PUBLIC NOTICE – SPECIAL MEETING
CLALLAM COUNTY BOARD OF COMMISSIONERS

PUBLIC NOTICE

Pursuant to RCW 42.30.080, the Board of Commissioners will be holding a Budget Meetings at 1 p.m. and 5 p.m. on Tuesday, July 29, 2025 in the Commissioner's Board Room, 223 East 4th Street, Port Angeles, Room 160.

- The purpose of the special meeting is to discuss the 2026 Clallam County Budget.

Board of Clallam County Commissioner meetings will be available virtually at:

If you would like to participate in the meeting via Zoom audio only, call 253-215-8782 and use meeting ID: 836 9266 4344 and passcode: 12345 and use *9 to raise your hand.

If you would like to participate in the meeting via Zoom video conference, visit https://us06web.zoom.us/j/83692664344 and use meeting ID: 836 9266 4344 and passcode: 12345

This meeting can be viewed on a live stream at this link:
https://clallamcountywa.gov/meetings

Public comment can be directed to the Clerk of the Board at 360-417-2256 or
Loni.Gores@clallamcountywa.gov

AGENDA ITEM SUMMARY

(Must be submitted NLT 3PM Wednesday for next week agenda)

Department: Board of County Commissioners

BUDGET MEETING ☒ Date: July 29, 2025 – 5 p.m.

Required originals approved and attached? ☐
Will be provided on:

Item summary:

☐ Call for Hearing ☐ Contract/Agreement/MOU - Contract #

☐ Resolution ☐ Proclamation ☐ Budget Item

☐ Draft Ordinance ☐ Final Ordinance ☒ Other - Discussion of Options

Documents exempt from public disclosure attached: ☐

Executive summary:
This meeting is the third in a series of discussions regarding the Clallam County budget and foundational data to be used in the formulation of the 2026 General Fund Budget (the first information presented during the Work Session on 7/28/2025 and a second presentation made during the BOCC Regular Meeting on 7/29/2025). In this discussion, County Staff will present information regarding potential options to align revenues and expenditures for the development of the 2026 Budget. Information will include past approaches to align revenue and expenditures, potential reductions in expenditures, and potential revenue options available to counties.

Budgetary impact: (Is there a monetary impact? If so, are funds for this already allocated or is a budget change necessary? If this is a contract and a budget change is necessary, the budget change form must be submitted with the item at work session and for the regular agenda) **If a budget action is required, has it been submitted and a copy attached?** ☐
No budget impact for the 2025 General Fund Budget.

Recommended action: (Does the Board need to act? If so, what is the department's recommendation?)
Discussion and Q&A of County Finance Staff, Elected Officials, and Department Heads.

County Official signature & print name: Todd Mielke Todd Mielke

Name of Employee/Stakeholder attending meeting: Todd Mielke, Finance Staff

Relevant Departments: All County Departments

Date submitted: July 24, 2025

Added after agenda packet was posted on 7-29-25
5 p.m. Budget Disucssion

Potential 2026 Budget Options

Clallam County General Fund

July 29, 2025

3-Year GF Budget Projection

(From 3-year Revenue & Expenditure Projections Presentation on 7/29)

2026 Projection	2027 Projection	2028 Projection
-3,877,800	-6,664,462	-8,217,652

Review of Past Budget Cuts

- 2024 Budget Year
  - Deferred 7 vacant staff positions within the General Fund
- 2025
  - $4.2 million projected shortfall
  - 7% Exercise
    - Requested every dept to reduce expenditures, ID more revenue, or a combination thereof
    - 18 groups brought recommendations to their budget meetings
    - Eliminated 8 positions in GF
  - Adopted a balanced budget, as is required by Clallam County Charter

The projected shortfall for 2026 is very similar to the projected shortfall for 2025 – approximately $4 million.

This would indicate seeking a similar reduction in expenditures from each department as in 2025 – 7 percent. But…

7% Exercise – Goal Not Met

- Departments who were not able meet the 7% threshold:
  - Assessor
  - District Court II
  - Public Works (7% based on dependence on General Fund)
  - Superior Court
  - WSU Extension
- Unable to meet due to a variety of reasons, mainly due to a minimal level of staffing.

7% Exercise – Increased Revenues

- Departments who met the 7% exercise mainly through increased revenues:
  - Sheriff
  - Department of Community Development
  - Juvenile Services
  - Health & Human Services
- These departments could be revisited to evaluate potential expenditure cuts

2025 Adopted General Fund Employees by Department

- Assessor – 17.75
- Auditor – 15.25
- Clerk – 11.5
- Commissioners/NonDept – 14.8 (BOCC – 6.4, BOE – .4, Recompete – 3, & NonDepartmental (payroll & finance– 5)
- Community Development – 24.1
- Coroner – 2
- District Court I – 9.7 (Judge + 8.7)
- District Court II – 3 (Judge + 2)
- Geographic Information System – 3
- Health & Human Services – 17.78
- Human Resources – 3.1
- Information Technology – 10
- Juvenile Services – 33.63
- Parks & Facilities – 20.54
- Fair – 2.54
- Prosecutor – 24
- Sheriff – 103.85
- Superior Court – 9.25 (3 Judges + 1 Court Commissioner + 5.25)
- Treasurer – 6.8
- WSU Extension – .5
- Total General Fund FTE's – 333.09

- Discussion of impacts to the public if Departments had to experience another reduction, similar to last year’s amount

Potential Expenditure Adjustments to General Fund

Potential Expenditure Reductions

- No 2026 Departmental Requests or new Capital Requests approved
- Mandated vs. non-Mandated Services
  - Parks
  - Patrol
  - Fair
  - Some other departments, while mandated, might have programs that are not mandated
- Outside Agency Support (excluding WSU Extension)
  - Dues/Mandated Support - $129,428
  - Conservation District - $60,000
  - North Olympic Library System - $1,000

Potential Expenditure Reductions, cont.

- Eliminate non-Mandated General Fund support of other funds
  - Veteran’s Relief
  - Health & Human Services – Operations
    - Including Harm Reduction Center & Women Infant Children (WIC)
  - Public Works funds
    - Flood Control
    - Clallam Bay Sekiu Sewer
    - Carlsborg Sewer
    - Solid Waste
  - Sheriff – Honor Guard
  - Treasurer – Land Assessment

Potential Expenditure Reductions, cont.

- Consolidation of Functions
  - Clinical Services
- Review of Grants that aren't mandated, core County functions
  - Community Prevention Wellness Initiative (CPWI)
- Discontinue support of WSU Extension Office
- Requiring negotiations with Bargaining Units*:
  - Salary Freeze
  - Furloughs
  - Reduction in benefits

*Unknown timeline for implementation

Potential General Fund Reserve Increases

Note: These are <u>one-time</u> options – not ongoing

- Claw back General Fund working capital transfers from any potential funds (i.e. Dungeness Off-Channel Reservoir, Bullman Beach, Clallam Bay Sekiu Sewer, etc.)
- REET swap for General Fund prior payments for Joint Public Safety Facility

Potential Revenue Adjustments to General Fund

Property Tax vs. Sales Tax

Property Tax

- Each add'l 10 cents of levy rate generates approx. $1.7M
- Paid by residents of County
- Each add'l 10 cents of levy rate costs the owner of a $500k home an add'l $50 per year
- Relatively stable

Sales Tax

- Each 1/10 of 1% = $2.1M
- Paid by residents & visitors
- 3.7M visitors to county each year, but what do they buy?
- Does not apply to food
- Reflective of economy

Sales Taxes
Not Currently Utilized by County

- **Public Safety Sales Tax** – Up to 3/10th of 1%. 60% retained by County. Remaining 40% distributed to cities based on population. Requires a public vote. Utilized by 6 of 11 Mid-sized counties (at 3/10th). Desire to use in future to rebuild jail/criminal justice center.

- **[NEW] Criminal Justice/Public Safety Sales Tax** – HB 2015. Up to 1/10th of 1%. Sheriff's Office must meet certain training criteria of the Criminal Justice Training Commission for staff training. Clallam County does not currently meet criteria. Will take months to reach threshold. Can be implemented councilmanically through 6/30/2028.

Property Taxes in Clallam County

Without voter approval, jurisdictions are allowed to collect 101% more in total than what they collected in the previous year. For Clallam County, that 1% equated to $123,566 for a General Fund Budget of $56,589,541.

Maximum Allowable Levy Rate	$1.80000 per $1,000
2015 Levy Rate	$1.44345 per $1,000
2024 Levy Rate	$0.77097 per $1,000
2025 Levy Rate	$0.7598 per $1,000

Single year levy lid lifts

- May be voted at a General Election or a Special Election
- Require voter approval of a simple majority
- Must be levied within 12 months of voter approval
- Increase the district's highest lawful levy above statutory levy limitation for the first year of the lid lift
- Levy capacity increase is temporary unless the ballot specifically states the resulting levy will be used in the following years levy limit calculations.

Multiple year levy lid lifts

- May only be voted at a Primary Election or General Election.
- Require voter approval of a simple majority.
- Must be levied within 12 months of voter approval.
- Increase the district's highest lawful levy above statutory levy limitation and establish a limit factor in each of a maximum of 6 subsequent years.
- Levy capacity increase is temporary unless the ballot specifically states the resulting levy will be used for future levy limit calculations.

Modeled Revenue Adjustments to General Fund

Budget Implications for 4 Scenarios

	2026 Projection	2027 Projection	2028 Projection
Projected Funding Gap	-3,877,800	-6,664,462	-8,218,652
New Criminal Justice 1/10 (effective 7/1/2026)	$1,071,473	$2,196,519	$2,251,432
Levy Lid Lift to $1.05 (1/1/26), 3% escalator, + New Criminal Justice 1/10th (1/1/27)	$5,498,657	$8,160,548	$8,702,207
Levy Lid Lift to $1.05, No escalator	$5,498,657	$5,597,434	$5,697,136
Levy Lid Lift to $1.05, Annual CPI escalator	$5,498,657	$5,964,030	$6,450,775

Summary of Options

- Focus on reductions in current GF programs (equivalent of 40+ FTE's).
- Fund shortfall from Reserves
- Implementation of Levy lift
- Implementation of new Sales Tax
- Any combination of the above

QUESTIONS