
Fund: 412 CUMULATIVE RESERVE SEWER	5,173,118	5,025,497
Fund: 413 CUMULATIVE RESERVE - SOLID WASTE	120,414	121,314
Fund: 414 CUMULATIVE RESERVE STORM DRAIN	395,370	423,420
Fund: 420 CUMULATIVE RESERVE MARINA	75,710	101,220
Fund: 501 EQUIPMENT RENTAL	955,761	987,699
Fund: 502 EQUIPMENT REPLACEMENT	6,690,729	6,767,527
Fund: 505 TECHNOLOGY RESERVE FUND	549,402	572,592
Fund: 510 SHOP FACILITY	2,237,663	2,260,314
	<u>\$99,774,842</u>	<u>\$72,032,902</u>

**Section 2:** This ordinance shall be in full force and effect on January 1, 2011, at least five days after passage and upon legal publication.

PASSED by the Council and approved by its Mayor this 16th day of November, 2010.

CITY OF OAK HARBOR

Approved   
Vetoed

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()

  
Jim Slowik, Mayor

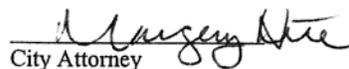
11-19-2010  
Date

Attest:



City Clerk

Approved as to Form:

  
City Attorney

Published: NOVEMBER 27, 2010