



2025-2026 Recommended Budget: Capital and Ordinances

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Agenda

- Overview of the 2025-26 City Manager's Recommended
 - Capital Budget Highlights
 - Budget Ordinances
 - Next Steps



Budget Process



2025-2026 City Manager's Recommended Budget

Recommended Budget: \$2.1 billion

Operating Budget
\$1.5 billion

Capital Budget
\$0.6 billion

General, Street,
Fire Funds
\$769 million

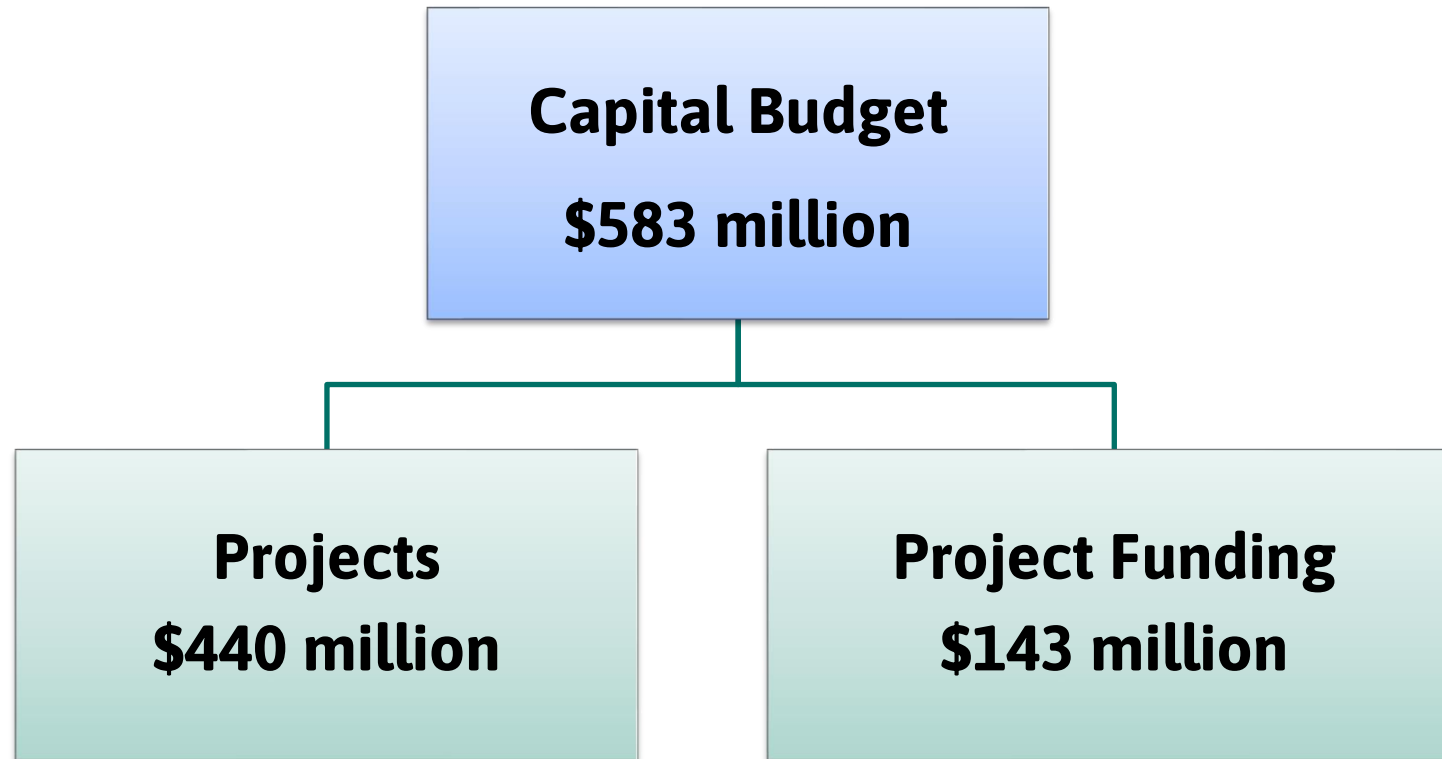
All Other
Operating Funds
\$763 million

Capital Projects
\$440 million

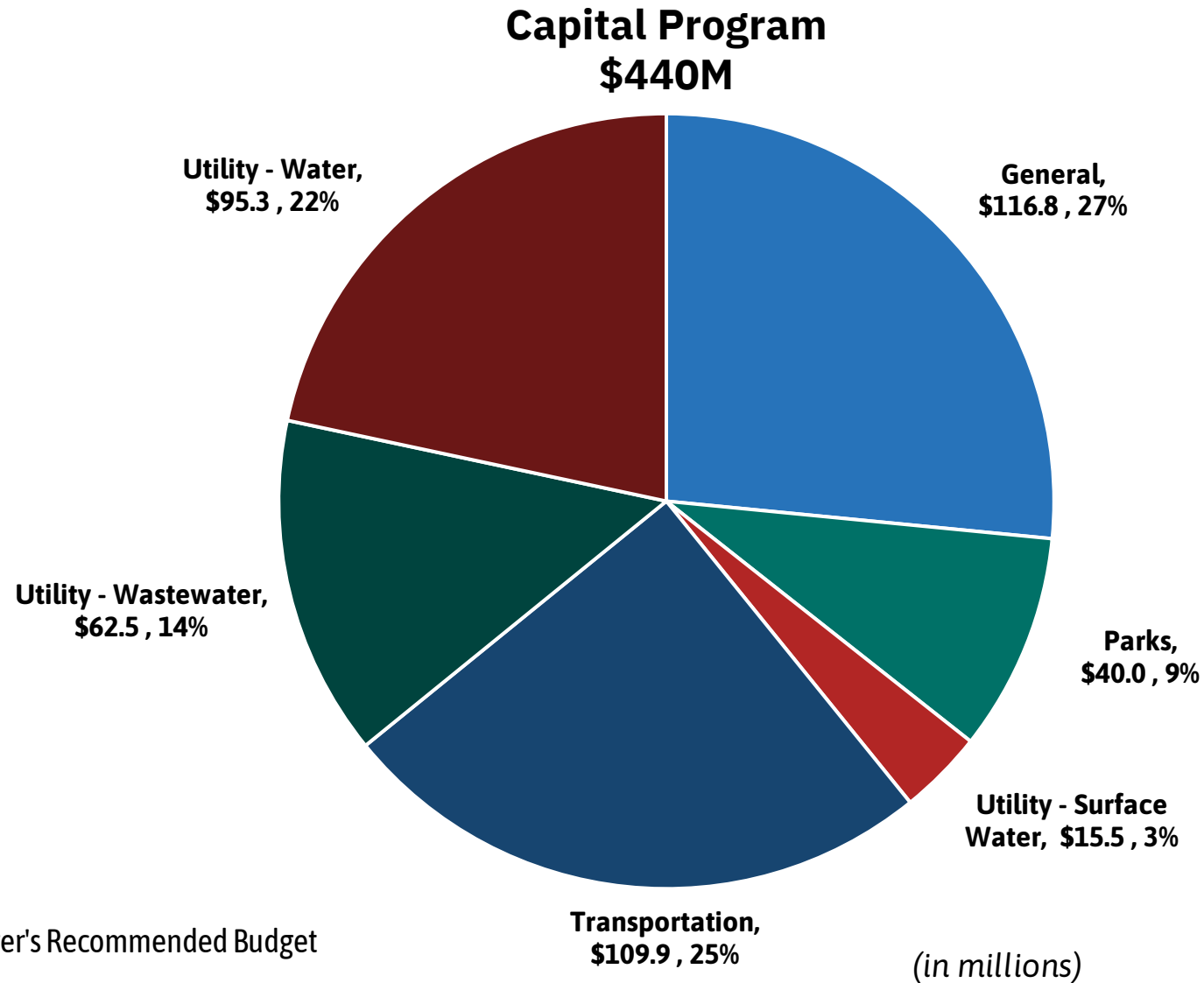
Funding
Transfers
\$143 million



2025-2026 City Manager's Recommended Capital Budget

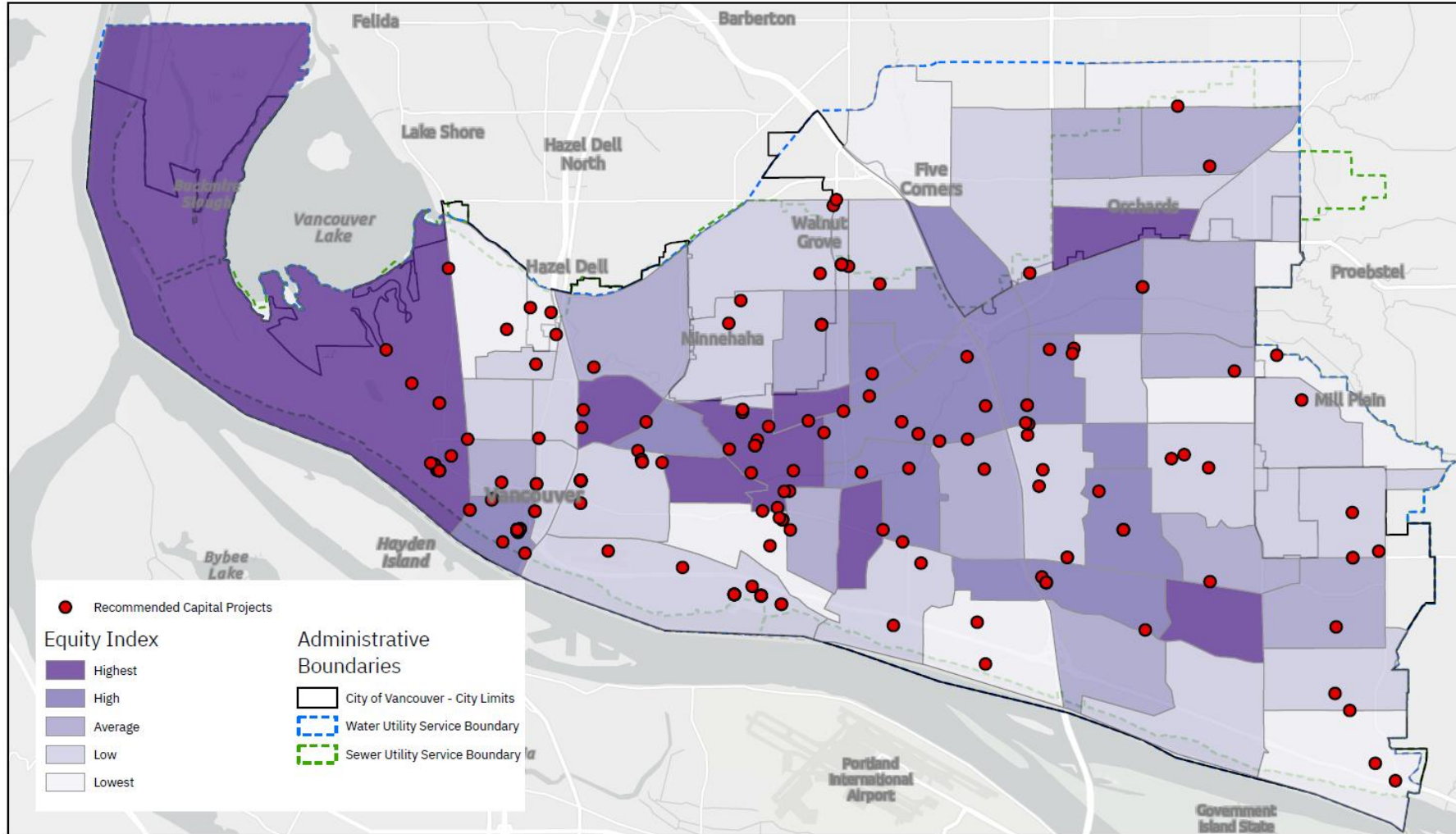


2025-2026 City Manager's Recommended Capital Budget



2025-2026 City Manager's Recommended Budget

Capital





Capital Budget: General - \$116.8M

- Operations Center Campus Replacement \$36.1M
- Police Headquarters \$20.0M
- 521 Chkalov Drive Property Remodel \$15.0M
- Fire Station 8 Remodel \$11.4M
- Bridge Shelter Design and Construction \$9.5M
- Arts Hub Design & New Roof \$6.5M
- Waterfront Gateway Modification \$5.2M
- Fire Stations 3 and 6 Design \$4.0M
- Firstenburg Solar Project (Local Match) \$0.4M



Capital Budget: Parks - \$40.0M

- Waterfront Gateway Plaza \$5.5M
- Grand Loop Plaza \$5.4M
- Heights Civic Plaza \$5.3M
- Bagley Community Park Dev. (ARPA) \$5.3M
- Trails Connector Program \$4.0M
- District 4 Park Acquisition \$4.0M
- Oakbrook Park Development \$2.7M
- Vancouver Innovation Center (VIC) Land Acquisition \$2.1M
- 4-6 Playground Replacements & adding features for pre-teens and teens \$2.0M
- Fourth Plain for All - 3 Playground Replacements (ARPA) \$2.0M



Capital Budget: Streets - \$109.9M

- Grand Loop Infrastructure Improvements (Heights) \$21.8M
- 137th Ave Corridor - 49th to Fourth Plain \$16.0M
- Main Street - 5th to 15th (ARPA) \$15.9M
- NE 18th St - 97th Ave to 107th Ave \$11.0M
- Safety & Mobility Complete Street Projects \$7.6M
- Mill Plain/MacArthur Intersection Improvements \$6.5M
- Safe Routes For All Projects \$5.8M
- Jefferson St - Evergreen to Mill Plain \$5.5M
- NE 184th Avenue - SE 1st Street to NE 4th Street \$3.5M
- Evergreen Trail - Chelsea to Image \$2.8M
- SE 1st Street - 177th Ave to 192nd Ave \$2.0M



Capital Budget: Surface Water - \$15.5M

- Fruit Valley Neighborhood Storm Retrofit \$3.6M
- Columbia Slope Culvert - Mill Creek \$3.2M
- W 22nd St & Thompson \$2.3M
- Columbia Way to Columbia River Retrofits \$1.4M
- Downtown Capacity Analysis and Upgrade \$0.9M





Capital Budget: Wastewater - \$62.5M

- Marine Park Phase 2A \$5.5M
- E-Interceptor Rehab Phase 3 \$5.2M
- Capital Preservation and Compliance \$5.0M
- Capital Preservation - Collection Improvements \$4.7M
- IR - Interceptor Rehabilitation \$4.0M
- Demand Response - SCIP \$3.4M
- Section 30 South Pump Station \$3.0M
- Marine Park Bar Screens Upgrade \$2.6M
- Westside Equipment and Parts Storage Building \$2.0M
- 18th Street Trunk Rehabilitation Project \$2.0M





Capital Budget: Water - \$95.3M

- Operations Center Redevelopment \$52.2M
- Water Station 14 Polyfluoroalkyl Substances (PFAS) Treatment System \$10.0M
- Ellsworth Well 1 Replacement \$5.4M
- Burton Road Transmission Main (T-34) \$3.9M
- Burlington Northern Santa Fe 4th Plain Crossing (T-3) \$2.7M
- Water Station 3 Reservoir/Tower/Booster Replace/Hypo \$2.5M
- 99 St to 152 Ave & Padden to Ward Rd Transmission Main (T-33) \$2.4M
- Heights District Redevelopment \$2.0M



New/Expanded Funding Sources for Capital

- Request TBD to implement an additional \$10 license fee for Transportation (bringing the total to \$50/year/vehicle)
- Commercial Parking Tax (Transportation)
- Admissions Tax (both, operating and capital)
- B&O on Retailing (operating and capital)
- Lodging Tax: New \$800K per year dedicated to invest into eligible capital projects, as allocated by the Lodging Tax Advisory Committee
- New Culture and Arts Sales Tax: 90% dedicated to Capital investment into eligible Arts and Culture facilities
- Expanded BLS (fees increased annually through 2030, per VMC)
- PIFs (fees increased annually through 2026, per VMC)





Budget Ordinances



Budget Ordinances

- 2025-26 Budget Ordinance and Financial Policies Resolution
- Property Tax Ordinances
 - Recommend a 1% increase for 2025
- Utility Rate increase ordinances:
 - 6% annual increase, weighted
 - Change the basis to all gross revenues
- Special license fees adjusted for inflationary pressures
- Credit card company fees are to be passed to consumers



Budget Ordinances *(continued)*

- Fire Marshal's fees, land use and other fee updates
- New Taxes
 - Cable utility excise tax - 6%
 - Commercial parking tax - \$0.15 per transaction in lots and \$0.20 for street
 - Admissions Tax on Movie Theatres (w/ more than two screens) – 5%
 - B&O Tax \$0.001/\$1,000 on Retailing
 - Cultural Access Sales Tax 1/10 of 1%
- Recommend to TBD: to increase license fee by \$10 effective 7/1/25



Property Tax Ordinances

- **1% Inflationary Increase:**

- WA State law allows for an annual property tax levy increase of the lower implicit price deflator (IPD) or 1%, whichever is lower
- Preliminary estimate of the City of Vancouver assessed value citywide: \$37.9B, increase is 3.9%, inclusive of new construction
- Estimated 2025 levy rate (inclusive of Proposition 2 levy lid increase) will decline from \$2.09/\$1,000 AV to between \$2.03/\$1,000 AV and \$1.98/\$1,000



Property Tax Ordinances *(continued)*

- **Affordable Housing Property Tax:**

- Proposition 3 - Approved by voters for 2024-2033
- \$10 million annually
- Separate ordinance for 0% increase in 2025, since levy is set at the dollar amount
- Rate will slightly decline from \$0.27/\$1,000

- **Ad Valorem:**

- Part of the standard requirement for annual property tax ordinances
- Confirms the City is relying on property taxes to fund its services



City-Owned Utility Rate/Tax Ordinances

- Blended 6% annual rate increase to incorporate inflationary cost increases and increased capital program:
 - Water Utility – 4.5% per year
 - Wastewater Utility – 6% per year
 - Surface Water Utility – 8% per year
 - Solid Waste Utility - already approved
- Tiered Rate (Water) structure implemented
- Basis of Utility Taxes updated to Gross Revenues



Proposed bimonthly utility rate increases (16 CCF inside City)

Utility	2024 Rates* (no Tiers)	2025 Rates* (with Tiers)	2025 Difference
Water = 4.5% increase Tier 1 (0-11 CCF**) = \$2.80/CCF Tier 2 (12-22 CCF) = \$3.25/CCF Tier 3 (23+ CCF) = \$4.75/CCF	\$71.78	Base rate = \$23.02 + 11 CCF @ \$2.80/CCF + 5 CCF @ \$3.25/CCF = <u>Total \$70.07</u>	\$-1.71
Sewer = 6% increase	\$110.72	\$117.44	\$6.72
Storm = 8% increase	\$30.34	\$32.76	\$2.42
Combined = 3.5% increase	\$212.84	\$220.27	\$7.43

*rates for two months for a typical single-family residence within the City limits (16 CCF)

**CCF = 100 cubic feet of water = 748 gallons



Proposed bimonthly utility rate increases (30 CCF inside City)

Utility	2024 Rates* (no Tiers)	2025 Rates* (with Tiers)	2025 Difference
Water = 4.5% increase Tier 1 (0-11 CCF**) = \$2.80/CCF Tier 2 (12-22 CCF) = \$3.25/CCF Tier 3 (23+ CCF) = \$4.75/CCF	\$115.32	Base rate = \$23.02 + 11 CCF @ \$2.80/CCF + 11 CCF @ \$3.25/CCF + 8 CCF @ \$4.75/CCF = Total \$127.57	\$12.25
Sewer = 6% increase	\$207.60	\$220.20	\$12.60
Storm = 8% increase	\$30.34	\$32.76	\$2.42
Combined = 7.7% increase	\$353.26	\$380.53	\$27.27

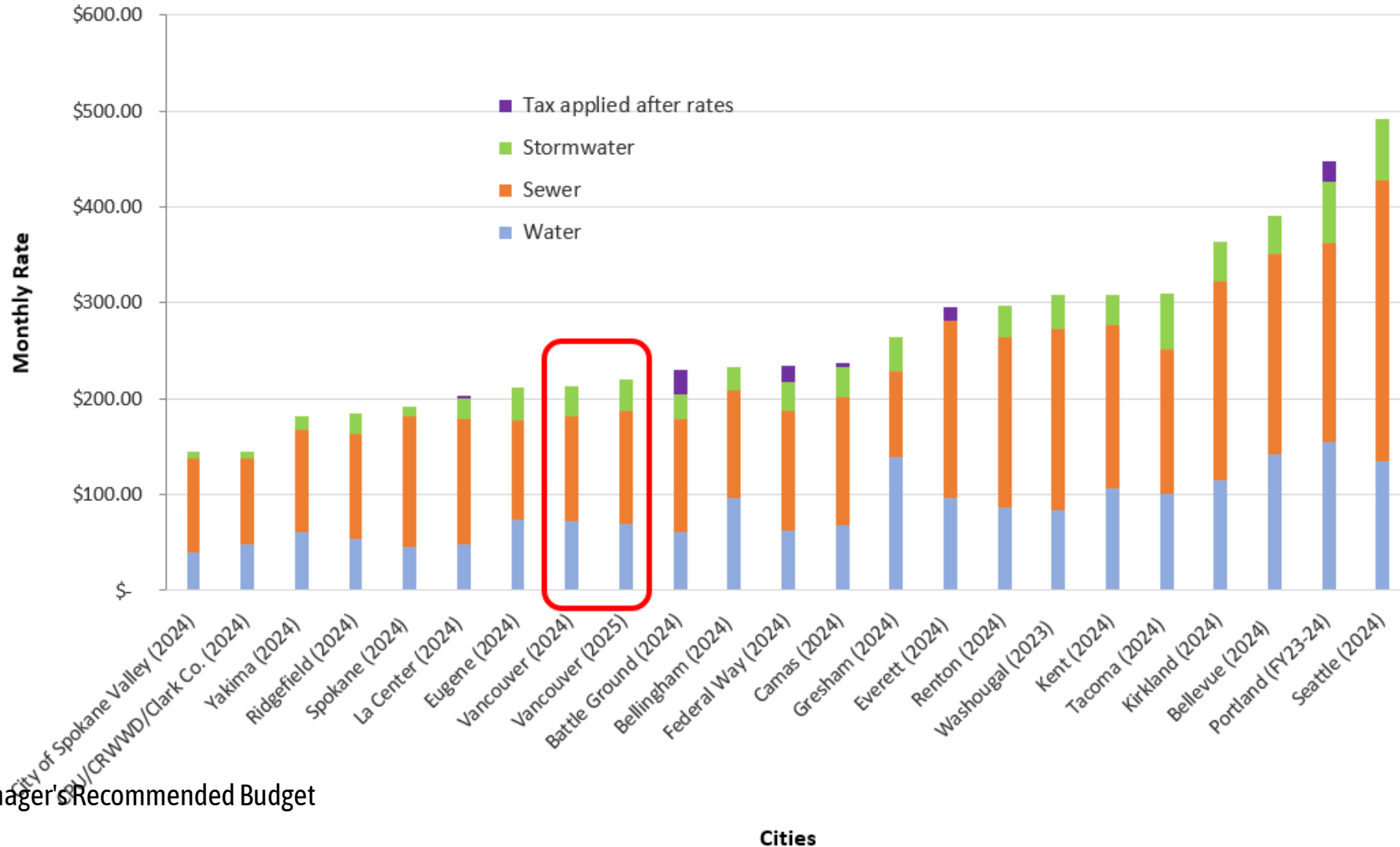
*rates for two months for a typical single-family residence within the City limits (30 CCF)

**CCF = 100 cubic feet of water = 748 gallons



Utility rate comparisons (inside City)

Single family bimonthly rate comparison (16 CCF)



Special License Fee Update

<u>VMC Chapter</u>	<u>Activity</u>	<u>Proposed Fee</u>	<u>Basis</u>	<u># Licenses - per full year --</u>		<u>Last updated</u>
				<u>2023</u>	<u>Current Fee</u>	
5.18.040	Carnivals and Travelling Shows	\$150	Per day	3	\$75	1973
5.34.040	Vending Vehicle	\$50	Per year	4	\$25	2012
5.38.010	Bill Posting and Distribution of Handbills	\$20	Per quarter	0	\$10	1969
5.46.070	Secondhand Dealer	\$200	Per year	15	\$100	1992
5.48.020	Pawnbroker	\$800	Per two years	3	\$400	1996
5.50.060	Peddlers, Solicitors and Canvassers	\$70	Per year	14	\$35	1974
5.50.060	Peddlers, Solicitors and Canvassers	\$50	July-Dec	2	\$25	1974
5.54.010	Motion Picture Shows and Theaters	\$300	Per year <500 capacity	0	\$150	1969
		\$400	Per year 500-1000 capacity	0	\$200	1969
		\$500	Per year 1000-1500 capacity	3	\$250	1969
5.62.020	Collection of Recyclable Materials	\$100	Per Vehicle per year	24	\$50	1995
5.76.225	Taxi	\$400	Per year	3	\$200	2015
5.85.100	Ambulance Services	\$400	Per year	2	\$200	2014
5.86.100	Tow Truck Service Operator	\$50	Per year	14	\$25	1984
5.86.100	Tow Truck Operator	\$20	Per year	35	\$10	1984

Special licenses will be updated by CPI-U annually going forward



Fire Marshal's Fees Update Ordinance

- Effective Date 1/1/2025
- Updated Fees
 - Smoke Control Systems
 - Flammable/Comb Tank Demo
- New Fees
 - Special Hazard Review
 - Emergency Responder Radio
 - Technical Assistance Fire Review
 - Opportunity Expedited Fire Plan Review
- Realignment with the 2021 International Fire Code
- Consolidating VFD's development review standards and Title 16 into one



Credit Card Fees Ordinance

- Effective 1/1/2025
- Annual Revenue ~\$1.2 mil
- Pass to customers the 2-4% transaction fees on credit/debit cards used by consumers to pay for city services
- Will be implemented city-wide for all city services
- There will be an option to avoid the fee by paying with cash or checks.



NEW – Cable Utility Excise Tax – 6%

- Effective date - 1/1/2025
- Annual Revenue ~\$1.9 Mil
- Rate 6%
- General fund operating support – unrestricted
- Impacts to cable providers; ultimate impact to subscribers



NEW: Commercial Parking Tax (capital)

- Effective date: 1/1/2026
- Annual Revenue ~\$500K
- Dedicated to supporting Transportation investments
- Will apply to short-term public and private parking
- Rate:
 - \$0.15 charge per transaction in parking lots
 - \$0.20 charge per transaction on street



NEW – Admissions Tax 5%

- Effective Date 1/1/2025
- Annual Revenue \$400K
- Rate 5%
- Applies to movie theatres with more than one screen
- Supports:
 - Arts Hub design and operating
 - Advancing Performing Arts Center feasibility



NEW – B&O Tax \$0.001 on Retailing

- Effective Date 1/1/2026
- Annual Revenue \$7.1 Mil
- Rate on Retailing Sector \$0.001 (\$1 per \$1,000)
- “Retailing” means the activity of engaging in making sales at retail
- Dedicated to the construction and operations of the future new 150-bed homeless bridge shelter
- ~\$200k annual administrative costs
- Follows the Model B&O ordinance developed by AWC and consistent with requirements as stated in RCW 35.102.040



NEW Tax – Arts and Culture Sales Tax

- Effective Date 1/1/2026
(7 year duration)
- Annual Revenue \$7.1 Million
- 0.1% Sales Tax in Vancouver city limits
- Supports:
 - Student access to culture and arts (5%)
 - Expanded Culture Grants program (\$325K per year)
 - Capital investment in new cultural facilities in the Vancouver Arts District



Discussion

- Any Council Changes to the Recommended Budget?





Next Steps

- City Manager's Recommended Budget:
 - Published – Sept. 30
 - Budget Overview Workshop – Oct. 7
 - Operating Workshop – Oct. 14
 - **Capital & Ordinances – Oct. 28**
 - **First Reading – Nov. 4**
 - **Public Hearing & Adoption– Nov. 18**



Upcoming Actions

- November 4, 2024
 - First Reading of the 2025-2026 Budget and Supporting Ordinances
- November 18, 2024
 - Public Hearing on the 2025-26 Budget and Supporting Ordinances
 - Budget Ordinance
 - Property Tax Ordinances
 - Utility Rate Increase
 - Admissions Tax
 - Business & Occupation Tax
 - Credit Card Fees
 - Commercial Parking Tax
 - Cable Excise Tax
 - Cultural Access Sales Tax
 - Special fee inflationary increases
 - Resolution on Financial Policies
 - Fire Marshal's Fees



Thank You



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