



CITY OF
BAINBRIDGE ISLAND

**CITY COUNCIL STUDY SESSION
TUESDAY, JUNE 20, 2023**

COUNCIL CHAMBERS AND ZOOM WEBINAR
280 MADISON AVENUE NORTH
BAINBRIDGE ISLAND, WA
[HTTPS://BAINBRIDGEWA.ZOOM.US/J/84000234199](https://bainbridgewa.zoom.us/j/84000234199)

AND

ZOOM WEBINAR

PLEASE CLICK THE LINK BELOW TO JOIN THE WEBINAR:
[HTTPS://BAINBRIDGEWA.ZOOM.US/J/92947338351](https://bainbridgewa.zoom.us/j/92947338351)
OR TELEPHONE: US: +1 253 215 8782
WEBINAR ID: 929 4733 8351

AGENDA

1. **CALL TO ORDER / ROLL CALL - 6:00 PM**
2. **APPROVAL OF AGENDA / CONFLICT OF INTEREST DISCLOSURE - 6:05 PM**
3. **REGULAR BUSINESS**
 - 3.A **(6:10 PM) Receive Report on Kitsap Regional Coordinating Council Organization**, 30 Minutes
[KRCC Orientation PPT 2023.pptx](#)
 - 3.B **(6:40 PM) Receive Report on Affordable Housing and Sustainable Transportation Funding Options - Finance**, 30 Minutes
[Affordable Housing and Sustainable Transportation Funding Options.pptx](#)
4. **COMMITTEE REPORTS - 7:10 PM**
5. **ADJOURNMENT - 7:20 PM**

GUIDING PRINCIPLES

Guiding Principle #1 - Preserve the special character of the Island, which includes downtown Winslow's small town atmosphere and function, historic buildings, extensive forested areas, meadows, farms, marine views and

access, and scenic and winding roads supporting all forms of transportation.

Guiding Principle #2 - Manage the water resources of the Island to protect, restore and maintain their ecological and hydrological functions and to ensure clean and sufficient groundwater for future generations.

Guiding Principle #3 - Foster diversity with a holistic approach to meeting the needs of the Island and the human needs of its residents consistent with the stewardship of our finite environmental resources.

Guiding Principle #4 - Consider the costs and benefits to Island residents and property owners in making land use decisions.

Guiding Principle #5 - The use of land on the Island should be based on the principle that the Island's environmental resources are finite and must be maintained at a sustainable level.

Guiding Principle #6 - Nurture Bainbridge Island as a sustainable community by meeting the needs of the present without compromising the ability of future generations to meet their own needs.

Guiding Principle #7 - Reduce greenhouse gas emissions and increase the Island's climate resilience.

Guiding Principle #8 - Support the Island's Guiding Principles and Policies through the City's organizational and operating budget decisions.



City Council meetings are wheelchair accessible. Assisted listening devices are available in Council Chambers. If you require additional ADA accommodations, please contact the City Clerk's Office at 206-780-8604 or cityclerk@bainbridgewa.gov by noon on the day preceding the meeting.



CITY OF
BAINBRIDGE ISLAND

City Council Study Session Agenda Bill

MEETING DATE: June 20, 2023

ESTIMATED TIME: 30 Minutes

AGENDA ITEM: (6:10 PM) Receive Report on Kitsap Regional Coordinating Council Organization,

SUMMARY: A representative from Kitsap Regional Coordinating Council will present information on the organization.

AGENDA CATEGORY: Presentation

PROPOSED BY: Executive

RECOMMENDED MOTION: Information only.

COMMUNITY ENGAGEMENT AND OUTREACH:

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND: The City of Bainbridge Island is a member government of the Kitsap Regional Coordinating Council (KRCC). This is part of a periodic review for City Council of the roles and responsibilities of KRCC and an opportunity for Council members to ask clarifying questions.

ATTACHMENTS:

[KRCC Orientation PPT 2023.pptx](#)

FISCAL DETAILS:

Fund Name(s):

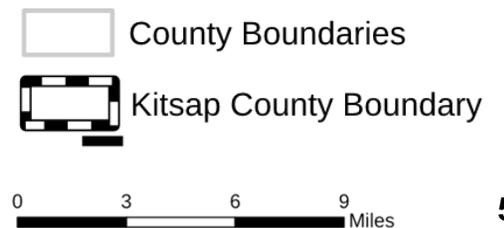
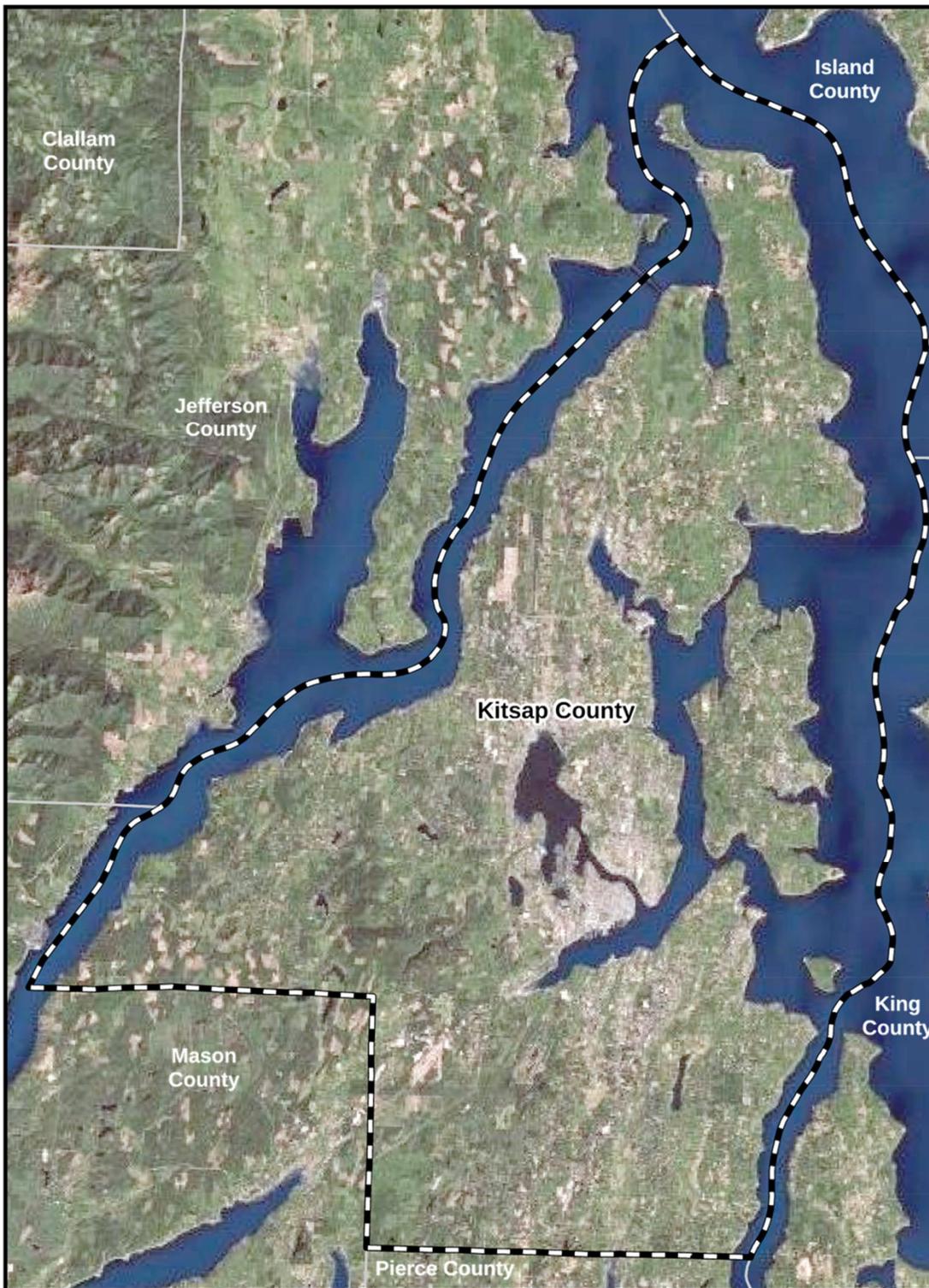
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KITSAP REGIONAL COORDINATING COUNCIL

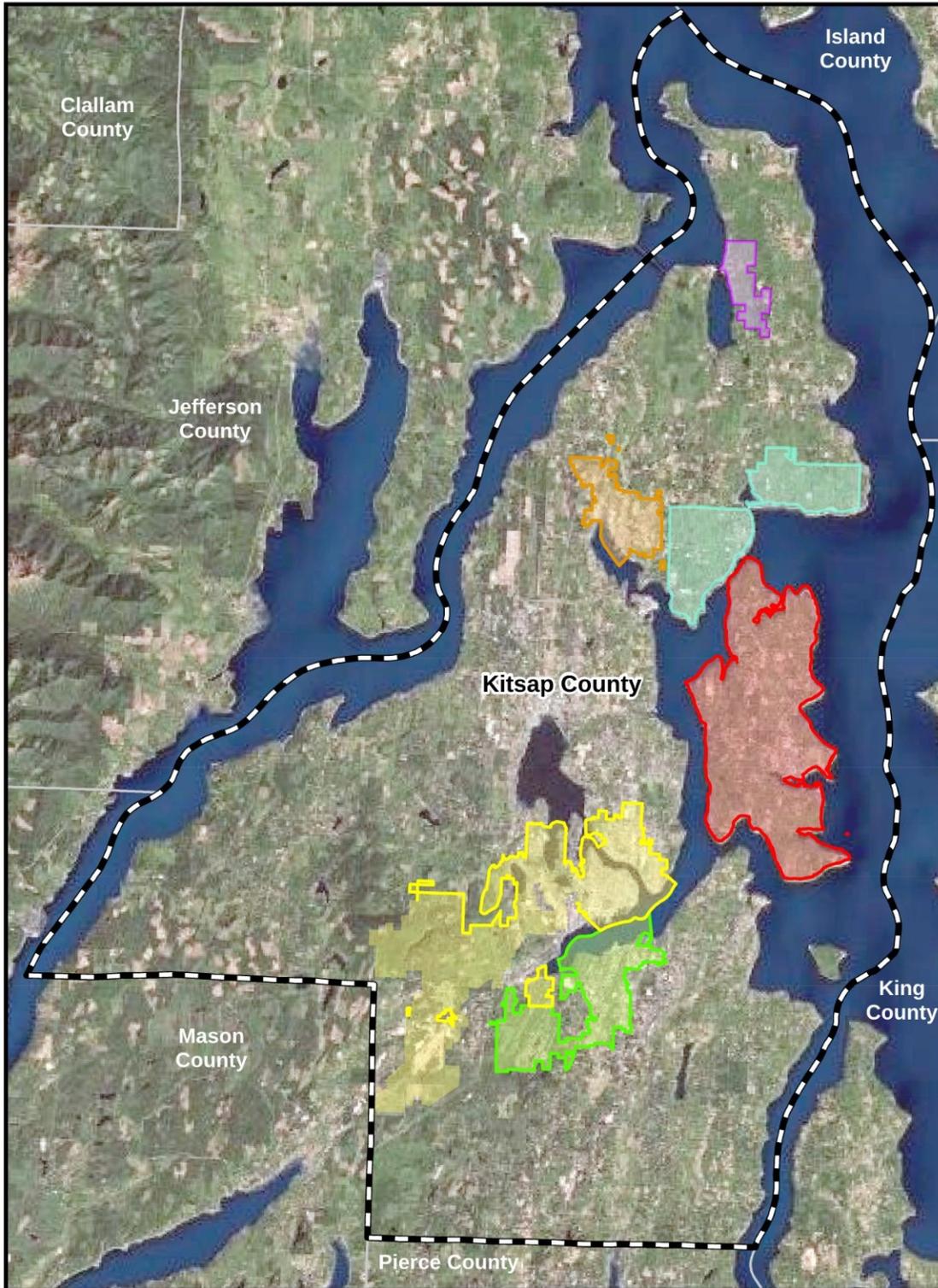
ORIENTATION
JUNE 20, 2023



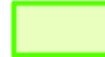
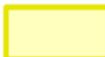
Kitsap County Aerial Map



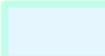
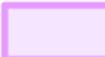
City and Tribal Boundaries

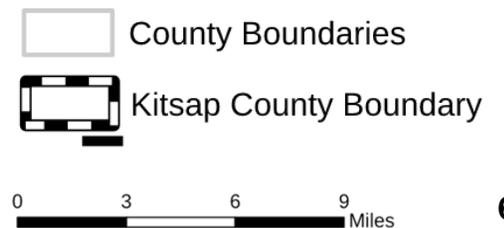


Cities

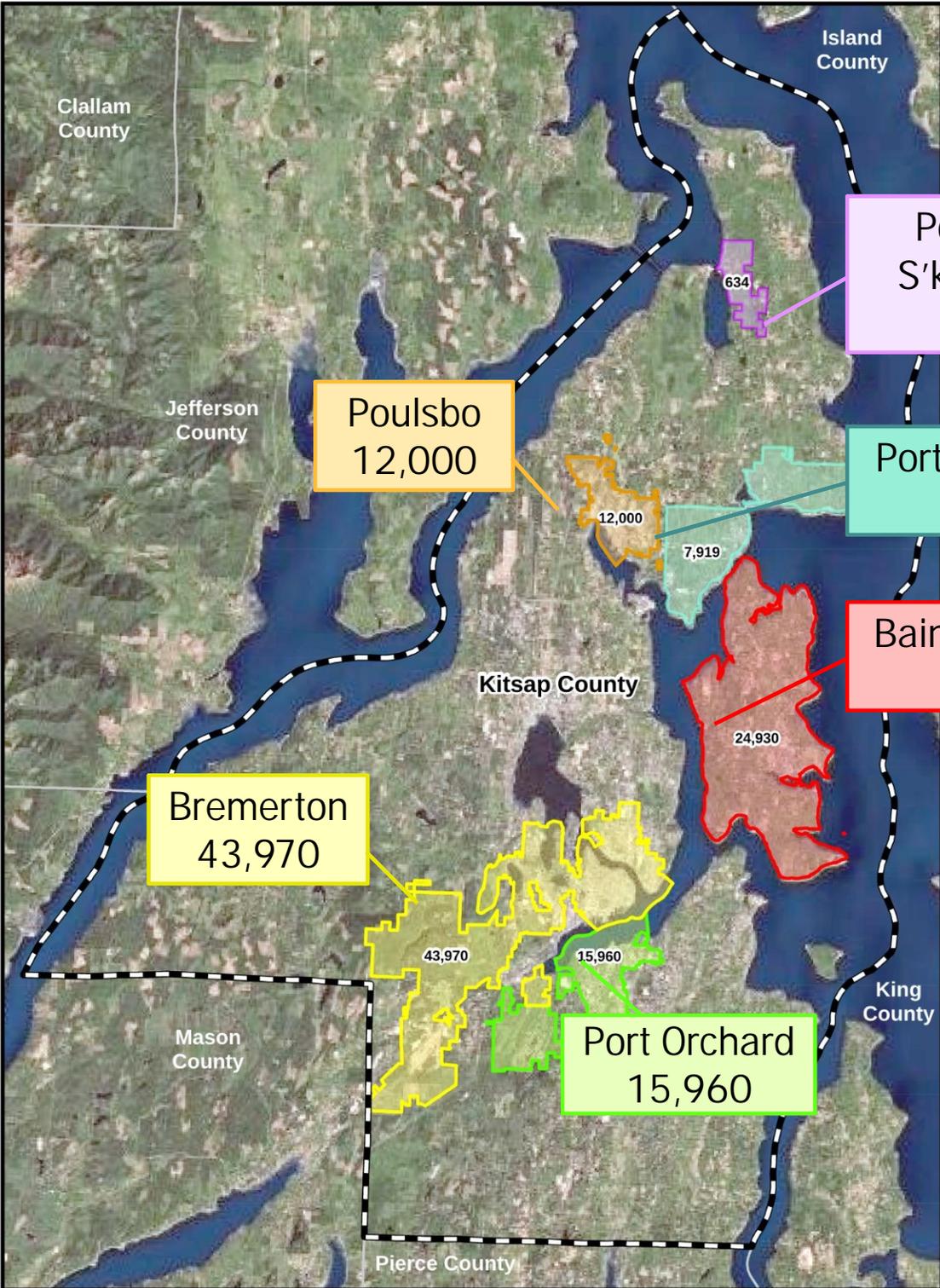
- | | |
|---|--|
|  Bainbridge Island |  Port Orchard |
|  Bremerton |  Poulsbo |

Tribal Reservations

- | |
|---|
|  Suquamish Tribe |
|  Port Gamble S'klallam Tribe |



Population



Port Gamble
S'klallam Tribe
634

Poulsbo
12,000

Port Madison Indian Reservation
7,919

Bainbridge Island
24,390

Bremerton
43,970

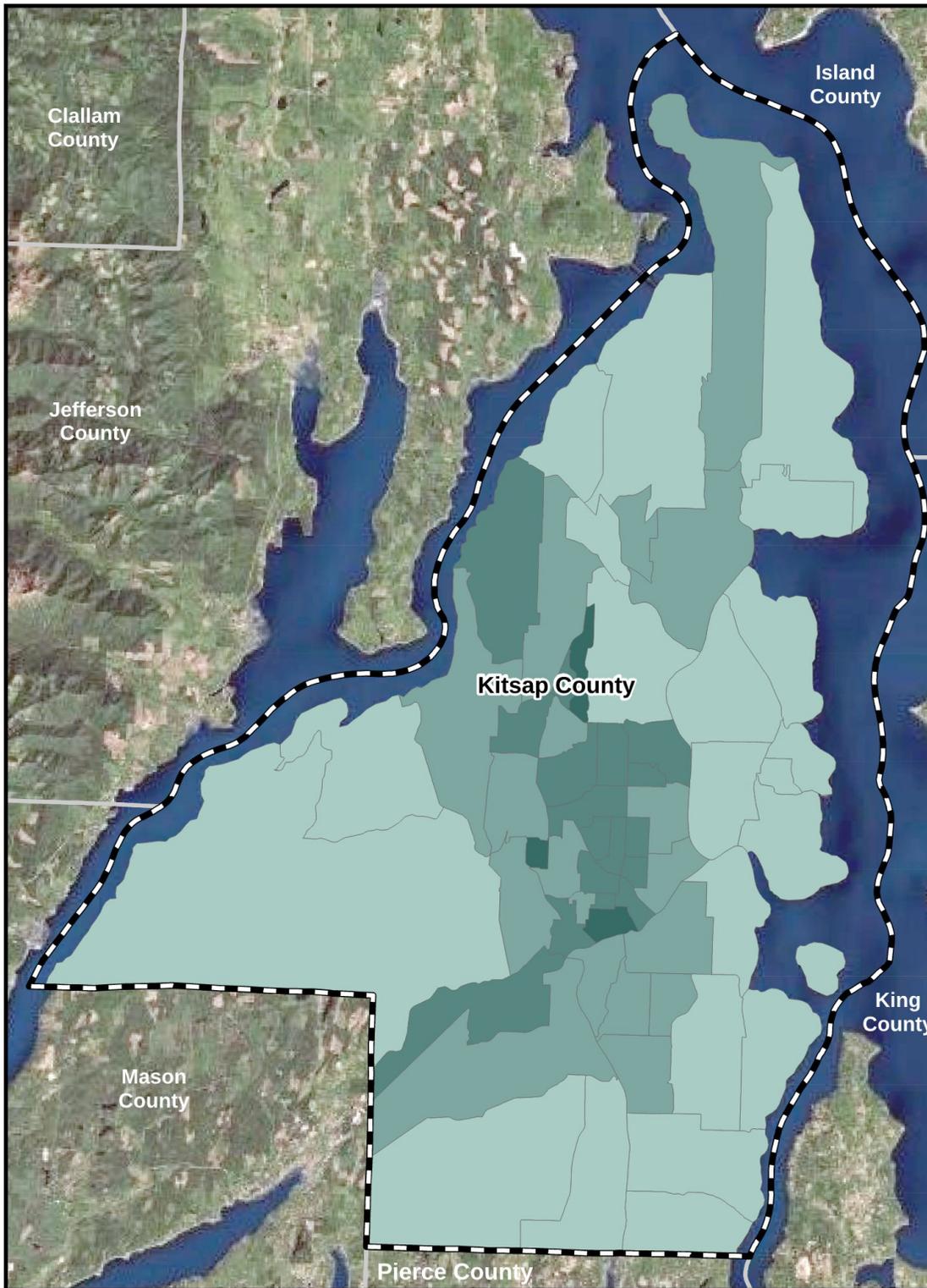
Port Orchard
15,960

*Population data is displayed overlaying each city and tribe.
*Source: Tribal Reservation Population - US Census Bureau (ACS) 2015-2019
City Population - Office of Financial Management April 1, 2021

 County Boundaries
 Kitsap County Boundary

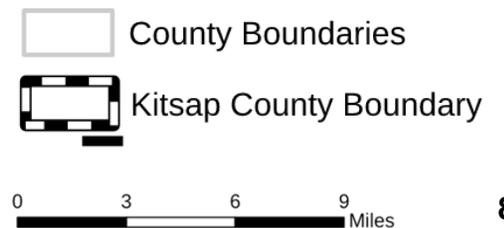


People of Color By Census Tract Map



The following ethnicities contribute to the percentage of people of color in each Kitsap County Census Tract: Asian, Black or African American, American Indian and Alaska Native, Native Hawaiian and Other Pacific Islander

Source: US Census Bureau, Population and Demographic Data (2020), Table ID: P1



State Highways



State Highways



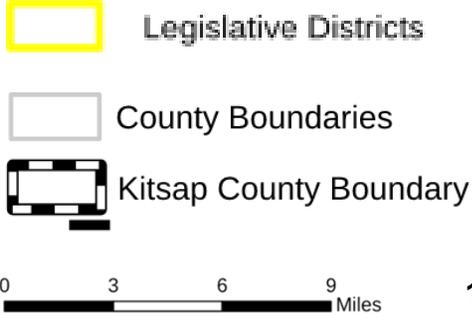
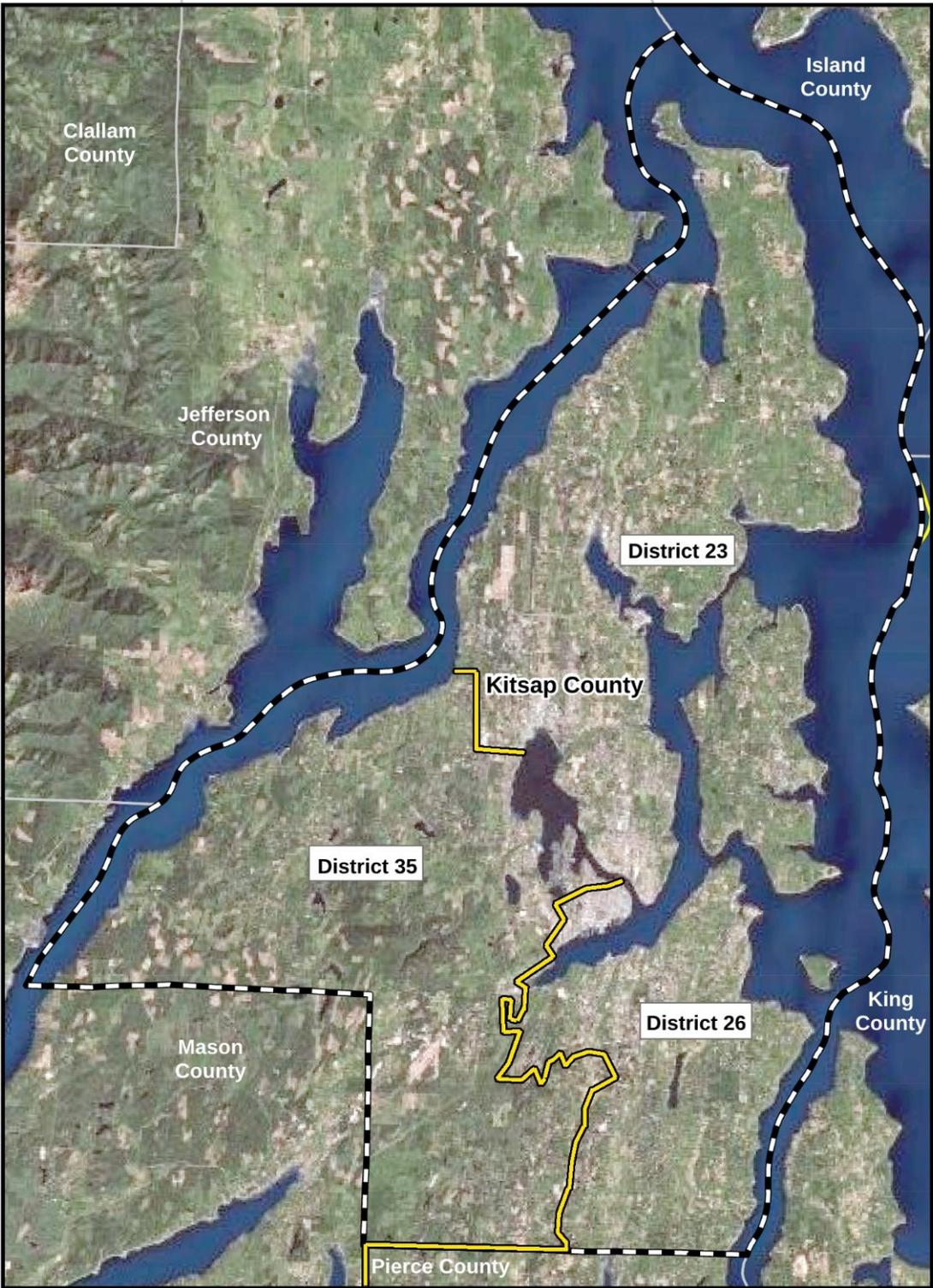
County Boundaries



Kitsap County Boundary



State Legislative Districts



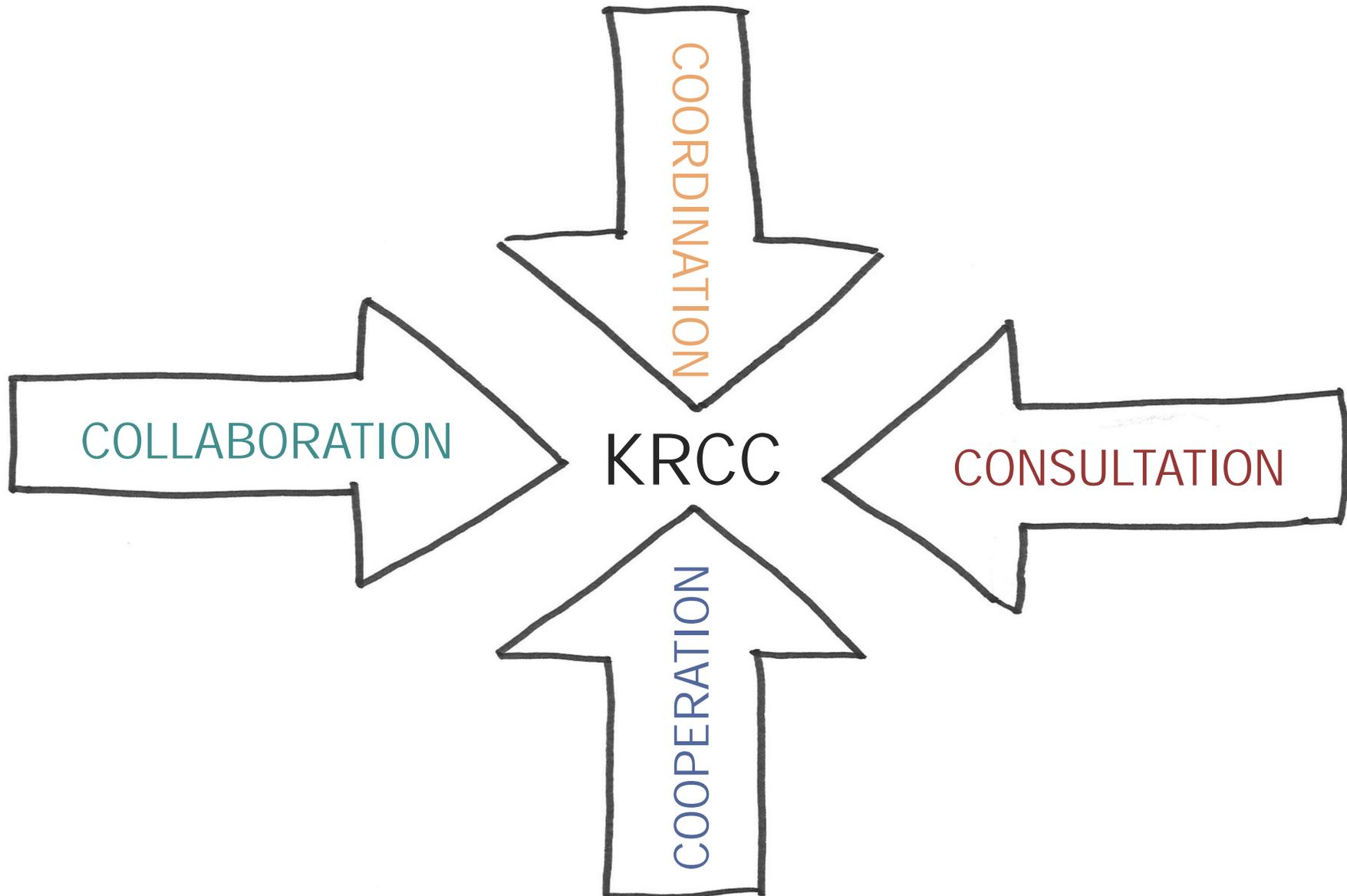
HISTORY



Statewide mandates
and regional challenges

Kitsap Regional
Coordinating Council

PURPOSE



MEMBERS



Kitsap County



Port Orchard



Poulsbo



CITY OF
BAINBRIDGE ISLAND

Bainbridge Island



THE SUQUAMISH TRIBE

Suquamish Tribe



Port Gamble
S'Klallam Tribe



Bremerton



Port of Bremerton



Naval Base Kitsap



Kitsap Transit



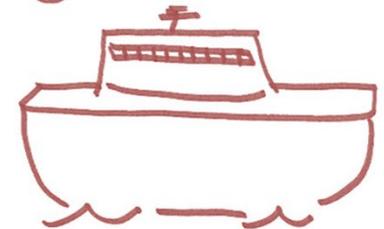
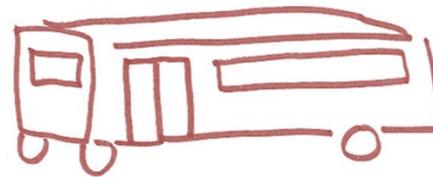
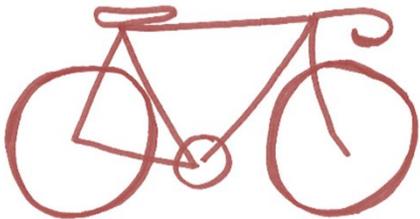
PORT OF KINGSTON
Port of Kingston

FOCUS AREAS



LAND USE

TRANSPORTATION



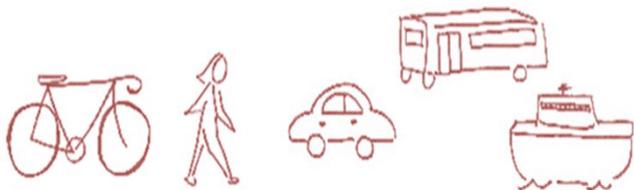
KEY OBJECTIVES

LAND USE



- Update and maintain Countywide Planning Policies.
- Coordinate on population and employment growth planning
- Help ensure consistency with comprehensive land use plans.
- Participate in regional planning via the Puget Sound Regional Council

TRANSPORTATION



- Puget Sound Regional Council's Regional and Countywide Competitions to access federal funding for local transportation projects.
- State funding for local transportation projects.
- Develop relevant studies and reports to resolve or prevent local transportation issues.

STRUCTURE

KRCC EXECUTIVE BOARD

EXECUTIVE
COMMITTEE



TRANSPORTATION

Kitsap "TransPOL"
(Transportation Policy)



TransTAC
(Technical Committee)

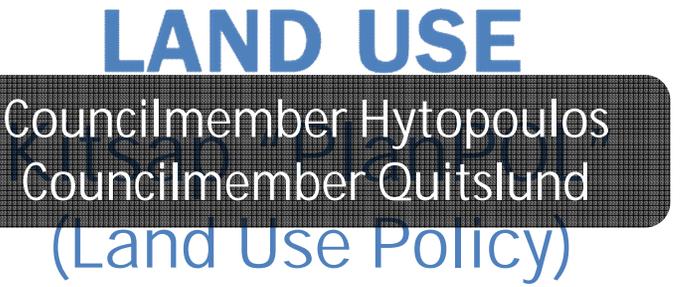
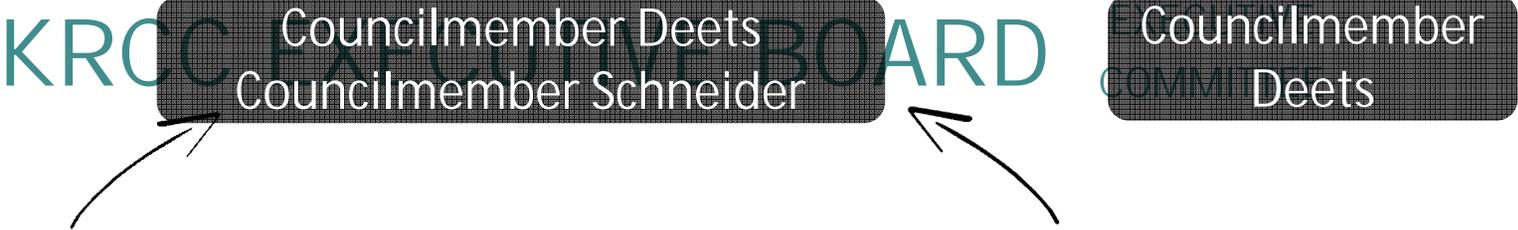
LAND USE

Kitsap "PlanPOL"
(Land Use Policy)



LUTAC
(Technical Committee)

BAINBRIDGE REPRESENTATIVES



2023 CHAIR AND VICE CHAIR

Greg Wheeler, Chair
Mayor, Bremerton



Joe Deets, Vice Chair
Bainbridge Island



STAFF



Sophie Glass
Program Director



Pauline Mogilevsky
Land Use Coordinator



Claire Wendle
Transportation Coordinator



Cheryl Klotz
Administrative Lead



KITSAP REGIONAL COORDINATING COUNCIL ORGANIZATIONAL CHART

ELECTED OFFICIALS



TECHNICAL STAFF

TRANSPORTATION

LAND USE

REGIONAL COLLABORATION



Puget Sound Regional Council



Peninsula Regional Transportation Planning Organization

PRTPO



CONCLUSION

KRCC looks forward to partnering with you to make Kitsap County a great place to live, work, and travel.





CITY OF
BAINBRIDGE ISLAND

City Council Study Session Agenda Bill

MEETING DATE: June 20, 2023

ESTIMATED TIME: 30 Minutes

AGENDA ITEM: (6:40 PM) Receive Report on Affordable Housing and Sustainable Transportation Funding Options - Finance,

SUMMARY: Staff will present a report on some existing and potential affordable housing and sustainable transportation funding options.

AGENDA CATEGORY: Discussion

PROPOSED BY: Finance & Administrative Services

RECOMMENDED MOTION: Information and discussion.

COMMUNITY ENGAGEMENT AND OUTREACH: None planned at this time.

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND:

ATTACHMENTS:

[Affordable Housing and Sustainable Transportation Funding Options.pptx](#)

FISCAL DETAILS: N/A

Fund Name(s):

Coding:



CITY OF
BAINBRIDGE ISLAND

Affordable Housing and Sustainable Transportation Funding Options

June 20, 2023

DeWayne Pitts, CPA, CFE, Finance Director

Agenda

- Overview of Housing Action and Sustainable Transportation Needs
- Summary of Existing Funding Options
- Summary of Potential Funding Options

Existing Funding Sources

Summary of Existing Funding Options

Affordable Housing

- Sales Tax (includes .1% ST and Credit)
- Real Estate Excise Tax “REET 2” funds
- Lodging Tax
- Tax Increment Financing
- Limited (Councilmanic) Tax General Obligation (LTGO) bonds

Sustainable Transportation

- Transportation Benefit Fund (Car tabs)
- Transportation Impact Fee
- Real Estate Excise Tax (Both REET 1 and REET 2)
- Limited (Councilmanic) Tax General Obligation (LTGO) bonds

Summary of Existing Funding Options – Affordable Housing

Source	Yearly Revenue	Pros	Cons
Affordable Housing Sales Tax and Sales Tax Credit	\$650k	<ul style="list-style-type: none"> * Provides steady funding source * Could be pledged revenue for Bond Financing 	<ul style="list-style-type: none"> * Project scope limited to strict state legal restrictions including 60% AMI for projects * Will not generate enough funds to pay for larger projects
Real Estate Excise Tax 2 (REET 2)	\$260k	<ul style="list-style-type: none"> * Up to a greater of \$100k or 25% of available REET 2 funds 	<ul style="list-style-type: none"> * Only REET 2 funds allowed (REET 1 Excluded) * Expires January 1, 2026 * All REET funds are programmed through 2026 for debt service, capital projects and streets maintenance * REET revenue is volatile * Will not generate enough funds to pay for larger projects
Lodging Tax	\$175k	<ul style="list-style-type: none"> * Allows upto 50% use of annual revenues (about \$175k per year) * Could be pledged revenue for Bond Financing 	<ul style="list-style-type: none"> * Project scope is limited for affordable workforce housing near transit stations * Will not generate enough funds to pay for larger projects * Must be approved by lodging tax committee
Tax Increment Financing (TIF)	Unknown	<ul style="list-style-type: none"> * Allows cities to exceed property tax limitation by more than 1% for identified projects which increase assessed value in designated area (Tax increment area) 	<ul style="list-style-type: none"> * Must designate a TIF area

Summary of Existing Funding Options – Sustainable Transportation

Source	Yearly Revenue	Pros	Cons
Real Estate Excise Tax (REET 1 and REET 2)	\$2.2m	* REET revenue is historically a large revenue source for the City.	* All REET funds are programmed for debt service, capital projects and streets maintenance through 2026 * REET revenue is volatile * Will not generate enough funds to pay for larger projects
Transportation Benefit (Car Tab) Fund	\$800K	* Steady funding source * \$200k solely dedicated to ST projects	* \$600k per year of these funds used to pay for \$1M in annual roads maintenance * Will not generate enough funds to pay for larger projects
Transportation Impact Fee	\$100k	* Projects could be identified in Impact Fee ordinance	* Not enough funds to pay for larger projects

Potential Funding Options – Council Voted Bond Debt

- Council may approve with simple majority vote and results in no new taxes to the public
- Must pledge existing general fund and/or other ongoing revenues to finance and pay for ongoing bond debt which could lower existing service levels
- Debt can only be used for capital purposes
- Can generate larger dollars for capital projects
- Bond proceeds must be spent within 36 months of receiving funds

Existing Funding Options – LTGO Bond Example

LTGO Bond Example - 20-year Bond				
			Total	Total
	<u>Terms</u>	<u>Annual Pmt</u>	<u>Bond proceeds*</u>	<u>Debt Repayment</u>
\$5.0 GO Bond	20yr/4.5%	384,000	4,925,000	7,688,000
\$8.0 GO Bond	20yr/4.5%	615,000	7,880,000	12,300,000
\$10.0 GO Bond	20yr/4.5%	769,000	9,850,000	15,375,000
\$15.0 GO Bond	20yr/4.5%	1,153,000	14,775,000	23,063,000
\$25.0 GO Bond	20yr/4.5%	1,922,000	24,625,000	38,438,000
\$50.0 GO Bond	20yr/4.5%	3,844,000	49,250,000	76,876,000
* Difference between GO bond proceeds and principal is issuance costs for bond @ 1.5%				

Potential Funding Sources

Potential Funding Options

Property Tax Options – Affordable Housing and Sustainable Transportation

- Levy lid lift – (Single-year or multi-year)
- Excess Levy – Voted Tax General Obligation Bond

Property Tax Option – Affordable Housing

- Affordable housing tax levy

Other Options – Sustainable Transportation

- TBD car tab increase
- TBD Sales tax
-

Potential Funding Options – Levy Lid Lift

What is a Levy Lid Lift?

- Allows cities to exceed the 1% state mandated annual property tax increase limit
- Must be approved by voters with a simple majority
- Result is increase in revenues for City and increase to property taxes for property owners
- Cannot exceed maximum state/local/city statutory limits

Potential Funding Options – Levy Lid Lift

What types of Lid Lifts are there?

- There are two types of Levy lid lifts
 - **Single-year**
 - **Multi-year**
- Requires voter approval with Simple majority vote
- Election date for Single-year is any special, primary or general election
- Election date for Multi-year is primary or general election
- No minimum voter turnout is required (unlike voter approved bonds)

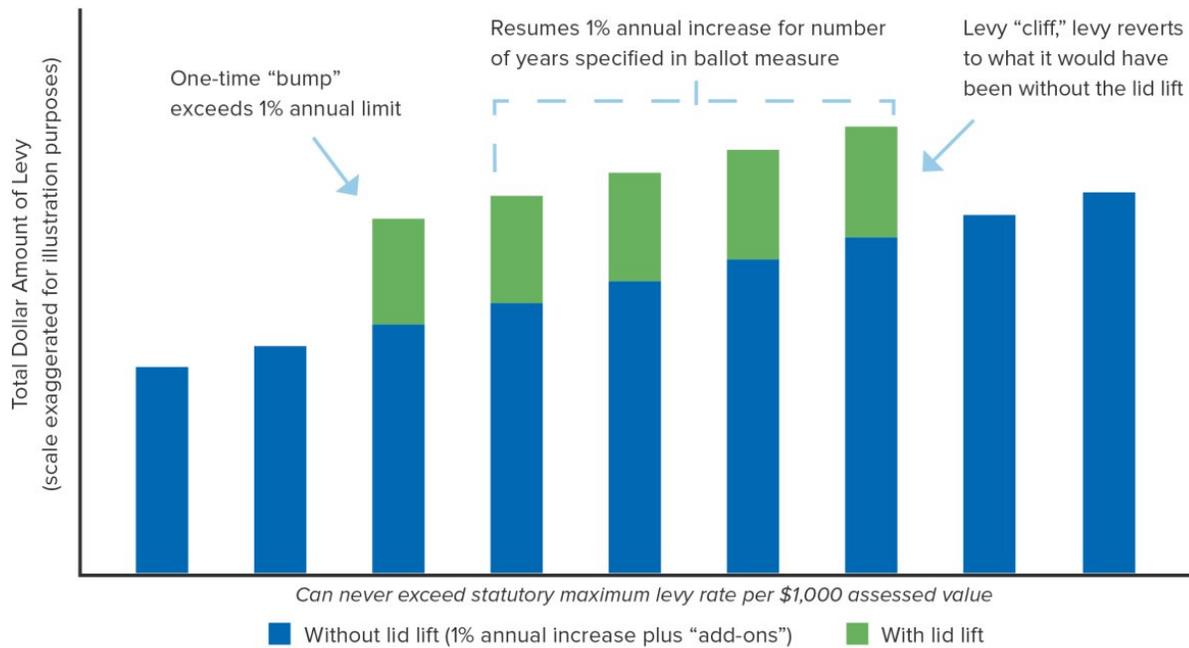
Potential Funding Options – **Single-Year Levy Lid Lift**

Single-Year Levy Lid Lift

- Allows City to increase the maximum levy by more than 1% for one year only
- That amount is then used as base to calculate all subsequent 1% levy increases for the duration of the levy
- May be used for any lawful governmental purpose
- May be temporary or permanent
- If temporary, can be for any number of years but if used for debt repayment it may not exceed 9 years
- If temporary, levy reverts as if lid lift never occurred

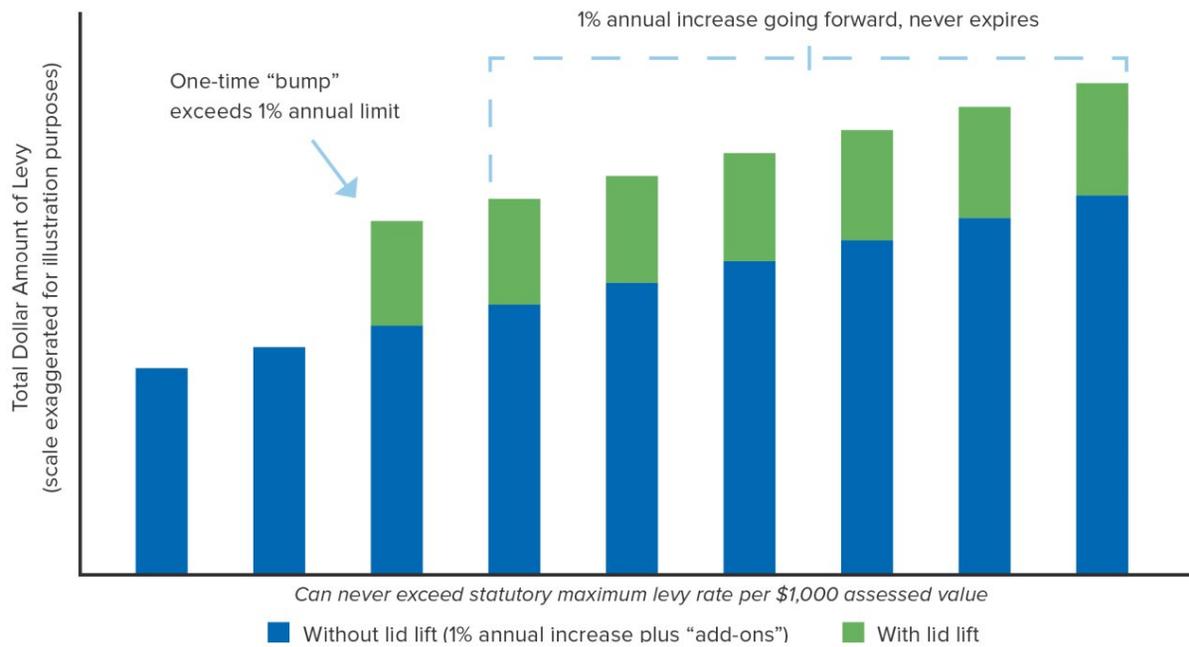
Potential Funding Options

SINGLE-YEAR TEMPORARY LEVY LID LIFT



Potential Funding Options

SINGLE-YEAR PERMANENT LEVY LID LIFT



Potential Funding Options

Example – Single-Year, \$0.25/\$1,000 increase, 1% per yr, 6 years

Average Assessed Value	1,112,720		
Lid Lift (per thousand assessed value)	0.250		
Current rate (per thousand)	0.700		
Current Average City levy amount	780.00		
		Revenue Increase	Taxpayer Increase
Yr 1 "Bump"		3,208,000	\$ 278.00
Yr 2 @ 1%		3,240,000	\$ 281.00
Yr 3 @ 1%		3,272,000	\$ 284.00
Yr 4 @ 1%		3,305,000	\$ 287.00
Yr 5 @ 1%		3,338,000	\$ 290.00
Yr 6 @ 1%		3,371,000	\$ 293.00
Total		19,734,000	\$ 1,713.00

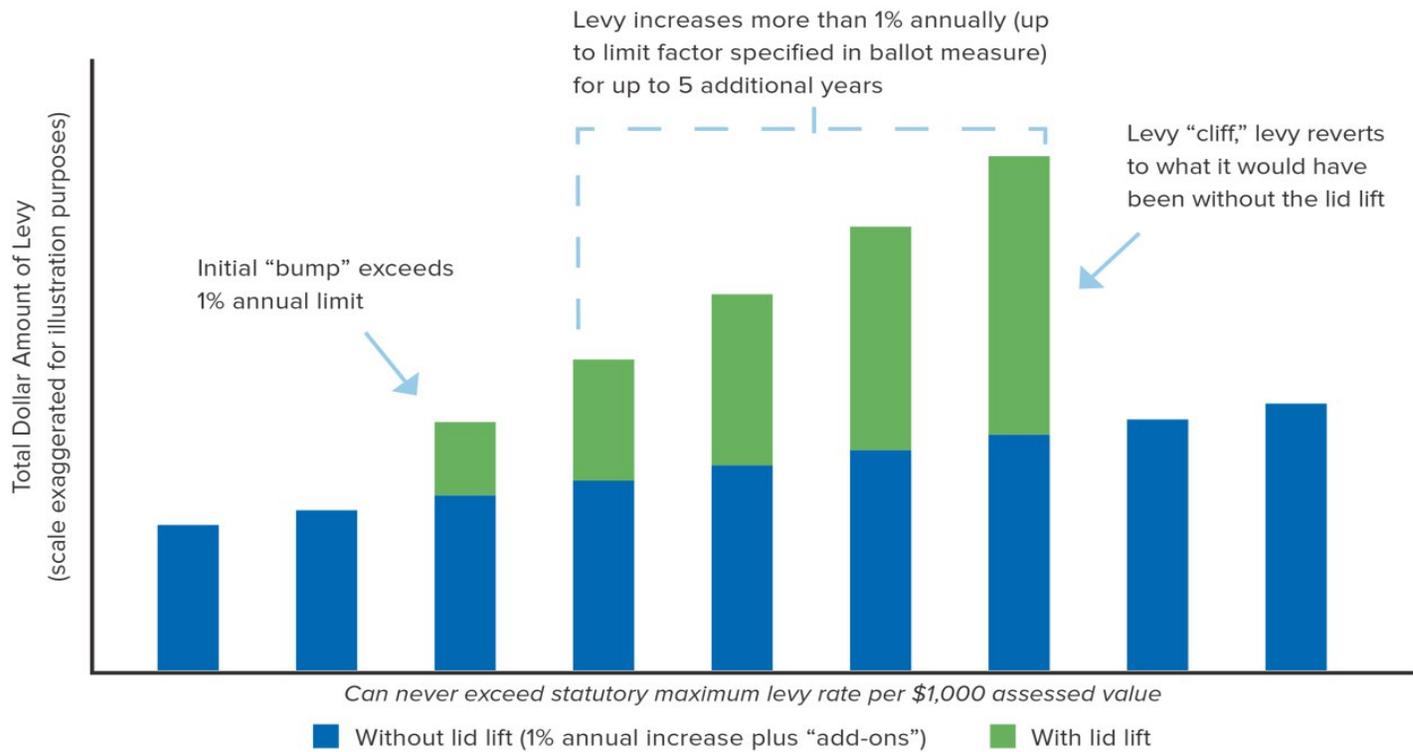
Potential Funding Options – **Multi-Year Levy Lid Lift**

Multi-Year Levy Lid Lift

- Allows City to increase the maximum levy by more than 1% for up to 6 years
- May be used for any lawful governmental purpose
- May be temporary or permanent
- If temporary, can be for any number of years but if used for debt repayment it may not exceed 9 years
- If permanent, levy in the final year used as base in which all future 1% increases are levied

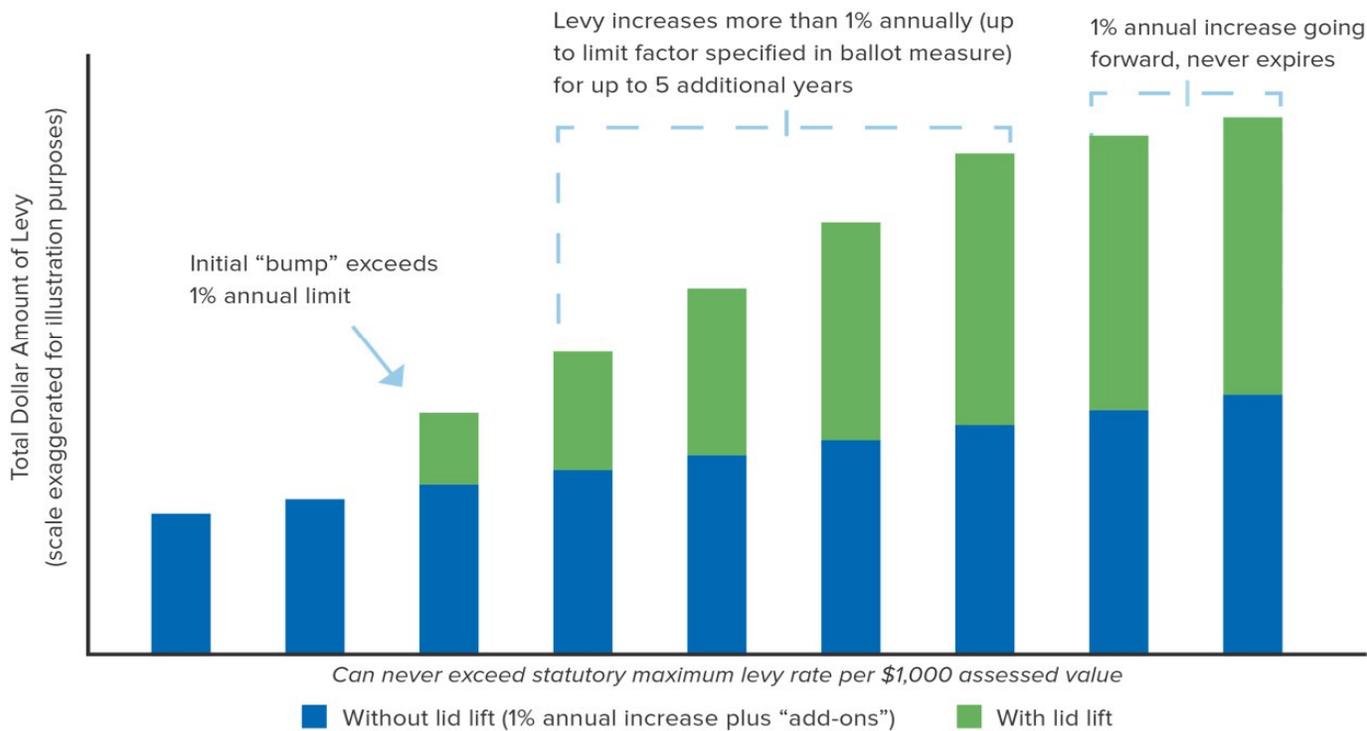
Potential Funding Options

MULTI-YEAR TEMPORARY LEVY LID LIFT



Potential Funding Options

MULTI-YEAR PERMANENT LEVY LID LIFT



Potential Funding Options

Example – Multi-Year, \$0.25/\$1,000 increase, 4% per yr, 6 years

Enter Assessed Value of parcel	1,112,720			
Lid Lift (per thousand assessed value)	0.250			
Current rate (per thousand)	0.700			
Current Average Levy amount	780.00			
			Revenue Increase	Taxpayer Increase
Yr 1 "Bump"			3,208,000	\$278.00
Yr 2 @ 4%			3,336,000	\$291.00
Yr 3 @ 4%			3,469,000	\$303.00
Yr 4 @ 4%			3,608,000	\$315.00
Yr 5 @ 4%			3,752,000	\$328.00
Yr 6 @ 4%			3,902,000	\$341.00
Total			21,275,000	\$2,136.00

Potential Funding Options – Levy Lid Lift Summary

Comparison of Levy Lid Lift Options

	“Single-Year” Option	“Multi-Year” Option
Number of years you can exceed the 1% annual levy limit	1	Up to 6
Temporary option	After Year 1, levy amount increases up to 1% annually for specified number of years. After measure expires, levy reverts as if lid lift never occurred.	Lid lift lasts up to 6 years, with annual limit factor specified by city. After measure expires, levy reverts as if lid lift never occurred.
Permanent option	Year 1 levy is used to calculate all future 1% levy increases	Levy amount in final year is used to calculate all future 1% levy increases
May be used for	Any lawful governmental purpose	Any limited purpose stated in the ballot measure
Supplanting restrictions?	None	Cities within King County may not supplant funds
Election date	Any special, primary, or general election	Primary or general election only
Voter approval required	Simple majority	Simple majority

Potential Funding Options – Voted Bond Debt

- Must be approved by 60% of the voters with voter turnout at least 40% of those who voted in the most recent election
- Voter approval is contingent on identifying specific capital projects the bond will fund
- When voters approve the bonds, they are also asked to approve an excess levy which raises property taxes to cover debt service (typically 20-years)
- Debt can only be used for capital purposes

Existing Funding Options – UGTO Bond Example

UTGO Bond Example - 20-year Bond					
	<u>Terms</u>	<u>Annual Pmt</u>	<u>Total Bond Proceeds*</u>	<u>Total Debt Repayment</u>	<u>Taxpayer Yrly Impact**</u>
\$10.0 GO Bond	20yr/4.5%	769,000	9,850,000	15,375,000	\$ 67.00
\$15.0 GO Bond	20yr/4.5%	1,153,000	14,775,000	23,063,000	\$ 100.00
\$25.0 GO Bond	20yr/4.5%	1,922,000	24,625,000	38,438,000	\$ 167.00
\$50.0 GO Bond	20yr/4.5%	3,844,000	49,250,000	76,876,000	\$ 334.00
* Difference between GO bond proceeds and principal is issuance costs for bond @ 1.5%					
** Based on 2023 Median \$1.1 Million home value (per Kitsap County Assessor) which changes every year					
*** Existing Average City tax on Median Home value is about \$780 in 2023					

Potential Funding Options – Affordable Housing Levy

Affordable Housing Levy

- Allows cities to exceed the 1% state mandated annual property tax increase limit up to 10 years
- Additional levy up to \$0.50 per \$1,000 assessed valuation
- Must be approved by voters with a simple majority
- No minimum voter turnout is necessary
- Result is increase in revenues for City and increase to property taxes for property owners
- Cannot exceed maximum state/local/city statutory limits
- Revenues restricted to finance affordable housing for “low-income” and “very low-income” households (80% or below county median income)

Potential Funding Options

Example – Affordable Housing, \$0.50/\$1,000 increase, 6 years

Average Assessed Value	1,112,720		
Lid Lift (per thousand assessed value)	0.500		
Current rate (per thousand)	0.700		
Current Average City levy amount	780.00		
		Revenue Increase	Taxpayer Increase
Yr 1		6,416,000	\$ 556.00
Yr 2		6,416,000	\$ 556.00
Yr 3		6,416,000	\$ 556.00
Yr 4		6,416,000	\$ 556.00
Yr 5		6,416,000	\$ 556.00
Yr 6		6,416,000	\$ 556.00
Yr 7		6,416,000	\$ 556.00
Yr 8		6,416,000	\$ 556.00
Yr 9		6,416,000	\$ 556.00
Yr 10		6,416,000	\$ 556.00
Total		64,161,340	\$ 5,560.00

Potential Funding Options – Transportation Benefit Fund Options

- Only available for Sustainable Transportation Plan
- Option 1: Increase current \$40 car tab fee to a maximum \$50 amount
 - The option is available with Council approval
 - Each \$10 increase yields approximately \$200,000 per year in revenue
 - Any increase beyond \$50 requires voter approval with a simple majority vote
- Option 2: Increase Sales Tax up to 3/10 of 1%
 - Each 1/10 of 1% increase yields approximately \$600,000 per year in revenue
 - 1/10 of this amount may be increased with Council approval
 - The other 2/10 of 1% would need to be approved by Voters with a simple majority vote