



Kingston Incorporation Analysis Study

June 2026

Prepared by:





*Community Attributes Inc. tells data-rich stories about communities
that are important to decision makers.*

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EXECUTIVE SUMMARY

Introduction

Kingston, Washington, is an unincorporated waterfront community on the Kitsap Peninsula. Kingston serves as a key connection point between the peninsula and the greater Seattle metropolitan area served by both Washington State Ferries and Kitsap Transit’s fast ferry. As of 2025, the Kingston UGA encompasses roughly 1,400 acres and is home to 2,650 residents and supports just over 1,000 jobs.

Kitsap County desires an informational analysis to provide the community with information on incorporation and the potential revenues and expenditures within the Kingston UGA. This report provides high-level analysis of potential revenue sources, impacts to service provision, and analysis of selected data points relevant to the boundary.

Kingston Urban Growth Area Boundary

Factors that may influence tax revenue generation and service provision include assessed values, land uses, and population. Assessed values are generally similar inside and outside the UGA, although several parcels within the UGA are tax-exempt and shoreline parcels tend to have higher assessed values. Population density is highest in shoreline areas and on tribal lands south of the UGA, while inland and surrounding areas remain relatively low-density. Additionally, nearby and contiguous land uses do not include significant commercial lands that would support additional tax base opportunities. **Overall, surrounding land use, assessed values, and population patterns suggest limited potential to expand the revenue base through boundary expansion without a corresponding increase in service costs.**

Revenues

A selection of five comparable cities or towns, based on a selection of metrics including population, housing units, employment, and others, is used to provide insight into potential revenue and expenditures for a hypothetical City of Kingston. Kingston’s assessed property values per acre fall near the middle of the comparison group, while per capita taxable retail sales are comparatively lower. Estimated total revenues for a hypothetical City of Kingston range from **approximately \$1.01 million to \$2.01 million**; the addition of utility taxes increases revenues **to approximately \$1.47 million to \$4.28 million**. Utility taxes represent a significant revenue source for some comparison cities and do not require voter approval, though they typically increase costs incurred by residents. Business and Occupation (B&O) taxes are another revenue resource for cities but are uncommon

among comparison cities and among Washington cities in general. One comparison city, Westport, does generate a substantial share of revenue through B&O taxes. Voter approval is not required for B&O taxes, but such taxes may be subject to referendum.

Expenditures

Incorporation would require Kingston to assume responsibility for services currently provided by Kitsap County, either through direct provision or contracted arrangements. Estimated annual expenditures for a hypothetical City of Kingston range from **approximately \$980,100 to \$4.26 million**, depending on service levels and delivery models.

Law enforcement and general government are the largest cost drivers among comparison cities, with law enforcement costs highly dependent on whether services are contracted or delivered through a standalone police department. General government costs, such as administration, finance, legal, and legislative functions, do not scale proportionally with population. Therefore, smaller cities may see higher costs per capita compared to larger cities for these types of services. Comparison cities illustrate opportunities for cost control through service contracting. For example, Tenino is considering contracting law enforcement services and McCleary uses on-call arrangements for planning and economic development services.

Capital Projects

Incorporation would also require Kingston to plan for and identify funding for necessary capital improvements. **Real Estate Excise Tax (REET) and grant revenues are key funding mechanisms for capital projects**, though grants are competitive and project-specific, while REET revenues offer more flexibility across public works needs. REET revenues associated with property transactions within the Kingston UGA are estimated at approximately \$300,000 annually based on historic transactions.

Several capital projects within the Kingston UGA are planned or underway and would likely transfer to the responsibility of an incorporated city, including Kola Kole Park and the West Kingston Bridge to Middle School project. Recent county investment in a regional stormwater facility would likely require an interlocal agreement, addressing both the recovery of lost connection fee revenues and long-term maintenance responsibilities.

Incorporation Considerations

Incorporating a new city in Washington State is governed by RCW 35.02, which establishes the legal process each community must follow. The law establishes a multi-step public process before incorporation can take effect, culminating with a special election. State law generally requires that a

proposed incorporation area within five air miles of a city with a population of 15,000 or more have at least 3,000 residents. However, through June 30, 2028, this threshold is temporarily reduced to 1,500 residents. The Kingston UGA, based on its current boundary, is approximately 4.25 miles from the westernmost boundary of the City of Edmonds. Under the temporary threshold, Kingston is currently eligible to incorporate at its existing population, but that eligibility will expire on June 30, 2028, when the 3,000-resident requirement resumes.

Incorporation would shift planning authority from Kitsap County to a locally elected city government, including responsibility for adopting and implementing a comprehensive plan and zoning code. County UGA zoning emphasizes long-term capacity, while city zoning is generally more localized, implementation-focused, and closely aligned with infrastructure availability. State housing laws require cities to provide zoning for a broader range of housing types, including multifamily, accessory dwelling units, and middle-housing forms, typically resulting in greater housing diversity and density than under county zoning. In practice, city-level planning requirements governed by the state mean an incorporated Kingston would be expected to accommodate higher residential densities than those currently realized under county governance, where growth management obligations are distributed across the broader unincorporated area rather than concentrated within a single jurisdiction.

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INTRODUCTION

Background and Purpose

Kingston, Washington, is a waterfront community on the northern end of the Kitsap Peninsula, known for its scenic views, marina, and coastal character. Kingston also serves as the western terminus of the Edmonds–Kingston ferry route and the Kingston–Seattle fast ferry, making it a key connection point between the peninsula and the greater Seattle metropolitan area. Kingston is also a gateway to outdoor recreation, with nearby trails, state parks, and beaches across the northern Kitsap region.

Kitsap County desires an informational analysis to provide an understanding of the potential revenues and expenditures in the Kingston Urban Growth Area (UGA) as well as potential impacts to service provision related to incorporation.

Methods and Data

To evaluate potential revenues and expenditures, the analysis compiled budget data for five comparison cities. Budget information was obtained from the Washington State Auditor’s Financial Intelligence Tool (FIT) and supplemented with publicly available data related to each city’s population, service arrangements, and other contextual factors.

Community Attributes Inc. (CAI) also worked closely with Kitsap County to collect data specific to the Kingston UGA and to better understand potential service implications should Kingston pursue incorporation. This effort included data on assessed values, property sales, capital projects, and related financial indicators.

Additional publicly available data sources used in this study included, but were not limited to, the Washington State Gambling Commission, the Washington State Department of Revenue, the Washington State Office of Financial Management, the Puget Sound Regional Council, and the U.S. Census Bureau.

Organization of Report

The remainder of the report provides in-depth information and analysis of current and potential costs for services in Kingston, and is organized as follows.

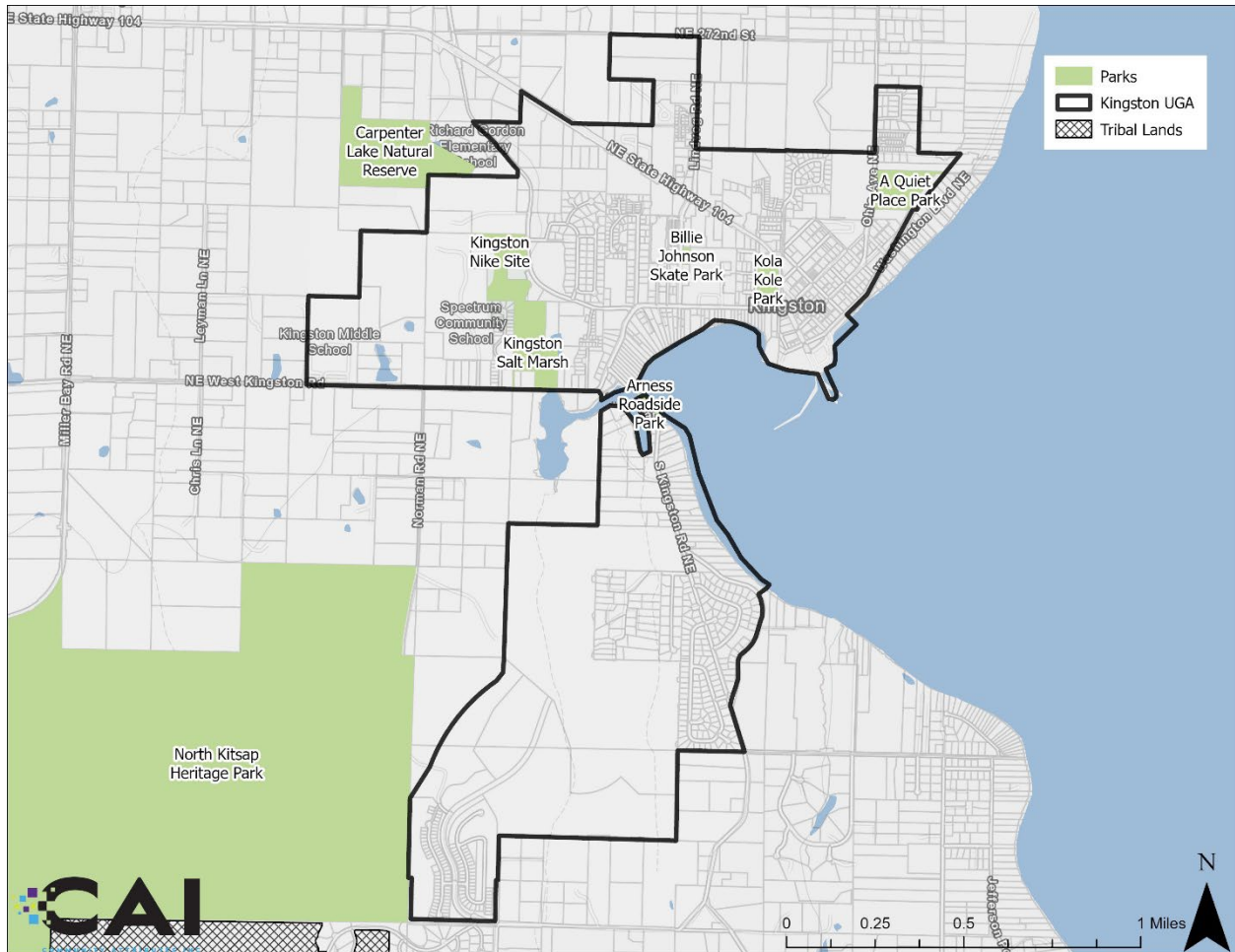
- **Kingston Urban Growth Area Boundary.** Presents current conditions across a range of summary statistics for the Kingston UGA and surrounding area.

- **Revenues and Expenditures Analysis.** Describes Kingston’s capacity to generate revenue if it were to incorporate in addition to discussing current service providers and potential expenditures of a City of Kingston.
- **Incorporation Comparisons.** Presents a high-level summary of recent incorporation efforts throughout Washington, with a comparison of relevant details to Kingston.
- **Other Considerations.** Discusses planning requirements for cities and growth and zoning implications related to incorporation.
- **Conclusion.** Provides a summary of findings.

KINGSTON URBAN GROWTH AREA BOUNDARY

The study area for this analysis aligns with the current Kingston Urban Growth Area (UGA) boundary, which encompasses approximately 1,400 acres in northeast Kitsap County. The Kingston UGA includes shoreline along Puget Sound and is served by two ferry routes operating in and out of Appletree Cove (**Exhibit 1**). The area has an estimated population of 2,650, approximately 1,270 housing units, and employment of just over 1,000.

Exhibit 1. Kingston Urban Growth Area Boundary

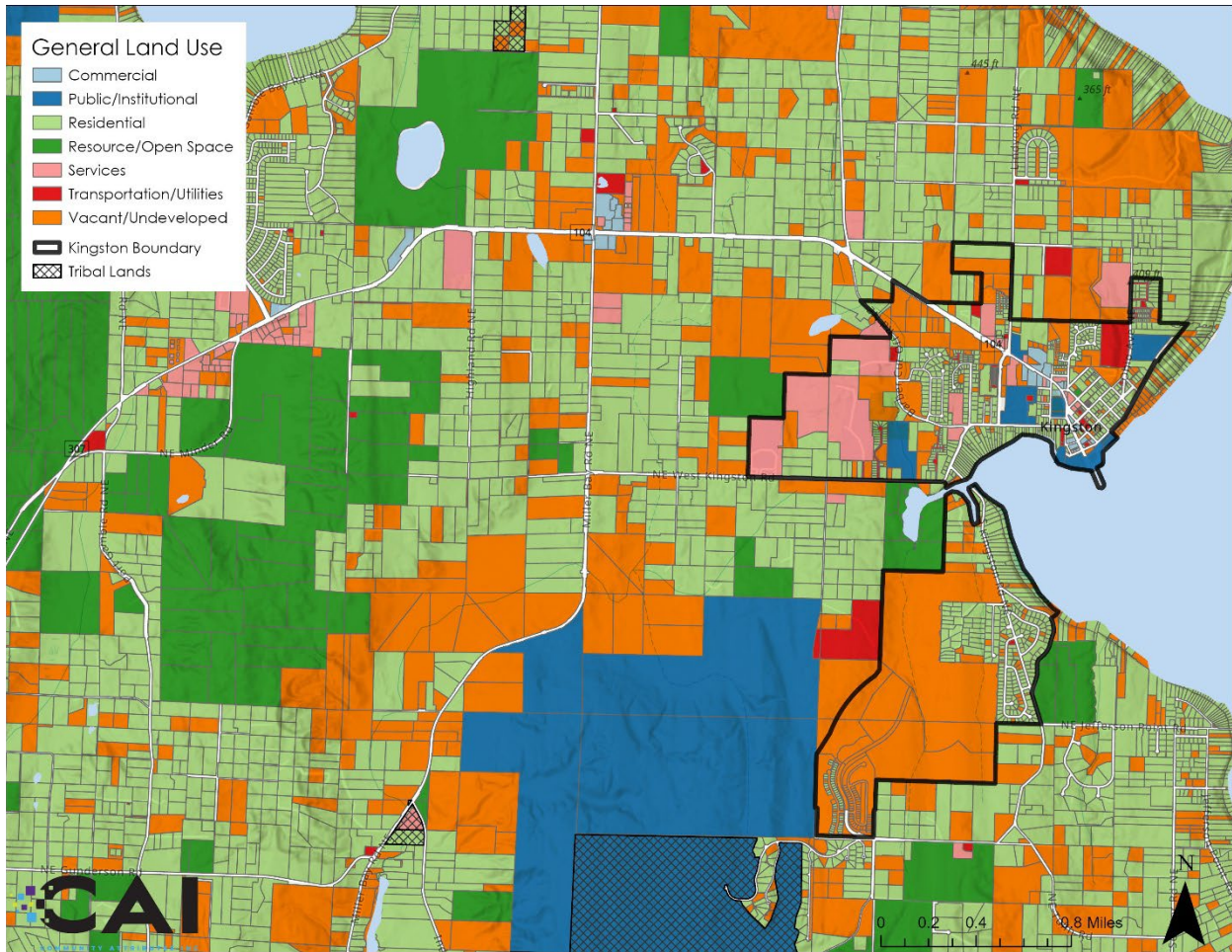


Sources: Kitsap County, 2026; Community Attributes Inc., 2026.

Boundary Analysis

The Kingston UGA boundary captures the area's highest concentration of commercial uses, as well as the smaller residential lots that are typically associated with relatively denser housing patterns. Commercial zoning outside the UGA is limited, with the nearest such area located at the intersection of NE State Highway 104 and Hansville Road NE/Miller Bay Road NE (**Exhibit 2**). The land use patterns contiguous with the Kingston UGA do not present any nearby commercial areas that would represent significant omitted sales tax revenue-generating opportunities.

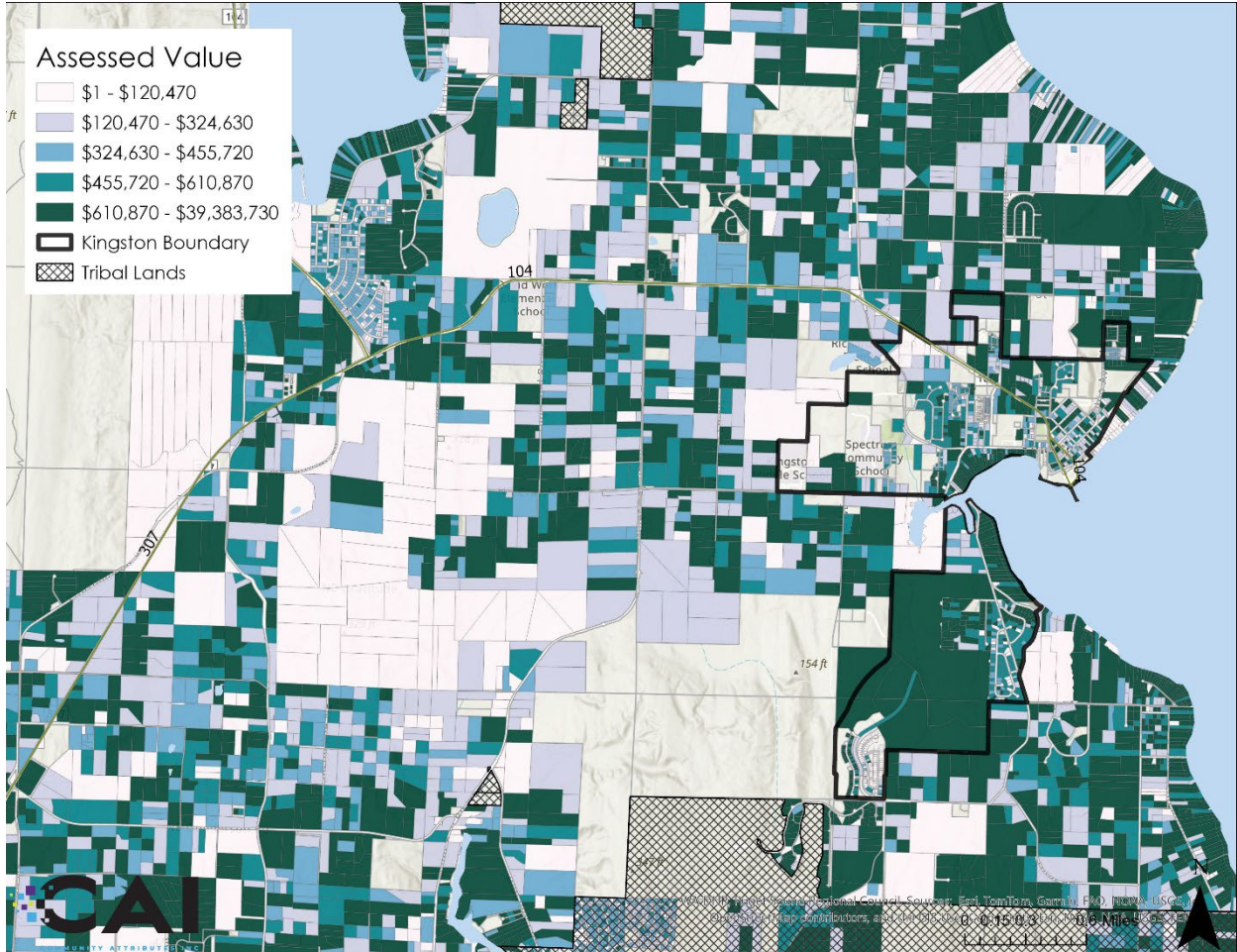
Exhibit 2. Land Use by Parcel



Sources: Kitsap County, 2026; Community Attributes Inc., 2026.

Assessed values per parcel appear relatively consistent both within and around the Kingston UGA boundary. The Kingston UGA contains many parcels exempt from property taxes due to their public, institutional, and utility uses. Shoreline parcels show higher assessed values on a per-parcel basis, seen north and south of the Kingston UGA (**Exhibit 3**). Expanding the UGA could incorporate additional assessed value, but it would also extend the area and population requiring municipal services. Expansion would result in a trade-off between potential additional tax revenue and increased overall service responsibilities and costs.

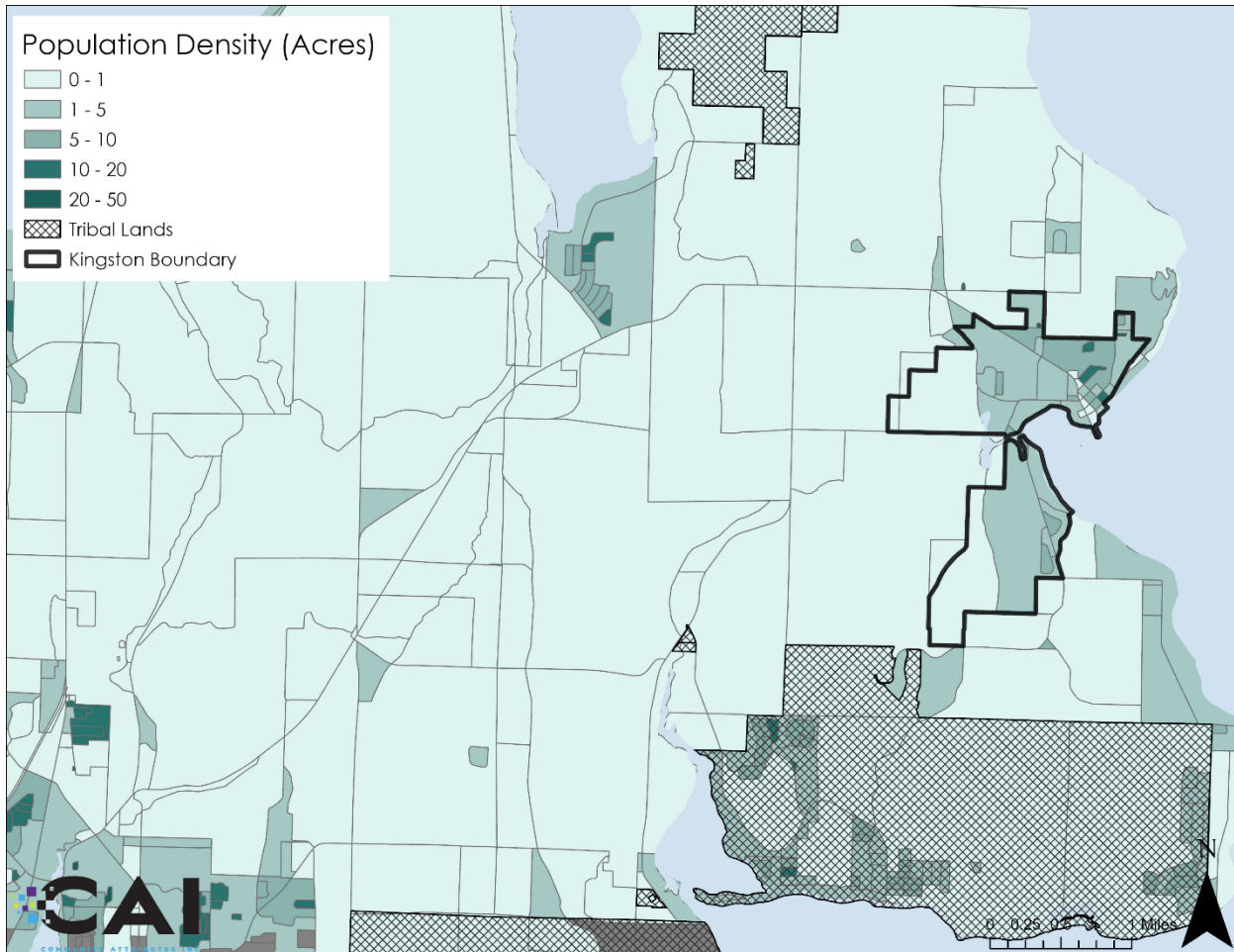
Exhibit 3. Assessed Value per Acre by Parcel, 2025



Sources: Kitsap County, 2026; Community Attributes Inc., 2026.

Population is primarily concentrated within the Kingston UGA and at the shoreline regions to the north and south of Kingston. More broadly, the surrounding area is characterized by relatively low population density, with the greatest level of density located in the tribal land located south of the UGA (Exhibit 4).

Exhibit 4. Population Density by Block Group, 2020



Sources: U.S. Census Bureau, 2026; Kitsap County, 2026; Community Attributes Inc., 2026.
Note: 2020 Census data is the latest data available at the block group level.

Overall, the land use patterns, assessed values, and population characteristics in the areas surrounding the Kingston UGA boundary do not appear to indicate a substantial opportunity to expand the revenue base without also increasing the costs associated with serving a larger area. Evaluating the extent to which any additional revenues might offset those added costs is beyond the scope of this study but would be an important consideration for a community considering incorporation. More broadly, UGA boundaries are intended to focus urban growth in areas planned and served for it. For a small community, expanding that boundary could extend municipal service responsibilities into more rural or lower-density areas, which may affect the efficiency and cost of service delivery relative to the revenue generated.

REVENUES AND EXPENDITURES ANALYSIS

Five cities or towns comparable to Kingston based on analysis of key metrics such as population, housing units, median household income, employment, taxable retail sales, assessed values and acreage were identified to analyze potential revenue and expenditure outcomes for a hypothetical City of Kingston. Community and County feedback confirmed these cities as reasonable comparisons for a hypothetical City of Kingston. The five cities include:

- Town of Friday Harbor
- City of Westport
- City of McCleary
- City of Tenino
- Town of Coupeville

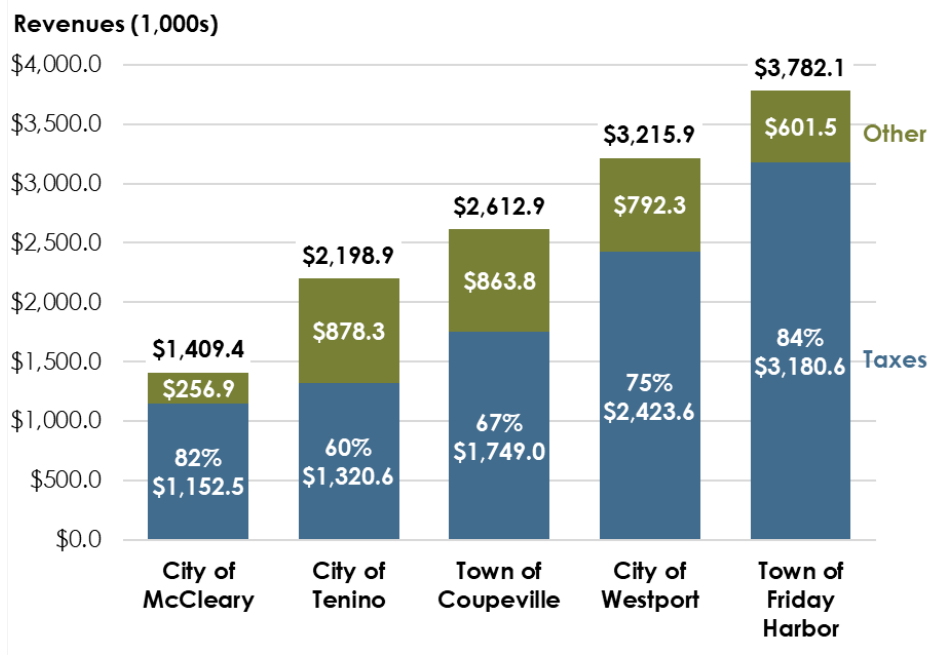
Capacity to Generate Revenue

Each of these comparison cities rely primarily on four tax sources to fund general government operations: property taxes, retail sales taxes, utility taxes, and business & occupation (B&O) taxes. A City of Kingston would be able to levy each of these taxes. However, each of these taxes and the allowable rates are subject to different requirements and in some cases, voter approval. Property and sales and use taxes are often the largest source of revenue generated by Washington cities and do not require voter approval. Utility taxes and B&O taxes are less common revenue sources for cities and towns but are available for any city to impose. Utility and B&O taxes do not require voter approval, but imposing B&O taxes may be subject to a referendum.¹

Among the comparison cities, taxes represent between 60% to 84% of total general fund revenues (**Exhibit 5**). The remaining general fund revenues include intergovernmental transfers, licenses and permits, charges for services, and miscellaneous revenues. For example, the City of Tenino received a large sum of local award revenues in 2024. However, such intergovernmental revenues are often one-time funding. The City of Tenino also received \$980,000 from the State's Transportation Improvement Board in 2023, however, such intergovernmental and grant revenues are not considered consistent sources of revenues for ongoing general government operations.

¹ "Revenue Guide for Washington Cities and Towns", MSRC, April 2026.

Exhibit 5. Taxes and Other General Fund Revenues, Select Cities, 2024



Sources: Washington State Auditor Financial Intelligence Tool, 2026; Community Attributes Inc., 2026.

Depending on the comparison city, B&O, utility, or sales and use tax represent the single largest share of total revenues (**Exhibit 6**). Many special purpose sales and use taxes and levy rate lifts require voter approval before implementation, and the degree to which voter-approved taxes make up the total share of city revenues varies with each comparison city.² For example, Friday Harbor's second-largest revenue source is a special purpose public safety sales tax, approved by voters in 2012.³ B&O taxes represent a large share of Tenino and Westport's general fund revenues, but only 54 of Washington's 281 incorporated cities and towns levy a B&O tax. These comparison cities demonstrate how different non-voter and voter-approved measures can shape the fiscal foundation of smaller cities.

Voted taxes and utility taxes represent from 19% (Coupeville) to 53% (Westport) of total tax revenues depending on the comparison city (**Exhibit 6**). Utility taxes represent a key revenue stream for McCleary, Tenino, Coupeville, and Westport, each of which provide some form of local utilities. It should be noted that cities and towns can impose utility taxes

² <https://dor.wa.gov/education/industry-guides/ballot-measure-requirements/part-4-list-voter-approved-levies-taxing-district-type>

³ <https://fridayharbor.org/DocumentCenter/View/10365/2025-06-Tax-and-State-Shared-Revenue>

on the income of any public or private utility provider.⁴ While utility taxes do not require voter approval, the costs associated with utility taxes are often passed to consumers. This trade-off, weighing the revenue benefit to the city against the impact on residents would be an important consideration for an area looking to incorporate.

Exhibit 6. Share of Tax Revenues by Tax Source, Select Cities, 2024

Tax Source	City of McCleary	City of Tenino	Town of Coupeville	City of Westport	Town of Friday Harbor
Local Retail Sales and Use Tax	15%	19%	30%	13%	46%
Special Purpose Sales and Use Tax	7%	2%	0%	3%	19%
Property Tax	23%	15%	16%	8%	11%
Criminal Justice Sales and Use Tax	3%	2%	1%	2%	3%
Utility Tax	33%	14%	13%	21%	0%
B&O Tax	0%	5%	0%	26%	0%
Other Tax	0%	2%	6%	2%	5%
Other Revenues	18%	40%	33%	25%	16%
Total (1,000s)	\$1,409.4	\$2,198.9	\$2,612.9	\$3,215.9	\$3,782.1

Sources: Washington State Auditor Financial Intelligence Tool, 2026; Community Attributes Inc., 2026.

Assessed values of property are the foundation for how property taxes are calculated. On a per-acre basis, Kingston's assessed property values per acre fall near the middle of the values observed for the comparison cities (**Exhibit 7**). Kingston's revenue potential from property taxation would depend heavily on the levy rate ultimately adopted, which is discussed further in the "Property Tax Rates" section presented below.

Exhibit 7. Total and Per Acre Assessed Value, Kingston UGA and Select Cities, 2025

Geography	Total	Per Acre
Town of Friday Harbor	\$940,387,200	\$671,700
Town of Coupeville	\$516,634,900	\$645,800
Kingston	\$600,652,400	\$429,000
City of Tenino	\$274,158,200	\$304,600
City of Westport	\$640,034,500	\$266,700
City of McCleary	\$266,911,500	\$205,300

Sources: Kitsap County, 2026; MRSC, 2026; Community Attributes Inc., 2026.

Kingston's taxable retail sales on a per capita basis are near the lower end of the comparison cities examined (**Exhibit 8**). While Kingston serves as a

⁴ "Revenue Guide for Washington Cities and Towns", MSRC, April 2026.

regional retail node for the northern Kitsap Peninsula, its commercial activity is limited relative to the comparison cities of similar size and characteristics. This has implications for the sales and use tax revenues a hypothetical City of Kingston would be able to generate.

Exhibit 8. Total and Per Capita Taxable Retail Sales, Kingston UGA and Select Cities, 2025

Geography	Total	Per Capita
Town of Friday Harbor	\$201,070,000	\$74,100
Town of Coupeville	\$85,820,000	\$43,000
City of Westport	\$86,630,000	\$37,700
City of Tenino	\$49,870,000	\$24,400
Kingston	\$50,700,000	\$20,300
City of McCleary	\$23,420,000	\$11,000

Sources: Kitsap County, 2026; MRSC, 2026; Community Attributes Inc., 2026.

Property Tax Rates

The current total property tax levy rate for properties within the Kingston UGA is approximately \$9.00 per \$1,000 of assessed value (**Exhibit 9**). This aggregate rate encompasses multiple overlapping taxing districts, including Kitsap County, state, school districts, fire district, library district, and other special purpose districts, each levying independently within their respective statutory limits. Many of the rates levied by individual districts would be unchanged by the potential incorporation of Kingston.

Exhibit 9. Property Tax Levy Rates per \$1,000 of Assessed Value, Unincorporated Kitsap County, 2025

Levy	Rate
State School Part 1	\$1.6087
State School Part 2	\$0.8673
County General	\$0.6215
Conservation Futures	\$0.0259
County Road	\$0.8092
County Road Diverted	\$0.0770
No Kitsap #400 Enrichment	\$1.2626
No Kitsap #400 Cap Proj	\$1.0776
Kitsap Rural Library	\$0.2744
Fire Dist #10 North Kitsap	\$1.5000
Metro Park-Village Green	\$0.1611
Port of Kingston	\$0.1197
Public Utility Dist	\$0.0444
EMS FD Dist #10 North Kitsap	\$0.5000
Total	\$8.9495

Sources: Kitsap County, 2026; Community Attributes Inc., 2026.

Washington cities are limited to a maximum property tax rate of \$1.60 per \$1,000 of assessed value, or 0.16%, if they fall within fire and library districts. Kingston falls within existing fire and library districts and therefore would be limited to the 0.16% levy rate if it were to be incorporated. Upon incorporation, the county road tax levied by the county no longer applies within the City boundary and is effectively replaced by a city property tax levy. **Exhibit 10** presents the 2025 city levy rate for McCleary, Tenino, Coupeville, Westport, and Friday Harbor, in addition to the 2025 county roads tax levied by Kitsap County. The current county roads levy rate lies near the middle of the range presented for the city tax levy rates within the comparison cities. If Kingston were to incorporate, the new community would have the choice to set the city property tax levy rate and could choose to retain the county roads levy rate or select a new rate up to the maximum rate of \$1.60 per \$1,000 of assessed value available to cities.

Exhibit 10. City/County Road Property Tax Levy Rates per \$1,000 of Assessed Value, Unincorporated Kitsap County and Select Cities, 2025

Geography	Levy Rate
McCleary	\$1.2685
Tenino	\$1.2362
Coupeville	\$0.8426
Unincorporated Kitsap County	\$0.8092
Westport	\$0.6264
Friday Harbor	\$0.6227

Sources: Washington State Department of Revenue, 2026; Community Attributes Inc., 2026.

The current county roads tax represents approximately 9% of total property taxes levied on Kingston households. If an incorporated Kingston were to set a city property tax rate higher or lower than the current county roads tax rate, the impact on a household's total property tax payment would be relatively modest. For example, the average assessed value of a home in Kingston was roughly \$565,000 in 2025, corresponding to a total property tax payment of approximately \$5,056 per year. If all other rates were held equal and the county roads/city tax rate were increased to \$1.00 per \$1,000 of assessed value, the total property tax payment for the same household would rise to \$5,164, a 2% increase. Conversely, if the rate were decreased to \$0.60 per \$1,000 of assessed value, the total payment would decrease to \$4,938, a 2% decrease.

Existing Services and Expenditures

Exhibit 11 lists the current services in Kingston and their providers. Upon incorporation, Kingston would be responsible for providing any service currently provided by Kitsap County, whether directly or as a contracted service through the current provider. Notably, not all services are managed

through the general fund, which is the primary focus of this analysis. Certain municipal services, such as transportation and stormwater management, are commonly supported by dedicated funding mechanisms rather than by General Fund appropriations. For example, roadway operations and maintenance are partially funded through state-shared revenues such as the motor vehicle fuel tax, while stormwater and similar utility services are typically supported through service fees. Dedicated revenue sources such as the motor vehicle fuel tax and utility service fees must typically be accounted through separate funds to ensure the revenues are used for the specified use.

Exhibit 11. Current Service Providers, Kingston, 2026

Service	Current Provider
General Government	
Centralized/General Services	Kitsap County
Executive Activities	Kitsap County
Legislative Activities	Kitsap County
Judicial Activities	Kitsap County
Legal Services	Kitsap County
Public Safety	
Law Enforcement Activities	Kitsap County (Sheriff)
Detention/Correction Activities	Kitsap County (Sheriff)
Fire & Emergency Medical Services	North Kitsap Fire and Rescue
Community Planning and Economic Development	
Community Planning and Economic Development	Kitsap County
Culture and Recreation	
Park Facilities	Kitsap County
Library	Kitsap Regional Library
Transportation	
Roads and Transportation	Kitsap County
Public Transit	Kitsap Transit
Utilities and Other	
Stormwater Management	Kitsap County
Sewer	Kitsap County
Water	Kitsap Public Utility District
Garbage	Waste Management Northwest
Electricity	Puget Sound Energy
Schools	North Kitsap School District
Animal Control	Kitsap Humane Society

Sources: Community Attributes Inc., 2026.

Among the comparison cities, general government and law enforcement consistently represent the two largest categories of general fund expenditures. Law enforcement alone accounts for between 20% and 64% of

total expenditures depending on the city (**Exhibit 12**). McCleary, Tenino, and Westport each maintain police departments with four commissioned officers. However, in response to budgetary pressures, Tenino is considering the transition to a contracted law enforcement model.⁵ Conversations between Tenino and Thurston County are ongoing, but initial estimates suggest Tenino may save \$347,000 annually, reducing their law enforcement expenditure from \$683,870 to \$336,870. Coupeville and Friday Harbor contract their law enforcement services from their respective county sheriff's offices. This arrangement appears to provide a measurable cost advantage relative to maintaining a standalone municipal police department. Based on Washington Association of Sheriffs and Police Chiefs (WASPC) data, Coupeville and Friday Harbor receive a level of service of roughly 0.57 and 1.02 commissioned officers per 1,000 residents, respectively. This translates to approximately one dedicated officer for Coupeville and three for Friday Harbor under the contracted model.

It should be noted, small municipal police departments often rely on mutual aid agreements with the county sheriff to fill coverage gaps, meaning the effective level of service available to residents may exceed what the average level of service metric would suggest. For example, the City of Forks has a supplemental staffing agreement with Clallam County's Sheriff's Department to provide additional support as needed.⁶ If Kingston were to incorporate, it would need to make the decision related to level of service and costs that best fit the community's needs.

General government expenditures encompass administration, finance, legal, and legislative functions and is typically the second largest expenditure for the comparison cities. For small cities, these costs can appear more burdensome as certain baseline functions require staffing that do not scale proportionally with population. However, there are creative solutions to reducing costs for small cities and towns. For example, McCleary contracts for community and economic development services on an as-needed basis. From 2022 through 2024 these services cost roughly \$27,000 in 2022, \$5,000 in 2023, and no costs in 2024.

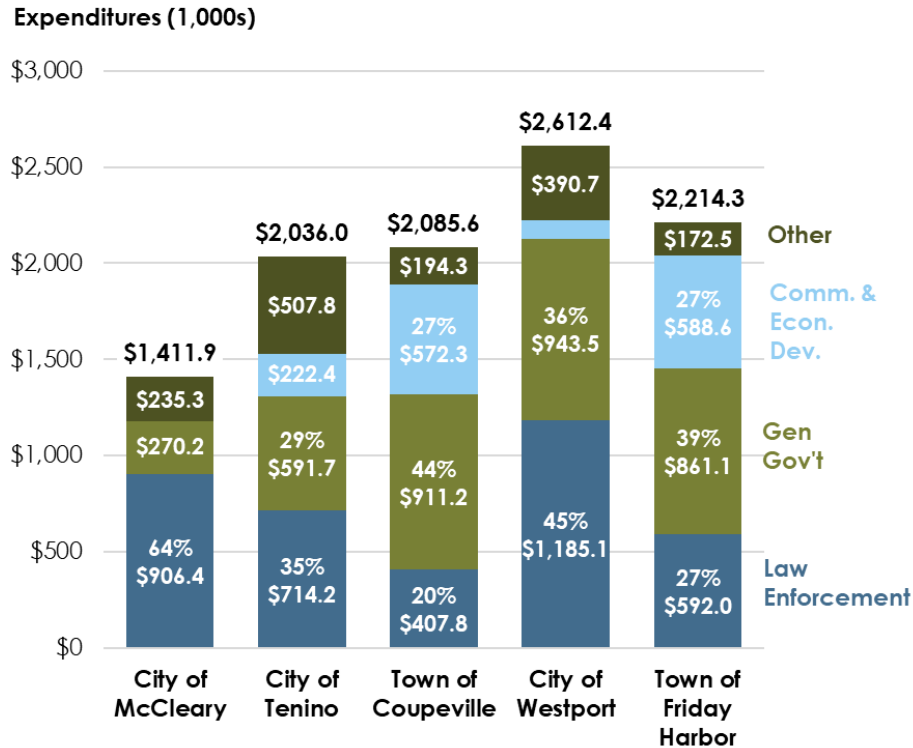
More traditionally, community and economic development services are performed by dedicated city staff. The other costs presented in **Exhibit 12** vary by city and include municipal court, animal control, emergency management, and human services contributions, among others. Depending on the service, an incorporated Kingston could potentially contract the

⁵ <https://www.officer.com/command-hq/news/55366197/tenino-washington-lawmakers-weigh-disbanding-police-department-as-part-of-budget-cuts>

⁶ <https://mrsc.org/getmedia/5a5b79de-d7b5-441d-9a75-a2adfb3823a7/c51-f65lawILA.pdf>

service through Kitsap County or through consulting contracts rather than provide the services directly, benefiting from the county’s economies of scale.

Exhibit 12. General Fund Expenditures, Select Cities, 2024



Sources: Washington State Auditor Financial Intelligence Tool, 2026; Community Attributes Inc., 2026.

Municipal Court

According to data provided by the Kitsap County District Court, in 2025, there were 161 cases with a Kingston location that would fall under municipal court jurisdiction. These cases represent approximately 1% of total Kitsap County District Court cases that would fall under municipal court jurisdiction. Given this low expected caseload, it would likely be most cost-efficient for an incorporated Kingston to explore contracting court services with an existing court, such as the City of Poulsbo's Municipal Court. The Kitsap County District Court also noted that the Administrative Office of the Courts (AOC) has a process in place to assist with such arrangements and would be an important resource for Kingston should the community choose to incorporate.

Law Enforcement

Currently, the Kitsap County Sheriff's Office staffs deputies patrolling the unincorporated areas north of Highway 308. At a minimum, two deputies are

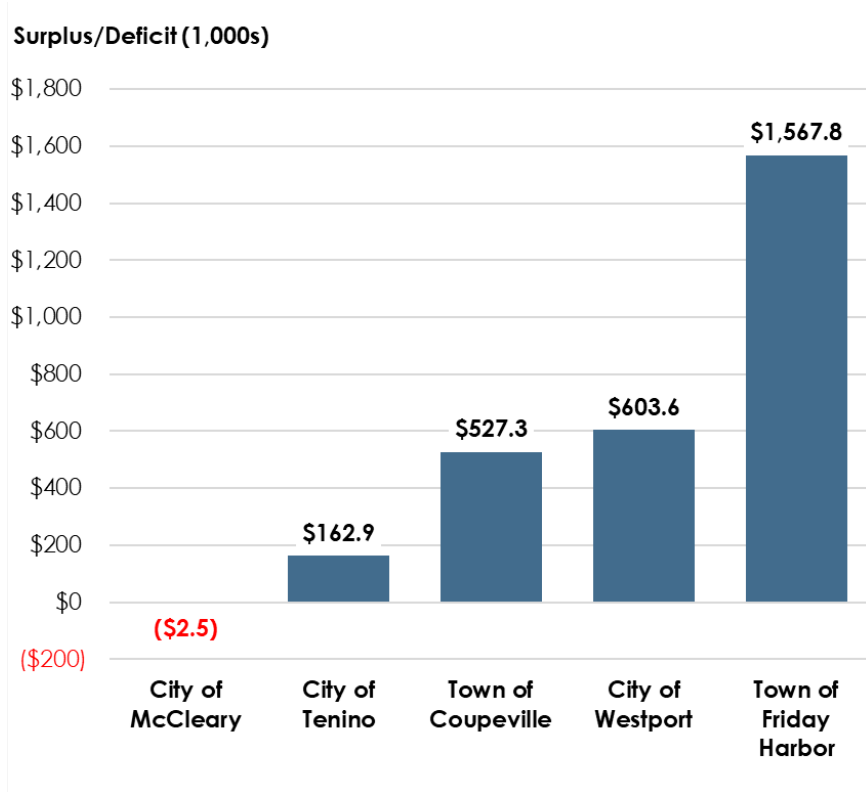
always assigned to this area, with increased staffing provided between the hours of 1:00 PM and 10:00 PM.

If Kingston were to incorporate, the Sheriff's Office indicated they would be willing to contract police services to the city and would rigorously pursue such an arrangement. Their standard contracting model would include adding a sergeant or lieutenant position to serve as Chief of Police for the city, along with several additional deputies. In terms of day-to-day service, the Sheriff's Office noted their preference would be to have the chief and one deputy patrolling Kingston during daytime hours, with an additional deputy assigned to their north-end unincorporated patrol for evenings and overnight so that there would always be someone to respond to calls in Kingston, similar to the level of service currently provided to the area.

Budget Surpluses or Deficits

Each comparison city is generally operating with a balanced general fund or general fund surplus (**Exhibit 13**). Friday Harbor stands out as the city with the largest budget surplus at more than \$1.5 million. Friday Harbor also leads each comparison city in per capita taxable retail sales and per acre assessed values of property. McCleary stands out as the inverse case of Friday Harbor, having the lowest per capita taxable retail sales and per acre assessed values of property and operating a small general fund deficit.

Exhibit 13. General Fund Budget Surplus/Deficit, Select Cities, 2024



Sources: Washington State Auditor Financial Intelligence Tool, 2026; Community Attributes Inc., 2026.

Per Capita Revenues and Expenditures

Projecting city revenues and expenditures on a per capita basis provides context for the potential revenues an incorporated Kingston may be able to collect, and the expenditures it may incur.

Revenues

Using Kingston's 2025 assessed value of approximately \$600.7 million as a baseline, property tax revenues at the maximum allowable levy rate of \$1.60 per \$1,000 of assessed value would generate roughly \$961,000 annually. At the existing county roads levy rate of \$0.8092 per \$1,000 property tax revenue within Kingston would total approximately \$486,000.

Kitsap County currently levies a combined local sales tax rate of 1.0% on transactions within the county. Upon incorporation, Kingston would be entitled to a share of that existing local tax on transactions occurring within the city. Consumers would not see a change in the total sales tax rate they pay unless an additional “restricted” local sales tax were adopted. Of the 1.0% local sales tax collected on transactions within an incorporated city, 85% would be distributed to the city and 15% would be retained by the

county.⁷ An estimated \$55.6 million in taxable retail sales occurred in the Kingston UGA in 2025. This level of taxable retail sales would generate an estimated \$473,000 in sales and use tax revenues for a hypothetical City of Kingston.

Potential municipal revenues were estimated using the property tax and sales and use tax revenues presented above, assuming no increase in tax rates and using the county road levy rate as a proxy. The analysis excludes revenues that are voter-approved, one-time, or otherwise inconsistent year-to-year, such as grants or interest earnings.

Excluding utility taxes, estimated annual revenues for a hypothetical City of Kingston range from approximately \$1.01 million at the low end to \$2.01 million at the high end. When utility taxes are included, estimated annual revenues range from approximately \$1.47 million at the low end to \$4.28 million at the high end. Together, these scenarios illustrate a plausible range of general fund revenue capacity, recognizing that actual revenues would depend on policy choices, service structures, and future economic conditions.

Expenditures

Total general fund expenditures among the comparison cities range from approximately \$1.4 million (McCleary) to \$2.6 million (Westport), with Tenino, Coupeville, and Friday Harbor clustered between \$2.0 and \$2.2 million.

Applying per capita expenditure levels observed within each comparison city to Kingston's population provides a high-level estimate of potential municipal expenditures for the Kingston UGA at the levels of service provided in each comparison city. At the low end of the range, reflecting the lowest per capita costs observed among the comparison cities for each major expenditure category, estimated annual costs for a hypothetical City of Kingston would total approximately \$980,100, with law enforcement accounting for about \$565,700, or 58% of the total. At the high end, reflecting the highest per capita costs observed across the comparison cities, annual expenditures would total approximately \$4.26 million, with law enforcement comprising roughly \$1.62 million, or 38% of the total. Together, these estimates illustrate a plausible range of general fund expenditures, recognizing that an incorporated city would have discretion to structure its governance and service delivery approach in ways that align with local service expectations and cost considerations.

⁷ <https://mrsc.org/explore-topics/finance/revenues/sales-taxes>

Capital Projects

Beyond general operating expenses, capital projects are a source of irregular year-to-year expenditures cities are responsible for. In order to meet these obligations, cities and towns have a range of revenue sources available to them. Real estate excise tax (REET) is one key source of revenue cities can put towards capital projects. REET revenues are collected when properties are bought and sold. In 2025, 73 properties transacted within the Kingston UGA at a total sales value of approximately \$57.4 million, which would have generated an estimated \$300,000 in REET revenues. Cities also have the added benefit of flexibility in how REET funds are deployed across a range of capital investment needs, from parks and transportation to public facilities.

Grants are another important capital funding avenue, though their availability is typically project-specific and competitive. Due to the uncertain nature of grant funding, it is not estimated as a part of this analysis, but it is a meaningful funding source for the capital financing needs of many cities and towns.

Through collaboration with Kitsap County staff, the following capital improvement projects are planned or underway within the Kingston UGA and could have implications if Kingston were to incorporate.

Parks

Kola Kola Park is currently being surveyed for improvements and would likely fall within city jurisdiction upon incorporation.

Transportation

The West Kingston Bridge to Middle School project represents an active improvement in the Kingston UGA.

Sewer/Solid Waste

Pump Stations 41 and 71 are included in the County's Capital Facilities Plan, with the possibility of an additional sewer project being added in 2026. Solid waste facilities serving Kingston are located outside the UGA boundaries and would likely not generate short-term capital obligations if Kingston were to incorporate.

Stormwater

Kitsap County recently completed a large regional retrofit facility in Kingston, sized with sufficient capacity for developers to connect via a fee structure designed to partially recoup construction costs. Key considerations related to this project include 1) the disruption to the cost recovery

mechanism, and 2) an incorporated Kingston's National Pollutant Discharge Elimination System (NPDES) permit status.

- 1) The County has indicated that if an incorporated Kingston were to take over stormwater services within their boundary and as a result the regional retrofit facility, they would need to enter into an interlocal agreement to reimburse the County for lost connection fee revenues and establish a maintenance framework appropriate for a facility of this scale and complexity.
- 2) A newly incorporated City of Kingston's size would likely not trigger status as a primary NPDES stormwater permittee but could qualify as a secondary permittee. This status would carry additional obligations for operations and maintenance, spill response, public outreach, and development code administration that the County currently handles.

Kingston Complete Streets

The 2016 Kingston Complete Streets Plan, prepared by MacLeod Reckord for Kitsap County Public Works, could act as a blueprint for an incorporated Kingston related to transportation and stormwater capital investment. The study identified 20 capital improvement projects across Kingston's Urban Village Center, including sidewalk and bicycle network buildout, intersection upgrades, streetscape enhancements, and stormwater facilities. While some of these projects have since been completed, high-priority projects remain that could be advanced if funding were available. Upon incorporation, responsibility for pursuing, funding, and delivering these improvements would shift, at least in part, from Kitsap County to the new city. This would require sufficient local revenue or grant funding to advance projects, as well as the staffing and institutional capacity to manage design, coordinate with the Washington State Department of Transportation and Washington State Ferries on SR 104, and navigate the interagency partnerships the plan depends on.

INCORPORATION COMPARISONS

Recent Washington Incorporations

Incorporations by City and Year

Exhibit 14 identifies every city incorporation in Washington State since 1990, along with each jurisdiction's population at the time of incorporation. In total, 15 jurisdictions incorporated during this period, with Spokane Valley being the most recent in 2003. Spokane Valley also had the largest population at incorporation, approximately 83,000, while Liberty Lake had the smallest, at roughly 4,500. King County accounts for 10 of these incorporations, while Pierce County accounts for three and Spokane County accounts for the two most recent.

Exhibit 14. Recent Incorporations by Year and Jurisdiction, Washington State, 1990 – Present

Jurisdiction	County	Incorporation Year	Population (Incorporation Year)
SeaTac	King	1990	22,700
Federal Way	King	1990	67,400
Bainbridge Island*	Kitsap	1991	13,400
Woodinville	King	1993	7,800
Burien	King	1993	29,000
Newcastle	King	1994	7,100
University Place	Pierce	1995	28,300
Shoreline	King	1995	45,900
Lakewood	Pierce	1996	55,400
Edgewood	Pierce	1996	8,800
Maple Valley	King	1997	13,200
Covington	King	1997	13,600
Kenmore	King	1998	18,500
Sammamish	King	1999	34,100
Liberty Lake	Spokane	2001	4,500
Spokane Valley	Spokane	2003	83,000

Sources: MRSC, 2026; Washington State Office of Financial Management (OFM), 2026; Community Attributes Inc., 2026.

**The City of Bainbridge Island was originally incorporated as the City of Winslow in 1947. In 1991, Winslow annexed the unincorporated remainder of the island and was subsequently renamed the City of Bainbridge Island, at which time the City's population grew from roughly 3,000 to more than 13,000.*

Spokane Valley Incorporation

Spokane Valley is a large inland city in eastern Washington located near the City of Spokane. Spokane Valley, which incorporated in 2003, represents the last successful transition from an unincorporated area into a new city. An incorporation study was conducted for Spokane Valley in 2001, for which potential city revenues were projected for 2003 through 2005, and potential city expenditures were estimated for 2003. **Exhibit 15** presents estimated budget figures from the Spokane Valley incorporation study alongside observed budget figures following the incorporation of Spokane Valley.

**Exhibit 15. City of Spokane Valley Study and Observed Budget Figures,
2003 – 2007**

General Fund	2003	2004	2005	2006	2007
Incorporation Study					
Revenues	\$31,024,671	\$32,158,976	\$33,234,693	n/a	n/a
Expenditures	\$34,500,262	n/a	n/a	n/a	n/a
Balance	(\$3,475,591)	n/a	n/a	n/a	n/a
Observed Budget					
Beginning Balance	(\$1,243,773)	(\$3,400,650)	\$501,350	\$4,784,250	\$5,050,000
Revenues	\$13,641,500	\$26,356,316	\$28,508,165	\$29,803,066	\$33,857,470
Expenditures	\$13,892,900	\$26,356,316	\$28,508,165	\$29,885,641	\$31,549,504
Balance	(\$1,495,173)	(\$3,400,650)	\$501,350	\$4,701,675	\$7,357,966

Sources: MRSC, 2026; City of Spokane Valley, 2026; Community Attributes Inc., 2026.

The 2001 Spokane Valley incorporation study assumed that mayor/council, city manager, city clerk, city attorney/prosecutor, human resources, finance planning, information services, temporary help, and general administration would be provided by the city initially. Contracted services included municipal court, probation, public defender, sheriff, corrections and jail, animal control, engineering administration, street maintenance, sewer connections subsidy, building and code enforcement, hearing examiner, and parks and recreation. Study assumptions aligned with the actual approach in the early stages after the incorporation of the City of Spokane Valley, which contracted many services to allow more time to decide on major policy decisions and the general direction of the city. The exception for contracted services was land use and planning, which the city wanted to manage from the beginning.

The incorporation study and subsequent incorporation show that incorporation is a complicated process. While the study can help contextualize the tax base and potential revenues and expenditures, upon incorporation the city and community are able to make decisions that they feel work in the best interest of the city which impact the city budget.

OTHER CONSIDERATIONS

State Law Governing Incorporation

Incorporating a new city in Washington State is governed by RCW 35.02, which establishes the legal process each community must follow. The law establishes a multi-step public process before incorporation can take effect, beginning with residents of the UGA filing a notice of proposed incorporation with the Kitsap County Board of Commissioners. After the Board of Commissioners is notified, the Boundary Review Board (BRB) holds a preliminary meeting for residents to provide feedback. Residents must then circulate a petition and gather at least ten percent of registered voters within

the proposed area. If the petition is successful, the BRB issues a decision to approve, disapprove, or modify the proposed boundaries. If approved, the Board of Commissioners schedules a special election in which voters within the proposed boundaries decide simultaneously whether to incorporate, what form of government to adopt, and who will serve on the initial city council. Incorporation is confirmed if a simple majority votes in favor. The initial city council takes office immediately upon their election results being certified, and the city officially begins operations.

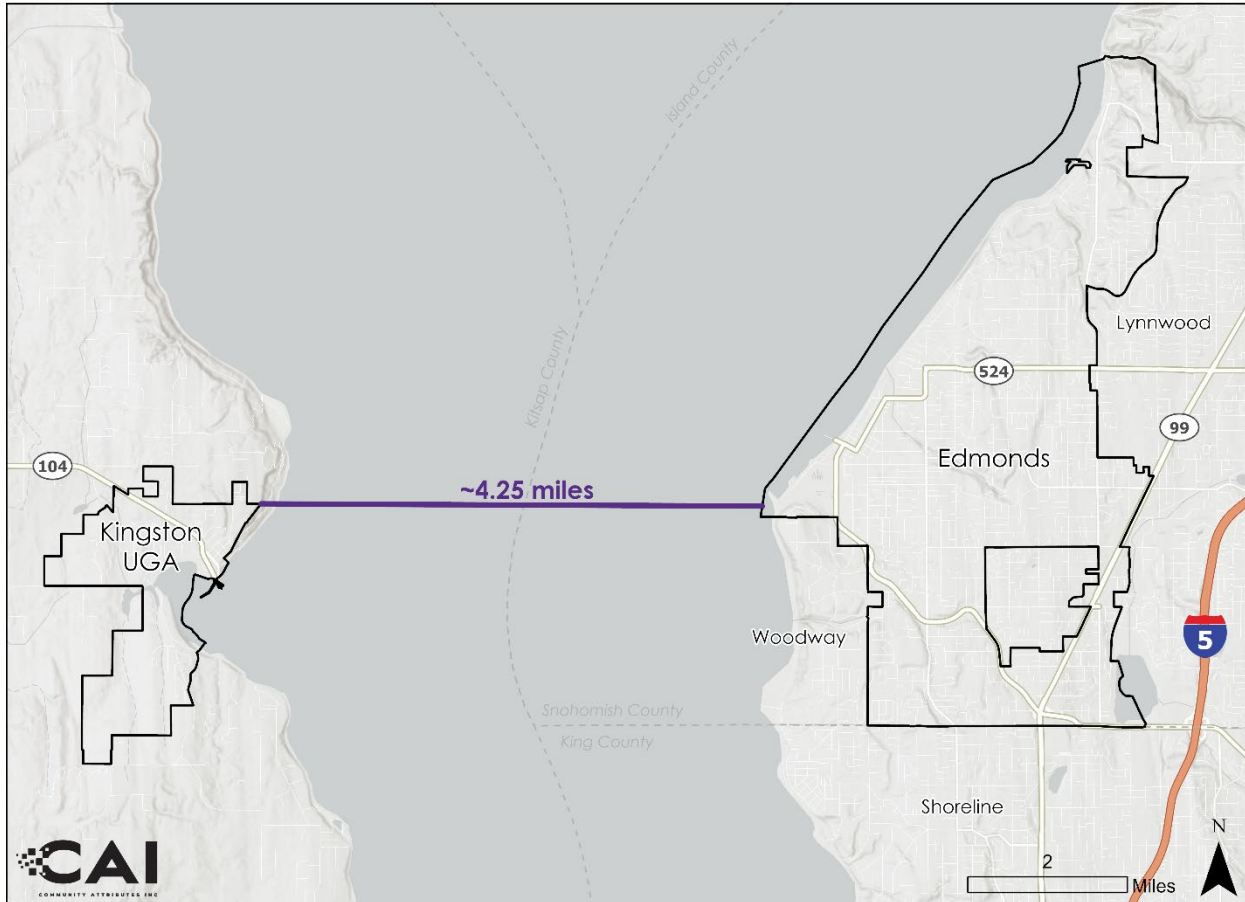
Incorporation Population Thresholds

RCW 35.02.010 states that “no area which lies within five air miles of the boundary of a city having a population of 15,000 or more shall be incorporated which contains less than 3,000 inhabitants.” Under this general rule, the Kingston UGA, at approximately 2,600 residents and located about 4.25 air miles from the City of Edmonds (population 43,500), would not meet the minimum population requirement for incorporation.

However, House Bill 1620 (2023) temporarily modifies this requirement. Through June 30, 2028, areas may incorporate with a minimum population of 1,500 residents, including those located within five air miles of a city with a population of 15,000 or more. As a result, the Kingston UGA is currently eligible for incorporation at its existing population level. After June 30, 2028, the statute is scheduled to revert to the prior requirement of 3,000 residents for areas within five air miles of a qualifying city.

Washington’s incorporation statutes do not appear to provide a separate method for measuring the five-air-mile threshold when water lies between a proposed incorporation area and an existing city. Under RCW 35.02.070, if a proposed incorporation is brought before a county legislative authority, the authority “shall disapprove the proposed incorporation if, without decreasing the area proposed in the petition, it does not conform with RCW 35.02.010.”

Exhibit 16. Kingston UGA to Edmonds City Limits



Sources: Kitsap County, 2026; Washington State Department of Transportation, 2026; Community Attributes Inc., 2026.

Planning Under GMA

As an unincorporated Urban Growth Area Kingston is currently planned and regulated by Kitsap County, with land use decisions administered at the county level pursuant to Washington’s Growth Management Act (GMA). The Urban Growth Area designation serves to determine where urban development is intended to occur over time and to ensure the provision of sufficient land capacity for projected growth.

Should Kingston incorporate as a municipality, planning authority would transfer from Kitsap County to a locally elected city government. As a city, Kingston would assume responsibility for land use regulation within its jurisdictional boundaries, including the adoption of a comprehensive plan and zoning code. Municipal zoning would be used to guide urban development patterns in a manner consistent with required housing allocations and infrastructure capacity.

Under the GMA framework, both counties and cities are required to adopt comprehensive plans and implement zoning regulations that collectively ensure adequate capacity to accommodate projected population and employment growth. While the statute establishes uniform planning obligations, it provides flexibility in implementation. This flexibility underpins the functional distinction between county-administered UGAs and incorporated cities.

At the county level, Urban Growth Areas are regulated through a standardized zoning framework applied across multiple urban and rural contexts. This approach is intended to demonstrate long-term development capacity rather than to facilitate immediate urbanization. In Kingston, existing UGA zoning designations generally allow for residential densities ranging from approximately 9 to 60 dwelling units per acre, depending on the zoning classification. While this framework establishes theoretical development potential, actual achievable densities may be constrained by infrastructure availability, particularly the extent and capacity of sewer service.

By contrast, planning within an incorporated city shifts responsibility to a municipal government operating at a more localized and implementation-focused scale. A city must adopt a comprehensive plan and zoning code that not only provides sufficient land capacity under the GMA, but also actively structures urban form and development patterns. City zoning is typically more detailed and place-specific, reflecting localized planning objectives and conditions.

In addition, incorporated cities are required to more directly integrate land use regulations with infrastructure planning. Zoning decisions must be closely coordinated with the timing and availability of urban services, including water, sewer, transportation, and stormwater systems. As a result, municipal zoning functions not only as a capacity planning tool, but also as an implementation mechanism for urban development consistent with adopted capital facilities planning.

If Kingston were incorporated, anticipated density patterns would likely shift toward a more consistently urbanized structure. While existing county zoning includes allowances for higher-density residential development in limited areas, a city would be expected to more systematically implement these densities across designated growth areas, particularly within a defined town center and along primary corridors. In practice, this means an incorporated Kingston would be expected to accommodate higher residential densities than those currently realized under county governance, where growth management obligations are distributed across the broader unincorporated area rather than concentrated within a single jurisdiction. This would likely result in higher average realized densities over time, with increased

concentration of multifamily development, infill housing, and redevelopment of underutilized parcels, particularly in areas served by or planned for urban infrastructure.

Incorporation would place greater emphasis on housing diversification as a core planning consideration. To comply with state housing planning requirements under the GMA, cities must ensure that zoning regulations allow for a range of housing types and densities, including multifamily housing, accessory dwelling units (ADUs), and other middle-housing forms, where applicable. As a result, city-administered zoning typically supports a more diverse housing stock than is commonly provided under county zoning, particularly in areas transitioning from rural or low-density suburban development patterns toward more urbanized conditions.

CONCLUSION

The analysis evaluates the fiscal landscape of a hypothetical City of Kingston, including potential revenues, expenditures, capital obligations, and planning and land use considerations associated with incorporation. Boundary analysis and comparisons with peer cities were integrated to develop a comprehensive understanding of what incorporation could entail for Kingston.

Surrounding land use patterns and assessed values suggest limited opportunity to expand the revenue base through changes to the UGA boundary without a proportional increase in service costs. Fiscal analysis indicates that a hypothetical City of Kingston would have estimated annual revenues ranging from approximately \$1.01 million to \$4.28 million, depending on the tax structure adopted, while projected expenditures range from roughly \$980,000 to \$4.26 million. The breadth of these ranges reflects the significant policy decisions that would accompany incorporation, particularly those related to law enforcement service delivery and the potential adoption of utility or business and occupation taxes. In addition to operating considerations, an incorporated Kingston would assume responsibility for capital projects and would need to navigate implementing an interlocal arrangement with Kitsap County related to stormwater infrastructure.

Incorporation would also shift planning authority from Kitsap County to a locally elected city government, requiring the adoption of a comprehensive plan and zoning code consistent with state housing requirements. While both counties and cities plan under the Growth Management Act, cities place greater emphasis on higher-density urban development, service provision, and annexation within UGAs. Kingston's current population of approximately 2,600 falls below the 3,000-resident threshold established in

RCW 35.02.010 for areas located within five air miles of a city with more than 15,000 residents. As calculated using GIS from the two closest points of each boundary, Kingston is approximately 4.25 air miles from Edmonds. However, under the temporary provisions of HB 1620, the minimum population requirement is reduced to 1,500 residents through June 30, 2028, making the Kingston UGA currently eligible for incorporation at its existing population. After that date, the 3,000-resident threshold will resume. Based on projected population growth, the Kingston UGA is also expected to exceed the 3,000-resident threshold within the timeframe of the County's 2044 growth plan, supporting long-term eligibility under the reinstated standard.