

PROPOSED BUDGET 2017-2018 CITY OF BAINBRIDGE ISLAND, WA

City of Bainbridge Island
Finance & Administrative
Services Department
280 Madison Ave N
Bainbridge Island, WA 98110



City of Bainbridge Island Council Wards & Voting Precincts



Val Tollefson
Mayor/North Ward
vtollefson@bainbridgewa.gov



Kol Medina
North Ward
kmedina@bainbridgewa.gov



Ron Peltier
At Large
rpeltier@bainbridgewa.gov

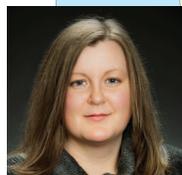
Legend

- Voting Precincts
- City Council Wards**
- North Ward
- Central Ward
- South Ward

Credits: Kitsap County Auditor Elections Division



Wayne Roth
Central Ward
wroth@bainbridgewa.gov



Sarah Blossom
South Ward
sblossom@bainbridgewa.gov

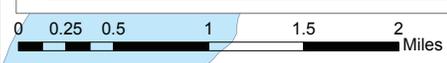


Michael Scott
Central Ward
mscott@bainbridgewa.gov



Roger Townsend
South Ward
rtownsend@bainbridgewa.gov

City of Bainbridge Island Disclaimer for GIS data
This data should be used for informational purposes only. This map does not represent a survey. Every effort has been made to ensure the accuracy of these data; however, the data may be dated, which would have an impact on its accuracy. The maps are provided without warranty of any kind, expressed or implied, including, but not limited to, the implied warranties of merchantability and fitness for a particular purpose. The parcel lines, and right-of-way's shown on these maps are for illustration purposes only and are not intended to be used as a survey product. User accepts responsibility of the user's unauthorized use or transmission of any such data or information from its actual or altered form.





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Bainbridge Island
Washington**

For the Biennium Beginning

January 1, 2015

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Bainbridge Island, Washington for its biennial budget for the biennium beginning January 1, 2015. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of two years only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

September 20, 2016

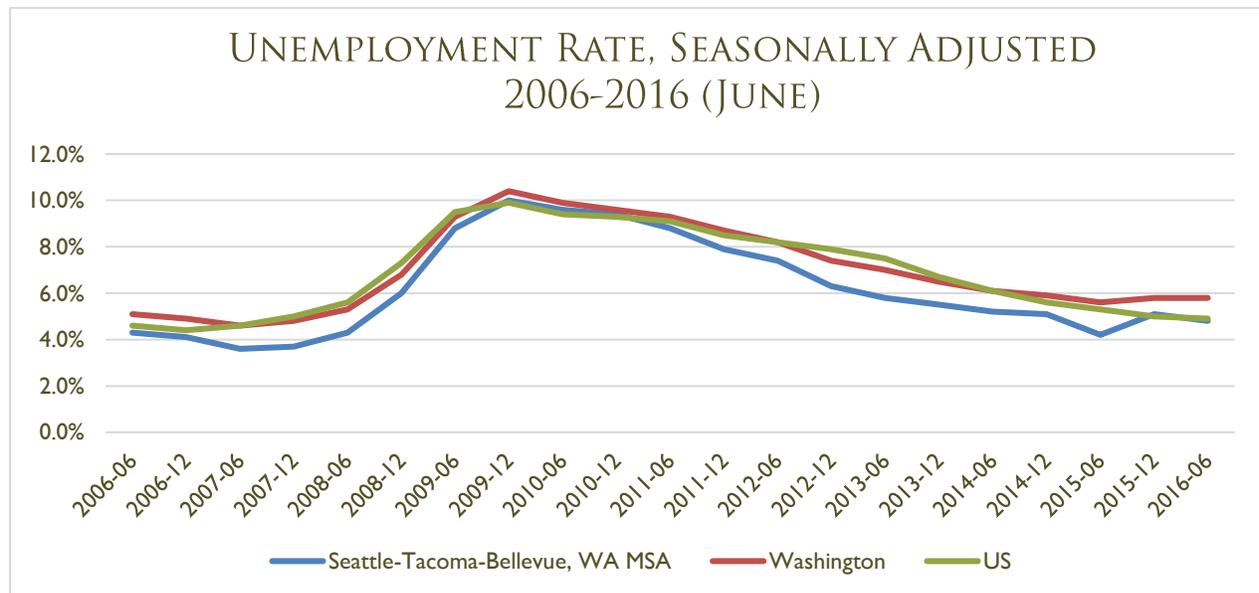


Dear Citizens and Interested Readers,

The information which follows in this document is the 2017-2018 Proposed Budget for the City of Bainbridge Island. This document is the financial plan for the upcoming two years, and expresses the City’s identified priorities and planned service delivery to the community. We are excited to propose a budget that supports key community goals, including a significant capital program, and dedicated resources to implement priorities identified in the new Comprehensive Plan. Our next biennium will continue the City’s emphasis on stewardship, financial sustainability, and customer service. We look forward to working together to provide the highest level of service and support to our community.

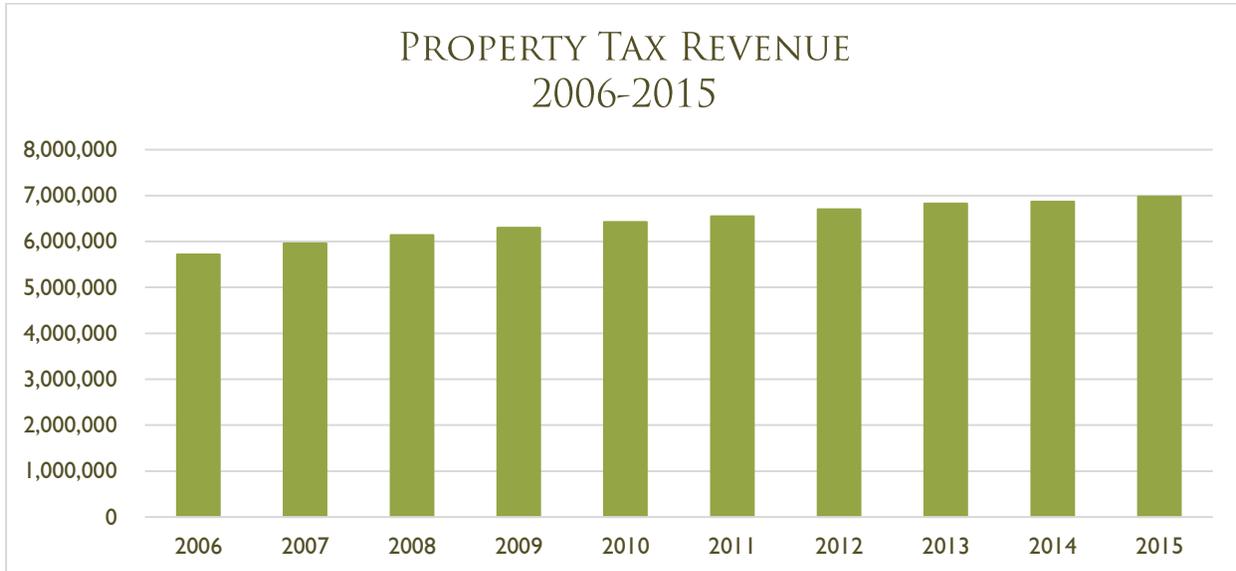
Background and Budgetary Trends

The City of Bainbridge Island experienced typical financial difficulties during the national and regional economic recession that began in late 2007 and ended in June 2009. Economic growth has been steady since that time, with most economists projecting a slow recovery with the chance of possible setbacks during the recovery period. Over the past three years, the regional and local economy has shown modest improvement. In 2016, the region’s unemployment rate held steady, with the Seattle-Tacoma-Bellevue area’s seasonally adjusted unemployment rate for June 2016 at 4.8%, lower than the Washington state rate of 5.8% and the national rate of 4.9%. This relationship is consistent with past unemployment data, shown in the chart below, with Seattle-area unemployment (blue line) generally somewhat lower than the state (red line) and national (green line) rates. This data suggests that our community and region continue to experience an improved economic environment, with steady progress towards pre-recession employment levels.



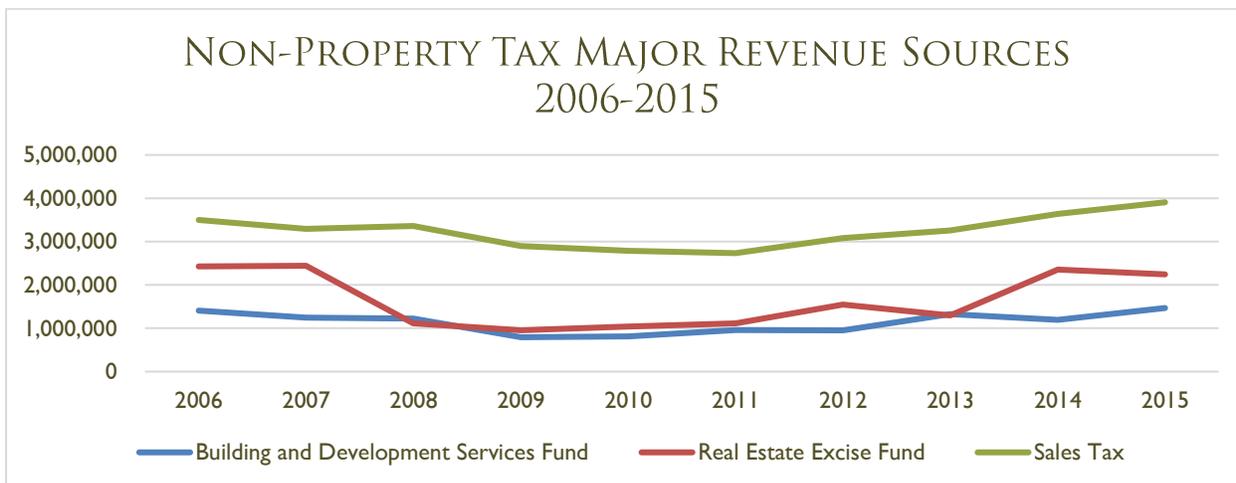
Source: U.S. Bureau of Labor Statistics

The City’s revenue portfolio relies heavily on the general property tax, which in the State of Washington is a stable revenue source that grows annually at a maximum rate of 1% plus tax on the value of new construction. As property tax accounts for 45% of General Fund revenues, the stability of this revenue stream helps the City maintain core services during periods of economic volatility.



Source: City of Bainbridge Island

As shown below, the City of Bainbridge Island experienced a large amount of building and growth in the early 2000s, with increasing revenue from sources including Real Estate Excise Tax (REET), sources within the Building and Development Services Fund, and general sales tax. These revenue sources sharply declined in 2008 and 2009, but then began a modest recovery, starting in 2011.



Source: City of Bainbridge Island

The City reacted to the dramatic decline in revenue from these important revenue sources in 2008 and 2009 with corresponding reductions to programs and services, mostly achieved through significant reductions in City staffing. The high point of City staffing was in 2008, with 152 full-time equivalent (FTE) positions. By comparison, City staffing for 2016 includes 111 FTE.

The Proposed Budget for 2017-2018 includes 7.7 new FTE, 5.1 FTE in general government and 2.6 within the City’s utilities. This targeted increase in staffing reflects the City’s plan to expand priority operating and capital programs to meet the level of service desired by the community. Our approach to new staff is grounded in our commitment to provide excellent customer service, to meet our increasing regulatory requirements, and to deliver the high level of environmental stewardship and asset management that our community expects.

Bainbridge Island is a unique, multi-faceted community, and our municipal organization works hard to serve the critical needs and priorities that have been identified as integral to community’s goals. We do this within a framework that emphasizes financial sustainability and accountability. In this context, new staff are only proposed once the City can demonstrate sufficient recurring revenues to support these additional, long-term expenses. We use a variety of tools and analysis to guide us in our financial forecasting to ensure this financial sustainability. We also continue to pursue innovation and efficiency so we can provide the highest level of service with our existing resources. Including the staff additions proposed for 2017, City staff remains 22% lower than in 2008. More detail on the staffing increases, and corresponding services, appear later in this message, and in the relevant department sections of the budget.

Budget Process

The City begins its biennial budget process in the late spring to early summer. In 2016, the City updated its priority based budgeting information which orients City budget conversations around the results that the City wishes to achieve. More detail on this process is included in Section Two and in the appendix to the budget.

Based on Council discussions, staff input, and consultant review, six strategic priorities were identified for the City of Bainbridge Island at the outset of the Priority Based Budgeting process in 2014, and have been reaffirmed by Council in 2015 and 2016. The following areas reflect key priorities toward which the City focuses its efforts:



Safe City



Green Well-Planned Community



Reliable Infrastructure and Connected Mobility



Healthy Community



Vibrant Economy



Good Governance

During the summer of 2016, the City Council and staff reviewed capital plans. This timing reflects a decision to shift capital planning to an earlier stage of budget development to allow additional focus on capital planning and to problem solve for critical, multi-year projects. The capital budget planning process included review by Public Works and Planning and Community Development Department staff, in addition to the Planning Commission, the Utility Advisory Committee, and the community. The focus on transportation infrastructure continues as an emphasis, as it has in budget years since 2011, with robust conversations about plans for road preservation, reconstruction and major maintenance, along with prioritized investments in the non-motorized transportation network. Planning also continues for a new public safety facility, reflected in the Capital Improvement Plan as the Law and Justice Center. The City has completed formal updates to both the Water System Plan and the General Sewer System Plan. The capital assessment



included in these processes inform Water and Sewer capital projects included in this budget.

Planning for the operating budgets commenced with Council review and approval of a consolidated set of financial policies, providing an up-to-date framework within which budget development occurs. Operating budget development began with a meeting for all City staff in July. Department directors and staff then worked to develop budgets in alignment with the City focus areas identified through the Priority Based Budgeting process. Based on recent financial performance and requests for service, several departments proposed targeted increases to their operating budgets. Department staff took a zero-based budget approach to non-personnel expenses, while Finance staff performed a line item review of all personnel-related expenditures.

Near-term Budget Influences

The City has experienced a modest recovery from the recessionary financial pressures, with stable or increasing revenue from primary revenue sources. Due to a combination of factors, including staff vacancies, better than forecast revenue performance, and a reduction in outside legal costs, the City's General Fund balance has increased each year since 2010.

The City tracks policy reserves for the General Fund, as well as for each utility fund. For 2017, the reserves include an Emergency Reserve, with a target of \$1.0 million and a minimum General Fund balance of 25% of ongoing revenues, or roughly \$4.0 million for the coming biennium. The City also maintains reserves in each utility fund, as described in the financial policies. The City has fully funded all reserves since the end of 2013, with a General Fund balance that exceeded the minimum target. The 2017-2018 Proposed Budget fully funds the General Fund reserves and utility fund reserves.

Fund balance is available for one-time projects or investments, such as the City's portion of the Wyatt Way Reconstruction project and operating initiatives such as work to implement the new Comprehensive Plan and certain major maintenance projects. The 2017-2018 Proposed Budget funds \$10.8 million of capital projects, of which \$3.9 million are transportation and facilities projects and \$4.8 million are utility projects. The budget also includes \$626,000 in spending to support one-time operating items.

The City's financial policies require that recurring expenditures are supported by recurring revenues. It is the current budget policy to support all on-going expenditures, including debt service, with on-going revenues. This approach ensures a balanced and sustainable budget, sizing expenditures at a level that is supported by appropriate revenues. The 2017 Proposed Budget identifies \$20.6 million of recurring costs in governmental funds, including \$1.9 million of debt service, and \$22.2 million of recurring revenues for the same funds.

Long-term financial planning/Overview of significant issues

This biennial budget includes choices that position the organization to maintain long-term financial sustainability. Key issues that must be recognized are listed below. Through budget development, staff review and respond to these issues, to ensure sound financial plans:

- Broader economic conditions indicate that near-term revenue performance for existing governmental revenue streams will overall experience modest growth.
- Utility revenues depend upon rates set by the City Council. For the Sewer Utility, rates have not changed since 2013 and will hold steady in 2017. For the Water Utility, rates decreased in 2013 and

have not changed since that time. Surface and Storm Water Management Utility rates were last changed in 2011; the current budget includes an increase in 2017 and another in 2018 to fund the proposed capital program.

- The City continues to face increases in recurring expenses that are both significant and externally driven. Currently, annual impacts of this type generate roughly \$400,000 in new costs for salaries and benefits to deliver existing services. These increases accumulate year-over-year, so are expected to grow by a larger amount each year. This is a challenge faced almost universally by both public and private sector organizations, as medical and pension expenses and general inflation levels continue to rise.
- The City has resumed capital projects and asset management at a level that reflects an emphasis on stewardship and long-range sustainability of significant public assets. This includes sound management of roads, facilities, fleet, equipment and utility infrastructure. In total, the City asset portfolio, not including land value, includes a value of \$75.4 million citywide, or \$33.1 million for governmental activities. These assets require stewardship and maintenance. However, recent levels of capital investment for general government projects, budgeted at approximately 23% of the General Fund revenues in 2017 and 8% in 2018, will spend down the existing fund balance over time. In the longer term, this level of capital investment will require additional revenue sources to be sustainable.

2017 – 2018 Preliminary Budget Initiatives

The 2017 – 2018 Preliminary Budget funds selected new initiatives that support the City's Results, as identified in the Priority Based Budgeting process. These initiatives further City efforts on high priority items and represent explicit choices to recognize our obligations and move forward in key areas, which meant that other requests and opportunities could not be supported at this time. In making these choices, the City is guided by the results and goals identified within the Priority Based Budgeting process.

Throughout the budget development process, staff carefully examined recurring revenues and recurring expenditures. Analysis demonstrated an ability to sustain additional recurring expenditures, which take the form of added staff. In addition, the City's General Fund balance exceeds its reserve targets, allowing additional one-time investments through the Capital Improvement Plan (CIP).

The capital plans proposed in this budget continue the City's commitment to improving its infrastructure. Planned investment in 2017 – 2018 includes:

- Funding from existing City resources to begin work such as site acquisition and design for the Law and Justice Center. The budget includes \$2.6 million of spending from fund balance in 2017 for this project.
- Road and non-motorized network investments totaling nearly \$2.8 million in 2017, including \$1.1 million in grants and \$3.8 million in 2018 including \$2.7 million in grants.
- Continuation of regular facility and asset maintenance, including items such as interior and exterior building repainting, reservoir maintenance, and bridge inspections.

The budget also reflects three sets of changes to existing programs and services, representing requests drafted by City departments and included in the preliminary budget proposed today. The choices presented in the budget center around the following three areas: Community Leadership, Stewardship, and Service Delivery.

Community Leadership: The City's primary function is to provide the mix and level of programs and



services that the community desires and can afford, and to provide civic leadership in areas that reflect identified community goals. As the City develops its work plan for 2017-2018, it is critical to provide staffing to achieve stated priorities, including implementing the update to the Comprehensive plan, positioning the community to respond well in the case of an emergency, and increasing our local government's transparency and the availability of information. The approved requests associated with this effort include funding for staffing and consultant services related to programming called for in the Comprehensive Plan, funding for additional staffing and associated program costs dedicated to emergency preparedness, and staffing related to enhanced financial reporting. In addition, the budget funds a pilot program for a Neighborhood Matching Grant program, building additional ties with the community.

Stewardship: The City owns and manages over \$183 million of land, buildings, and infrastructure on behalf of the residents of Bainbridge Island. As responsible stewards of the public's property, the City carefully plans for and carries out maintenance, repairs, and capital improvements. The approved requests include funding for major maintenance projects related to City-owned farmland and road ends, periodic updates to our road rating data, increased staffing related to maintenance of the City's utilities, and ongoing obligations at the Rockaway Beach Road reconstruction site. In the case of the Surface and Storm Water Management utility, a rate increase is proposed to fund needed capital projects. In addition, this budget establishes an Equipment Rental and Revolving fund, used to set aside resources to replace City equipment according to lifecycle plans.

Service Delivery: As the economy has improved, the volume and complexity of development across Bainbridge Island has increased, with a corresponding increase in building and planning permits, financial transactions, and inspections. The approved requests associated with this effort include establishing a Development group within the Public Works Engineering Division, and adding staff to better serve the public in Planning and Community Development and Finance. The new Development work group will be formed by moving existing staff, adding a new manager and a new construction inspector.

Looking ahead

The City is poised to complete some long-standing capital projects, and has begun work on other priority improvements to roads and the replacement for the aging and undersized Police Station. At the same time as this significant capital work is underway, the organization continues to improve its internal operations and external communications through avenues such as use of the OpenGov reporting platform, Nixle and an increasing social media presence. The up-coming biennium presents opportunities to continue the alignment of City services and infrastructure with a shared community vision.

I look forward to your participation in this process. The budget is proposed to Council on September 20, and will be a focus of fall Council discussions. We invite your participation at any Tuesday Council meeting, and by email at any time. In 2016, the City will host its first Social Media Town Hall on Tuesday, October 4 from noon to 2:00 PM. Please join us so that we can hear your thoughts and reactions to our budget plans. This budget describes the City's use of the community's funds, and we value your participation as we make decisions and weigh options for the best use of our shared resources.

Sincerely yours,

Doug Schulze
City Manager



CITY OF
BAINBRIDGE ISLAND

City of Bainbridge Island STAFF DIRECTORY



Doug Schulze
City Manager
dschulze@bainbridgewa.gov
206.842.2545



Morgan Smith
Deputy City Manager
msmith@bainbridgewa.gov
206.842.2545



Ellen Schroer
Finance Director
eschroer@bainbridgewa.gov
206.780.8668



Gary Christensen
*Planning and Community
Development Director*
gchristensen@bainbridgewa.gov
206.842.2552



Barry Loveless
Public Works Director
bloveless@bainbridgewa.gov
206.842.2016



Joe Levan
City Attorney
jlevan@bainbridgewa.gov
206.842.2545



Kellie Stickney
Communications Manager
kstickney@bainbridgewa.gov
206.780.3741



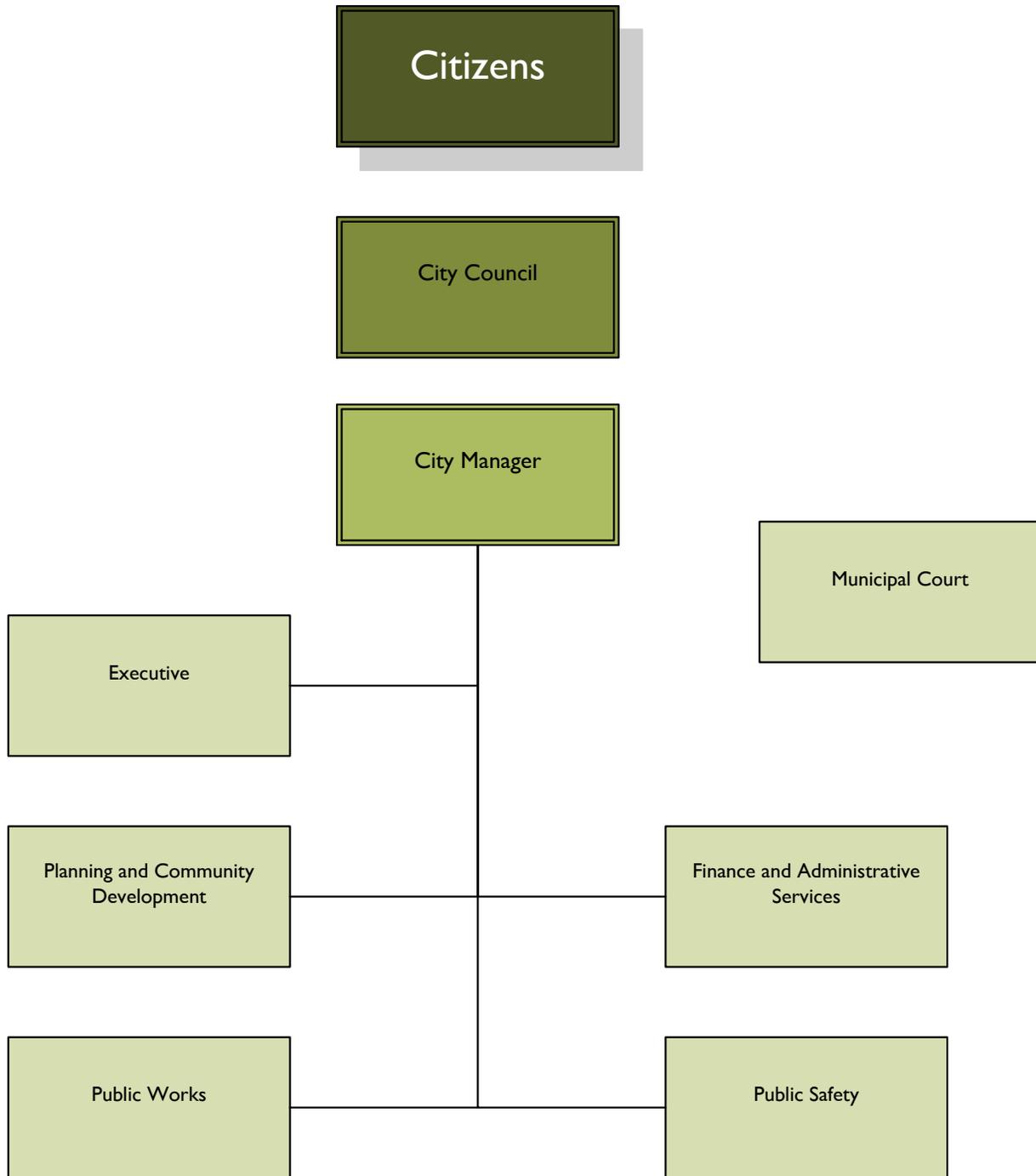
Matthew Hamner
Chief of Police
mhamner@bainbridgewa.gov
206.842.5211



Jeff Horn
Deputy Chief
jhorn@bainbridgewa.gov
206.842.5211



CITY OF BAINBRIDGE ISLAND ORGANIZATIONAL CHART

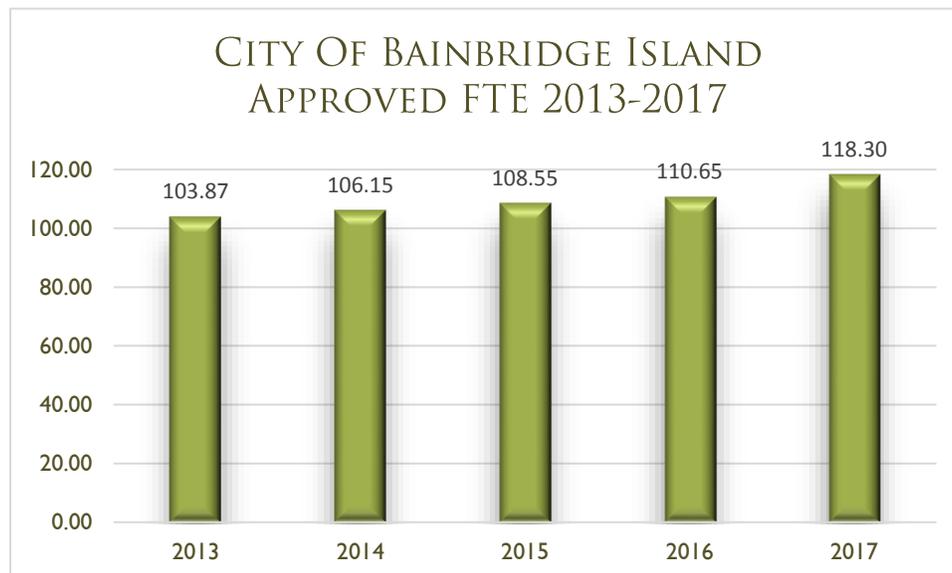




CITY OF BAINBRIDGE ISLAND PROPOSED POSITIONS

The City workforce provides the programs and services funded by this budget. In 2017, there are 118.30 fulltime equivalent (FTE) proposed regular positions across all departments. This is an increase of 7.65 FTE, or 6.9% over 2016.

	2013	2014	2015	2016	2017	5-Year Change	1-Year Change
Executive	5.80	7.75	8.75	8.75	8.80	51.7%	0.6%
Finance	12.80	12.30	11.80	11.90	13.40	4.7%	12.6%
Municipal Court	5.02	4.85	4.85	4.85	4.85	-3.4%	0.0%
Planning & Community Development	18.00	17.00	18.00	19.00	21.00	16.7%	10.5%
Public Safety	26.25	26.25	26.15	26.15	26.25	0.0%	0.4%
Public Works	36.00	38.00	39.00	40.00	44.00	22.2%	10.0%
Total	103.87	106.15	108.55	110.65	118.30	13.9%	6.9%





CITY OVERVIEW

Bainbridge Island, located 35 minutes from downtown Seattle via ferry, is a vibrant, diverse community. With views of the snow-capped Olympic Mountains to the west and Mount Rainier to the east, Bainbridge Island is the closest getaway destination by ferry from Seattle. The area has a rich history and a unique culture of strong community engagement and sustainable environmental practices. The Island is home to an eclectic mix of farms, wineries, multiple parks, numerous hiking trails, golf courses, museums, local arts, and community events. In addition, several natural harbors have helped to develop a strong boating community. Local marinas, yacht clubs, moorage facilities, and waterfront parks provide water-related recreation for all generations.

ISLAND HISTORY

Early History

The Suquamish, led by Chief Kitsap, inhabited the island when Captain George Vancouver, an English explorer for King George, anchored off the Island's south shore in 1792. He named the point Restoration Point in honor of the day King Charles II was restored to the English throne.

In 1841, U.S. Navy Lieutenant Charles Wilkes visited the Island while surveying the Northwest. Lt. Wilkes named the Island after Commodore William Bainbridge, commander of the frigate Constitution in the War of 1812. He also named several other areas of the Island and these names are still in use today.

The Territory of Washington was created on March 2, 1853. In 1855, as part of the Treaty of Point Elliott signed by Chief Sealth (Seattle), the Suquamish ceded Bainbridge Island and their other lands to the U.S. government. In 1857, a new county was formed and eventually named Kitsap in honor of the chief. The first county seat was at Port Madison at the north end of the Island. Business was conducted from the office of Commissioner George Meigs, owner of the Port Madison Mill.

Development

By the late 1800s, Port Blakely boasted the world's largest sawmill. Mill workers came from many nations, including Japanese and Hawaiian communities and a Native American village located nearby. Many Filipinos immigrated to Bainbridge Island during the 1920s; others came as shipyard workers during World War II. Both of the island's towns, Port Blakely and Port Madison, had large hotels, schools, foundries, and substantial shipbuilding enterprises. The Hall Brothers Shipyard in Blakely Harbor built 88 vessels, most of which were large schooners for hauling lumber.

Growing a Community

With few interior roads, most early island travel was by water. Mosquito Fleet steamers carried freight and passengers between Island landings and Seattle and Kitsap destinations. Communities grew around some 30 mosquito fleet landings, and residents knew their captain's whistle signature. Car ferry service began by barge from Point White to Retsil on the Kitsap Peninsula. Regular car service to Seattle began in 1923 from Port Blakely, but moved to Eagle Harbor in 1937. Eleven neighborhoods had their own schools until islanders voted to consolidate in the 1920s. The county's first school was in Port Madison.



The Impact of World War II

In 1938, the U.S. Navy took over Fort Ward from the Army, confiscating several surrounding properties and evicting their owners. Large acreages were transformed into antenna fields overnight as top-secret, international, radio-listening stations were built. Radio communication and code schools were established that lasted through the Korean War. The Fort Ward command also oversaw the construction of the Navy's largest radio transmitter at Battle Point, with a tower 300 feet taller than the Space Needle.

With the attack on Pearl Harbor and the beginning of World War II in the Pacific, the Island was hit hard. In March 1942, Bainbridge Island became one of the first communities required to respond to Executive Order 9066, which uprooted those of Japanese ancestry, most of whom were U.S. citizens, and forced them to move inland. From Bainbridge Island, 220 Japanese-Americans were sent to Manzanar, California on the edge of the Mojave Desert, and then to Minidoka in Idaho.

Editors of the Bainbridge Review, Walt and Milly Woodward, kept Islanders informed on the activities of displaced residents during the war, and regular columns appeared from the internment camps. Editorials pointed out violations of the Bill of Rights inherent in the Executive Order. Many Islanders were appalled at this treatment of their friends and neighbors. They supported the Japanese-Americans, and welcomed them home at the end of the war. The Japanese American Exclusion Memorial, located across from Eagle Harbor, honors the first of 120,000 Japanese-Americans that were relocated from the West Coast.

After the War

The town of Winslow incorporated in 1947, developed water and sewer utilities, and became the Island's urban center. The Agate Pass Bridge was built in 1950 connecting the Island to the Kitsap Peninsula. The Washington State Ferries took over the old shipyard at Eagle Harbor and Winslow became a busy connection to the Kitsap and Olympic peninsulas.

Island-wide Incorporation

As the community developed, some Islanders felt they were paying an undue portion of the county's taxes and receiving indifferent county services. Others were concerned that major decisions affecting the Island were made with little input from Islanders. In 1969, a bid for incorporation of the area outside Winslow failed at the polls. Another effort in the early 80's did not reach the polls. In 1988, a citizens' Home Rule organization became active, culminating in the 1990 vote to allow the City of Winslow to annex the remainder of the Island. This vote passed but was so close that a recount was needed. In 1991, residents voted to change the City's name to Bainbridge Island.

The City Today

Bainbridge Island is home to a community of over 23,000 citizens. Residents hold protection and conservation of the Island's natural systems as a primary community value. They have voted to tax themselves to purchase hundreds of acres of forests, meadows, beaches, trails, and public farmland to insure the sustainability of environmental protections, community recreational access, and opportunity for local food sources. Residents enjoy a wide range of amenities. Cultural sites include the Bainbridge Island Museum of Art, Bainbridge Island Historical Museum, Bloedel Reserve, Islandwood, Japanese American Exclusion Memorial, and Bainbridge Performing Arts. The island also boasts numerous galleries, shops, museums, bakeries, and restaurants.



Highly-rated Bainbridge Island School District's mission is to prepare students for the global workplace and personal success. The approximately 1,440 enrolled students demonstrate some of the highest academic achievement in the state. In 2016, US News & World Report ranked Bainbridge High School on the list of "America's Best High Schools." Of the 22,000 public high schools ranked, BHS received a Gold Medal as #274 in the nation and fifth in the state. BHS also was designated as one of the US News Best High Schools in Science, Technology, Engineering & Math (STEM), ranking #154 in the nation. In addition, a number of Island students attend parochial and private schools on the Island.

CITY STATISTICS

GEOGRAPHICAL

Location	Kitsap County, Washington		
Latitude	47° 37' N	Longitude	122° 31' W
Land Area	27.61 Square Miles	Miles of Shoreline	53 Miles
Rank in Size/State based on population	42 nd of 281	Rank in Size/County based on population	2 nd of 4

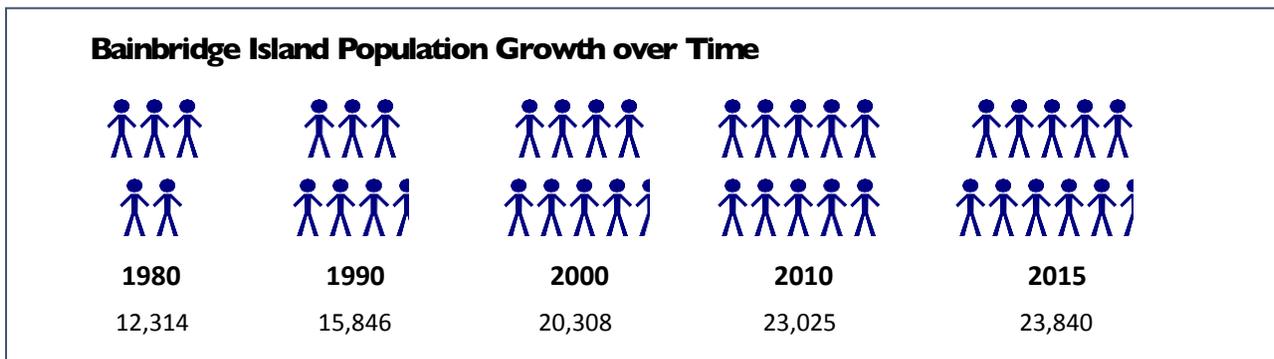


GOVERNANCE

County	Kitsap		
Incorporated	1991 (City of Winslow – 1947)		
Form of Government	Council-Manager		
Type of Government	Optional Code City		
Departments	Court, Executive, Finance, Legislative, Planning & Community Development, Public Safety, Public Works		
Services	Building Inspections, Business Licenses, Code Compliance, Notary Services, Permit Applications, Police Services, Road Services, Waterfront Park & City Dock, Vegetation Management		
Utilities	Water, Sewer, Surface and Stormwater		
Acreage of Public Farmland	65		
Acres of City Owned Park and Open Space	105.71		
Miles of City Owned Trail	2.35		
Miles of Bike Lane	23.5		
External City Website Visits (9/2014-9/2016)	394,377		
Bond Rating			
UTGO	Aa2	LTGO	Aa3

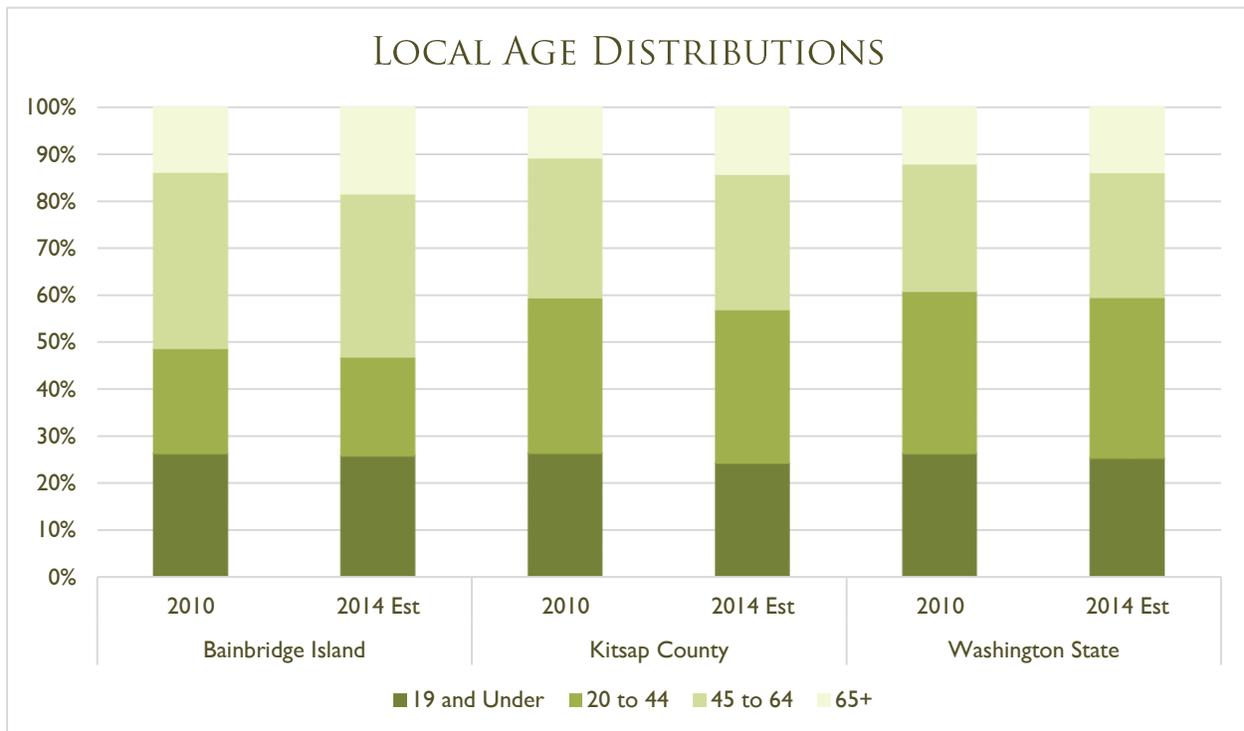
DEMOGRAPHICS

Population					
Bainbridge Island		Kitsap County		Washington State	
2015	23,840	2015	260,131	2015	7,170,351
2010	22,486	2010	247,336	2010	6,561,297
Percent Change	6.0%	Percent Change	5.2%	Percent Change	9.3%





Age Composition (2014 Estimates)					
Bainbridge Island		Kitsap County		Washington State	
Median Age	47.4	Median Age	39.3	Median Age	37.4
Persons under 5 years	5%	Persons under 5 years	6%	Persons under 5 years	6%
Persons under 19 years	26%	Persons under 19 years	24%	Persons under 19 years	26%
Persons 65 years and over	19%	Persons 65 years and over	15%	Persons 65 years and over	14%



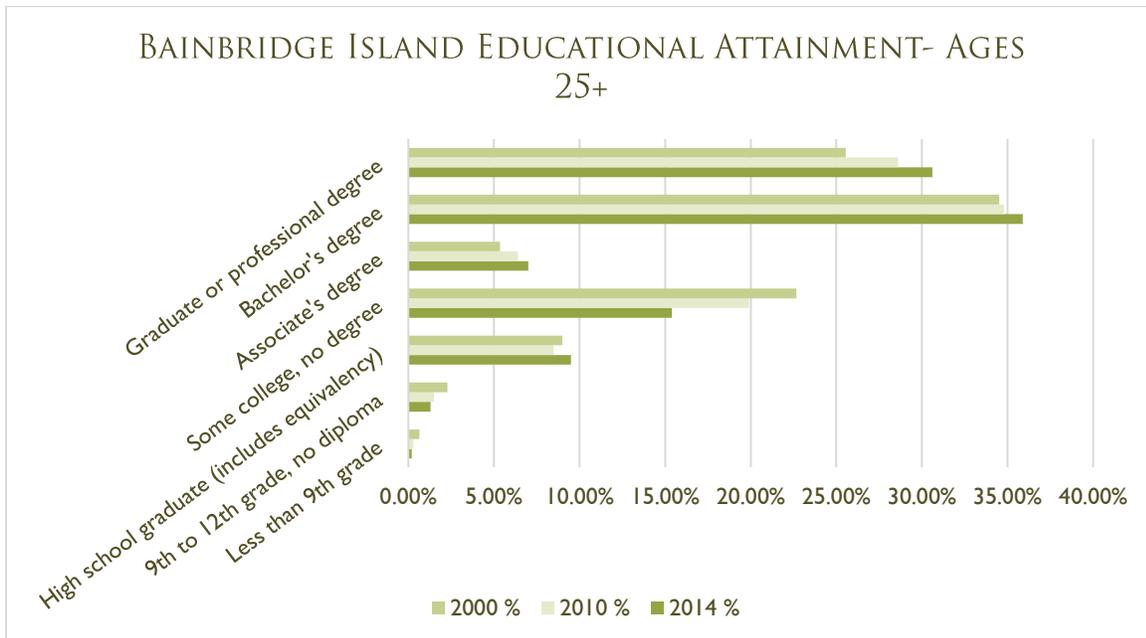


Race (2014 Estimates)					
Bainbridge Island		Kitsap County		Washington State	
White alone	89.7%	White alone	82.1%	White alone	78.1%
Black	1.3%	Black	2.7%	Black	3.6%
American Indian	0.4%	American Indian	1.4%	American Indian	1.4%
Asian	3.7%	Asian	4.9%	Asian	7.5%
Pacific Islander	0.1%	Pacific Islander	0.9%	Pacific Islander	0.6%
Some Other Race	1.1%	Some Other Race	1.8%	Some Other Race	3.7%
Two or More Races	3.6%	Two or More Races	6.2%	Two or More Races	4.8%
Hispanic (any race)	4.5%	Hispanic (any race)	6.8%	Hispanic (any race)	11.7%

Household Characteristics (2014 Estimates)					
Bainbridge Island		Kitsap County		Washington State	
Families	71%	Never Married	67%	Never Married	65%
Married with Children <18	24%	Married with Children <18	20%	Married with Children <18	20%
Married no Children <18	36%	Married no Children <18	33%	Married no Children <18	29%
Female Householder with Children <18	7%	Female Householder with Children <18	6%	Female Householder with Children <18	6%
Non-family households	29%	Non-family households	33%	Non-family households	36%
Avg. Household Size	2.45	Avg. Household Size	2.51	Avg. Household Size	2.55



Education					
Bainbridge Island		Kitsap County		Washington State	
High School/ GED or Higher	99%	High School/ GED or Higher	94%	High School/ GED or Higher	90%
Bachelor Degree or Higher	67%	Bachelor Degree or Higher	30%	Bachelor Degree or Higher	32%
Graduate/ Professional Degree or Higher	31%	Graduate/ Professional Degree or Higher	11%	Graduate/ Professional Degree or Higher	12%





ECONOMY

Business Licenses (2015)		
Industry Area		Number of Licenses
1	Professional, Scientific, and Technical Services	639
2	Construction	627
3	Retail Trade	313
4	Administrative, Support, Waste Management and Remediation Services	286
5	Other Services (except Public Administration)	258
6	Health Care and Social Assistance	216
7	Wholesale Trade	130
8	Real Estate, Rental, and Leasing	125
9	Accommodation and Food Services	117
10	Manufacturing	113
11	Education Services	99
12	Arts, Entertainment, and Recreation	91
13	Finance and Insurance	66
14	Information	64
15	Transportation and Warehousing	30
16	Agriculture, Forestry, Fishing, and Hunting	28
17	Utilities	6
18	Management of Companies and Enterprises	3
19	Mining, Quarrying, and Oil and Gas Extraction	2
20	Public Administration	1
	Total	3,214

Top Ten Employers (2015)		
Employer		Number of Employees
1	Bainbridge Island School District	514
2	Sage / Redington	160
3	Town and Country Markets, Inc.	151
4	Safeway	150
5	Washington State Ferry System	125
6	Messenger House	125
7	Islandwood	125
8	Avalara	119
9	City of Bainbridge Island	113
10	Virginia Mason, Winslow Clinic	87



Top Ten Taxpayers (2015)				
Employer		Types of Business	2015 Assessed Value	Percentage of Total City Taxable Assessed
1	Puget Sound Energy	Gas & Electric Utility	\$18,674,695	0.33%
2	PNW Island Village LLC	Retail and Office	\$16,539,862	0.29%
3	Country Club of Seattle	Country Club	\$10,101,160	0.18%
4	Town and Country Market, Inc.	Telecommunications	\$9,132,150	0.16%
5	Simmons, Brad	Multi-Family Residential Complex	\$8,795,980	0.15%
6	PBPBS LLC	Property Management	\$8,753,460	0.15%
7	Island Gateway LLC	Retail and Office	\$8,123,300	0.14%
8	VWA Bainbridge Island LLC		\$8,019,410	0.14%
9	Hacker, Robert C & Jo Anne	Retail and Office	\$7,635,870	0.13%
10	Qwest Corporation	Telecommunications	\$6,966,814	0.12%
Total			\$102,742,701	1.80%

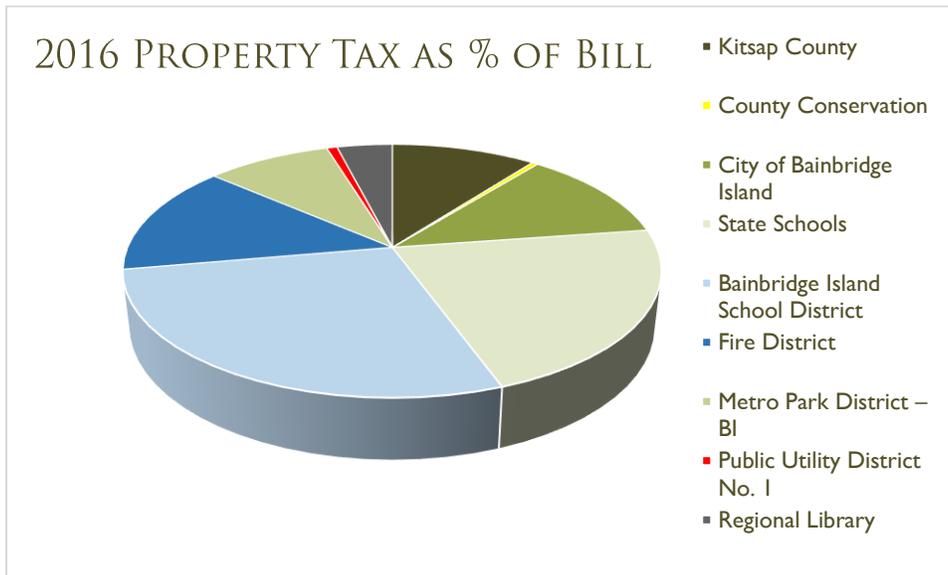
Average Household Income					
Bainbridge	\$95,976	Kitsap	\$62,473	Washington	\$60,294
Unemployment Rate (Age 16+)					
Bainbridge	7.2%	Kitsap	9.0%	Washington	8.8%

TRANSIT

Annual Number of Ferry Riders through Bainbridge Island for 2015			6,361,927		
Mean Travel Time to Work - 2014 (minutes)					
Bainbridge	45.6	Kitsap	29.9	Washington	25.9

STATEMENT OF ASSESSMENT FOR PAYABLE TAXES FOR 2016

2016 Property Tax	Tax Rate	Percentage of Bill
Kitsap County	1.119763	10.44%
County Conservation	0.046728	0.44%
City of Bainbridge Island	1.245513	12%
State Schools	2.355438	21.95%
Bainbridge Island School District	3.046301	28%
Fire District	1.531471	14.27%
Metro Park District – BI	0.921787	9%
Public Utility District No. 1	0.08059	0.75%
Regional Library	0.381789	4%



2016 Taxes			
Bainbridge Island		Kitsap County	
Assessed Value	\$6,211,210,950	Assessed Value	\$28,330,184,232
Rate	1.147191	Rate	1.083513
Taxes	\$7,125,450	Taxes	\$30,696,123
Timber Excise Distribution	\$342	Timber Excise Distribution	\$44,004
Total	\$7,125,792	Total	\$30,740,127



SOURCES

United States Census Bureau, 2000 National Census

United States Census Bureau, 2010 National Census, Estimated for 2014

United States Census Bureau, American Community Survey, Estimated from 2010-2015 data

Office of Secretary of Washington State, Elections and Voting, Voter Registration Data

Kitsap County, Statement of Assessments, 2015 Assessments for Taxes Payable in 2016

Washington State Office of Financial Management, April 1, 2016 official population estimates

Washington State Ferries – 2015 Annual WSF Traffic Statistics



READER'S GUIDE TO THE BUDGET

The City of Bainbridge Island is required by State law to adopt a balanced budget each year. Understanding a governmental budget and its specialized terminology and organization can be a challenge. This Readers' Guide is being provided to highlight the kind of information contained in this document and to make the City's budget more understandable and useable for the reader.

Organization of the Budget Document

This budget document contains legally required budget information, descriptive background information and various graphs and tables that will be helpful to the readers' understanding. It is organized into eight major sections to help the reader more easily find information about the City and its budget. The sections that follow the Introduction and Table of Contents are:

- Understanding City Goals and Measuring Results
- Budget Development
- 2017 Proposed Budget
- Summary by Fund
- Summary by Department
- Capital Improvement Plan
- 2018 Proposed Budget
- Appendix

Introduction

This section introduces the reader to the contents of the budget document along with a transmittal letter prepared by the City Manager, which provides an overview of the process and policies that guided the preparation of the current City budget.

Understanding City Goals and Measuring Results

The information in this section states the City's goals through the vision and mission statements as well as the Comprehensive Plan guiding principles. Also in this section is information on initiatives established by the City to measure results, including Performance Measurement, Priority Based Budgeting, and the National Citizen Survey.

Budget Development

This section includes information about the budget process including key assumptions and an overview of significant issues. A functional organization chart, along with approved positions and changes, will inform the reader about personnel within the City. A matrix is included that shows the relationship between the different types of funds and the distribution among departments.

2017 Operating Budget

The proposed budget for 2017 is in this section including schedules for community services, outside professional services and intergovernmental services. Documents defining the total uses of the budget, interfund uses, and expenditures that occur between departments and funds are in this portion of the overall budget document. A citywide budget comparison and revenues by fund are included. Graphs in this section will inform the reader of sources and uses for funds.

Summary by Fund

The summary by fund section demonstrates the revenues and expenditures by eighteen funds used citywide.



Summary by Department

In this section, an overview for each department is included; the reader will find a narrative describing the services provided by that particular department. Included are the adopted budget schedules for each department, organizational charts, and the individual department's performance measures.

Capital Improvement Plan

The Capital Improvement Plan (CIP) section of the budget document represents an important element in the City's long-range and strategic planning. The CIP is a multi-year planning tool used to identify needed capital projects for improvements to the City's owned and operated infrastructure and to coordinate the financing and timing of these improvements. The CIP document is a roadmap for the next six years, and is strategically implemented to address the City's six key priorities; safe city, green well-planned community, reliable infrastructure and connected mobility, healthy and attractive community, vibrant economy, and good governance.

2018 Proposed Budget

The documents in this section mirror those documents in the 2017 adopted budget. It too includes schedules for community services, outside professional services and intergovernmental services. Documents defining the total uses of the budget, interfund uses, and expenditures that occur between departments and funds are in this portion of the overall budget document.

Appendix

The appendix is a valuable tool for the reader. It includes adopted ordinances and resolutions that establish a road map that guide the preparation of the budget. Payscales for represented and unrepresented employees and the police guild can be found in this section. A comprehensive glossary is included to further inform the reader of specialized terminology.



TABLE OF CONTENTS

SECTION 1: CITY GOALS AND MEASURING RESULTS

City of Bainbridge Island Leadership Statements	1
Comprehensive Plan Guiding Principles	2
Priority Based Budgeting.....	3-9
Performance Measurement	10
National Citizen Survey	11-12

SECTION 2: BUDGET DEVELOPMENT

Financial Policies	13-14
Budget Process	15
Key Assumptions in 2017-2018 Budget Development.....	16
Overview of Significant Issues.....	17
General Fund Reserves	18
Financial Capacity/Fiscal Health.....	19-21
Basis of Accounting & Budgeting	22
Debt Service	23-26



SECTION 3: 2017 BUDGET SCHEDULES

2017 Budget Schedules.....27-30

Budget Comparison Citywide 31

Interfund Transfers..... 32

Revenues by Fund.....33-36

Expenditures by Fund37-54

Expenditures by Department & Fund.....55

Expenditures by Department56-63

Community Services..... 64

Professional Services.....65-68

Intergovernmental Services.....69-70

Sources and Uses.....71-72

SECTION 4: SUMMARY BY FUND

Fund Description and 2017 Budget Status.....73-76

City of Bainbridge Island Fund Types Chart77

Summary by Fund78

General Fund.....79

Street Fund80



Real Estate Excise Tax Fund	81
Civic Improvement Fund	82
Affordable Housing Fund	83
FAR-Public Amenities Fund	84
FAR-Farmland/Agriculture Fund	85
Transportation Benefit Fund	86
Transportation Impact Fee Fund	87
GO Bond Fund	88
LID Bond Fund	89
Capital Construction Fund	90
Water Operating Fund	91
Sewer Operating Fund	92
Storm & Surface Water Fund	93
Building & Development Fund	94
Equipment Rental & Revolving Fund	95



SECTION 5: SUMMARY BY DEPARTMENT

City Council.....	96-101
Executive.....	102-118
Finance and Administrative Services.....	119-130
Municipal Court.....	131-141
Planning and Community Development.....	142-159
Public Safety.....	160-174
Public Works.....	175-195
General Government.....	196-200

SECTION 6: CAPITAL IMPROVEMENT PLAN

Capital Improvement Plan Summary.....	201
Transportation.....	202-205
Non-Motorized.....	206-211
Fleet and Equipment.....	212
Facilities.....	213-216
Water.....	217-222
Sewer.....	223-226
Stormwater.....	227-230



SECTION 7: 2018 BUDGET SCHEDULES

2018 Budget Changes..... 231-233

2018 Budget Schedules..... 234-237

Interfund Transfers..... 238

Budget Comparison Citywide 239

Revenues by Fund..... 240-243

Expenditures by Fund 244-261

Expenditures by Department & Fund 262

Expenditures by Department 263-270

Community Services..... 271

Professional Services..... 272-275

Intergovernmental Services..... 276-277

Sources and Uses..... 278-279

SECTION 8: APPENDIX

2017-2018 Proposed Budget Activities and Schedule..... 280

Resolution 2016-19 (Financial and Budget Policies)..... 281-287

Resolution 2004-14 (Debt Management Procedures & Policies) 288-304

Unfunded Mandates 305



IAM Pay Scale.....	306
Unrepresented Pay Scale	307
Police Guild Pay Scale.....	308
Priority Based Budgeting Program List.....	309-314
Glossary	315-328
Acronyms	329-330
Key City Contacts	331