



Staff Report – Public Hearing for Ordinance 24-020

December 2, 2024 Council Regular Meeting

Public Hearing - Ordinance No. 24-020 Adopting the 2025-2026 Biennial Budget

Presenter: Cathy Huber Nickerson, Finance Director

Time Estimate: 15 minutes

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BACKGROUND: This public hearing is to consider public comments on the 2025-2026 Biennial Budget. Ordinance 24-020 reflects a budget cycle marked by a critical need to address the City’s long-standing structural deficit or face near depletion of the City’s fund balance.

Staff have presented key pieces of the 2025-2026 budget and the underlying funding gap to both City Council and the public at several points throughout the late summer and fall. Those presentations and the feedback received from the Council and the public have culminated in the 2025-2026 Biennial Budget Ordinance 24-020 that is presented here tonight.

The draft capital budget was presented to Council at the Council Workshop on August 19, 2024. The final version was presented at the Council Workshop on November 4, 2024. The Mayor’s Recommended Budget was presented to Council at the Council Workshop on October 7, 2024.

The structural deficit was presented to the community at the Open Houses on October 19, 2024 and November 13, 2024, with the latter also including proposed revenue options. The same revenue options discussed with the community were brought to Council at the Council Workshop on October 21, 2024 and the Council Workshop on November 4, 2024. The revenue options were ultimately voted on by Council at the Council Regular Meeting on November 18, 2024 following appropriate public hearings.

SUMMARY: This budget is stagnant, holding expenses flat despite City growth, with restrictions to limit spending. Mayor Hogan worked with staff to restrict expenses by continuing to hold vacant 16 positions that were added in 2023 but never filled, restructure the City’s General Fund to move IT and facilities into internal service funds with more robust cost recovery models, keep budget increases to only the critical needs for public safety that had been tabled during prior budget cycles, and index costs for inflationary pressures but not population or growth demands.

This budget begins closing the structural deficit by readopting the 2% utility tax, adopting the annual 1% lawful limit property tax levy, increasing the City’s fee structure, and adopting a Transportation Benefit District funded by car tabs and a .1% sales tax. Finally, it addresses critical public safety needs by authorizing a ballot proposition to voters seeking an increase of utility taxes by 4%–for a combined total of 6%–to fund Police needs for staff, equipment, and training.

BENEFITS TO THE COMMUNITY: This budget sees attention given to long-delayed considerations for public safety, including the first hiring of uniformed personnel in nearly two decades (excluding a School Resource Officer in 2020). This is a significant step in ensuring continued public safety in a community that has grown significantly faster than the levels of service provided by the Police Department over the same two decades.

The Capital Budget represents significant investments in utility infrastructure to continue providing high quality utilities to the community, including improvements to the water system to address PFAS and the replacement of aging infrastructure in water, sewer, and storm lines to address needed repairs and/or meet greater demand.

With additional funding from a Transportation Benefit District, the City's Pavement Preservation program will see added investment in repairing and replacing declining and failing roadways. This begins to chip away at a declining pavement condition index that has failed to meet the recommended national standard, leaving roads increasingly costlier to maintain and repair.

The Parks will see the completion of the large Crown Park Improvement project and a partnership to make improvements to Forest Home Park, providing benefits to several areas of the community. As well, the Camas Public Library will see the culmination of a multi-year facility rehabilitation that includes the repurposing of underused spaces to provide new learning hubs for all ages.

POTENTIAL CHALLENGES: Budgeting is prepared with the best data available to staff at a point in time coupled with economic predictors, which is then monitored through the biennium. As conditions change or unforeseen situation arise, the funding that was forecast and the expenses it funds can be impacted unexpectedly. In those situations, staff may return to Council with budget amendments during the Spring and the Fall in omnibus packages.

The budget addition for public safety is entirely contingent upon approval of a 4% utility tax increase by voters. If the voters reject this utility tax ballot measure, there are currently no other resources available to fund the public safety needs that have been identified as critical.

A ballot measure before the voters for the formation of a regional fire authority in Camas and Washougal is still many months away. This represents a considerable unknown in the biennium.

BUDGET IMPACT: The 2025-2026 Biennial Budget represents \$322 million in appropriations, funded by \$284 million in revenues and the use of \$38 million of fund balance. Following the approval of the proposed funding options at the November 18, 2024 Council Regular Meeting, the City currently has the resources to support these budget appropriations.

RECOMMENDATION: Staff recommends the City Council move to open a public hearing to consider public comments on the 2025-2026 Biennial Budget followed by a motion to adopt Ordinance No. 24-020.