

September 3, 2024

Whatcom County Public Works Road Fund Health



Whatcom County Public Works

Agenda

- Road Fund Overview*
- Road Fund Balance
- 2025-2026 Biennial Budget Cuts
 - » Operating
 - » Capital
- Proposed Strategy and Policy Options
- Discussion/Questions

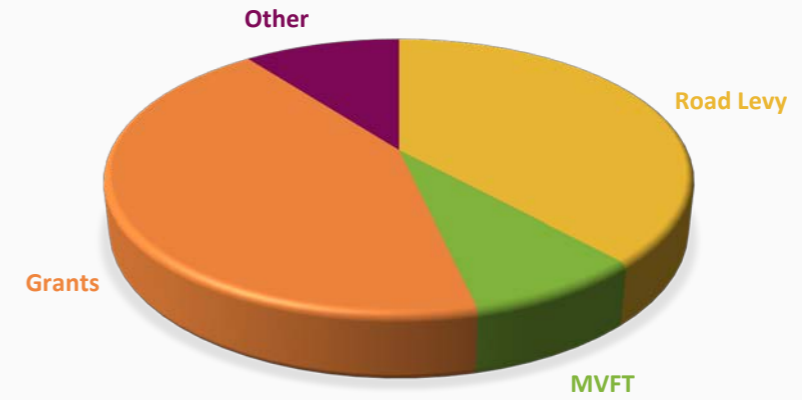
*does NOT include the ferry replacement project



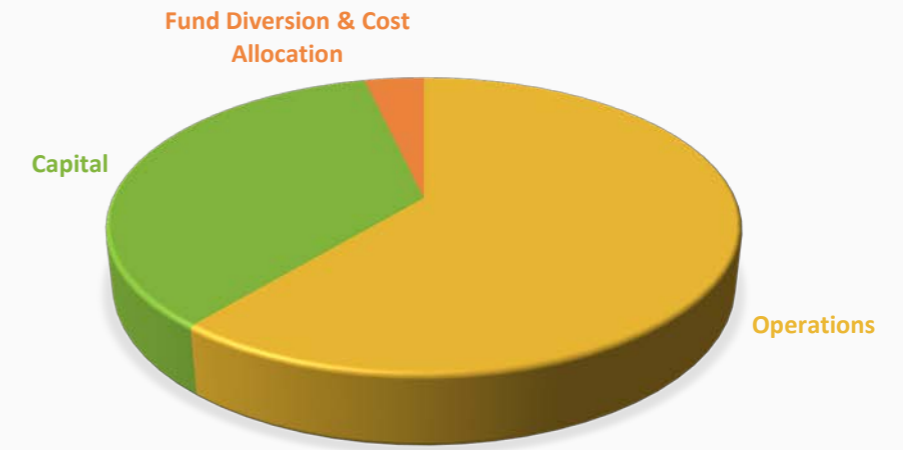
2024 Road Fund Overview

- Annual Revenue (\$53.2M)
 - » Road Levy
 - » Motor Vehicle Fuel Tax
 - » Grants
 - » Other
- Annual Expenses (\$49.6M)
 - » Operations
 - » Capital
 - » Fund Diversion & Cost Allocation

2024 ROAD FUND REVENUES



2024 ROAD FUND EXPENSES

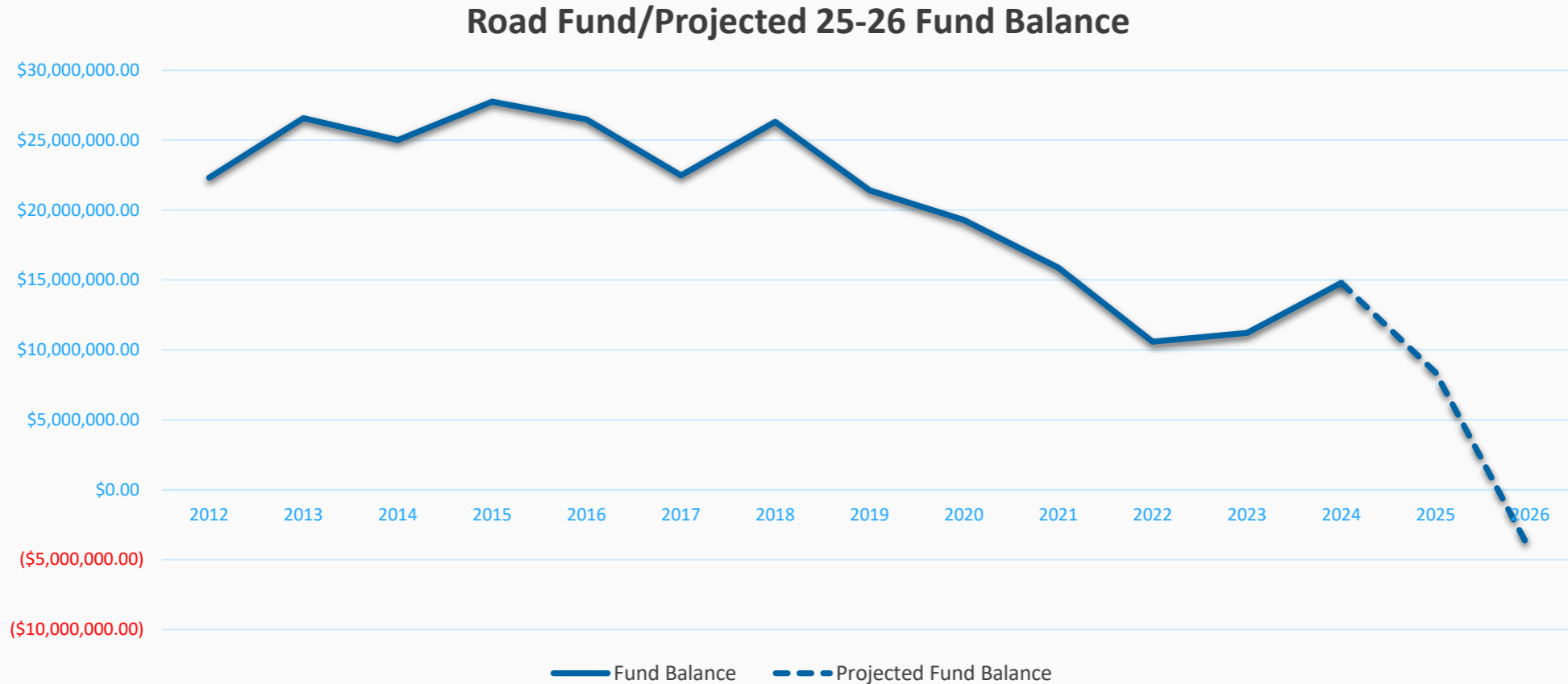


Structural Budget Imbalance

	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Amended Budget
Beginning Fund Balance	26.3 M	21.4 M	19.3 M	15.9 M	10.6 M	11.2 M
Annual Revenue	44.8 M	47.0 M	45.7 M	45.7 M	45.8 M	53.2 M
Annual Expense	(49.7 M)	(49.1 M)	(49.1 M)	(50.1 M)	(45.2 M)	(49.6M)
Projected surplus (deficit)	(4.9 M)	(2.1 M)	(3.4 M)	(5.3 M)	0.6 M	3.6 M
Ending Fund Balance	21.4 M	19.3M	15.9 M	10.6 M	11.2 M	14.8 M



Road Fund Balance



The County Road Fund is structurally imbalanced, where annual revenues are not keeping pace with annual expenses from the road fund, requiring regular reliance on the fund balance.



Why the Decline in RF Balance

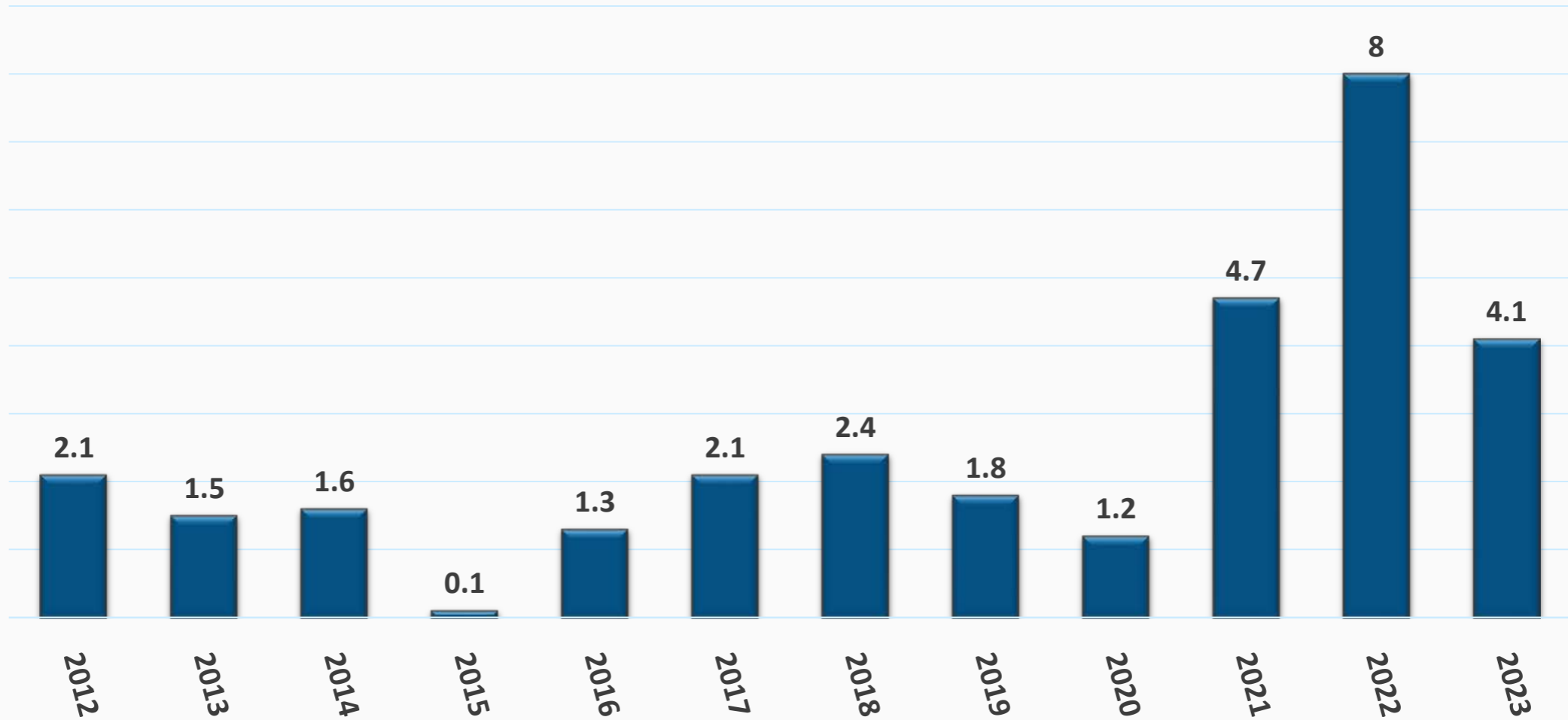
- Consistent Aggressive Capital Spending
- Inflation on All Expenses
- Wage Increases
- New Lines of Business
- Other



US Annual Inflation Rates

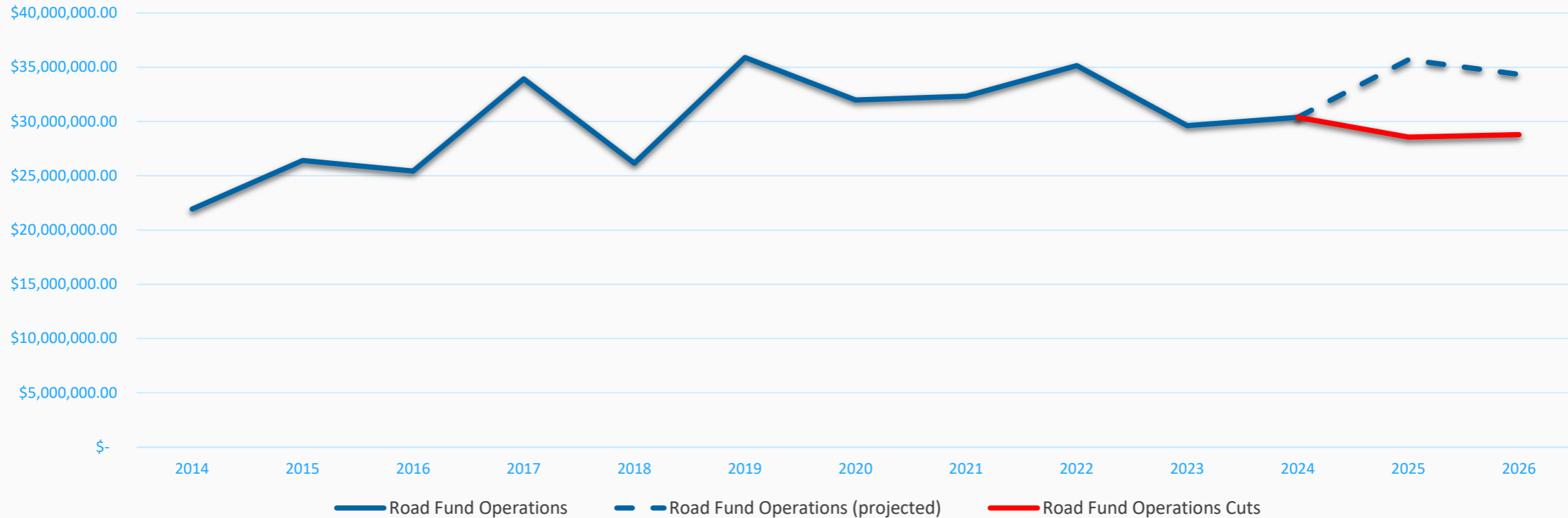
US Annual Inflation Rates (%)

<https://www.usinflationcalculator.com/inflation/historical-inflation-rates/>



Operating Budget

Road Fund Operating Expenses

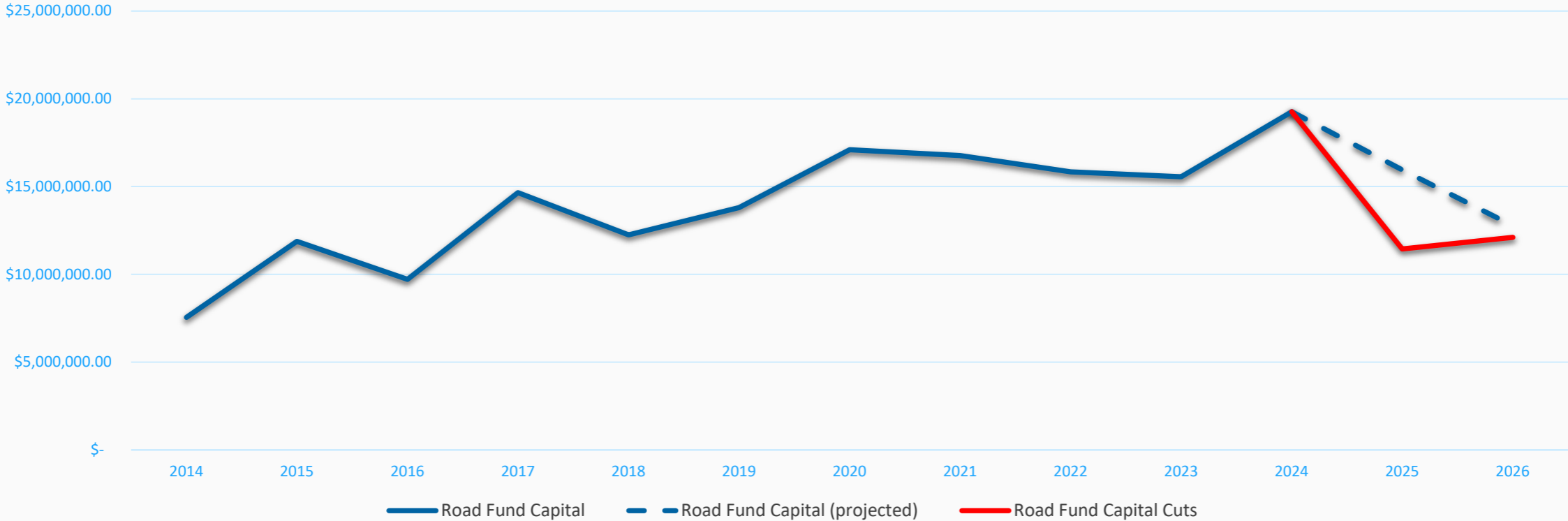


To address the structural imbalance, without additional revenue, reductions to operating expenses are necessary. This graph illustrates that in 2025-2026 a 18% reduction in operating expenses is proposed.



Capital Cuts

Road Fund Capital Expenses

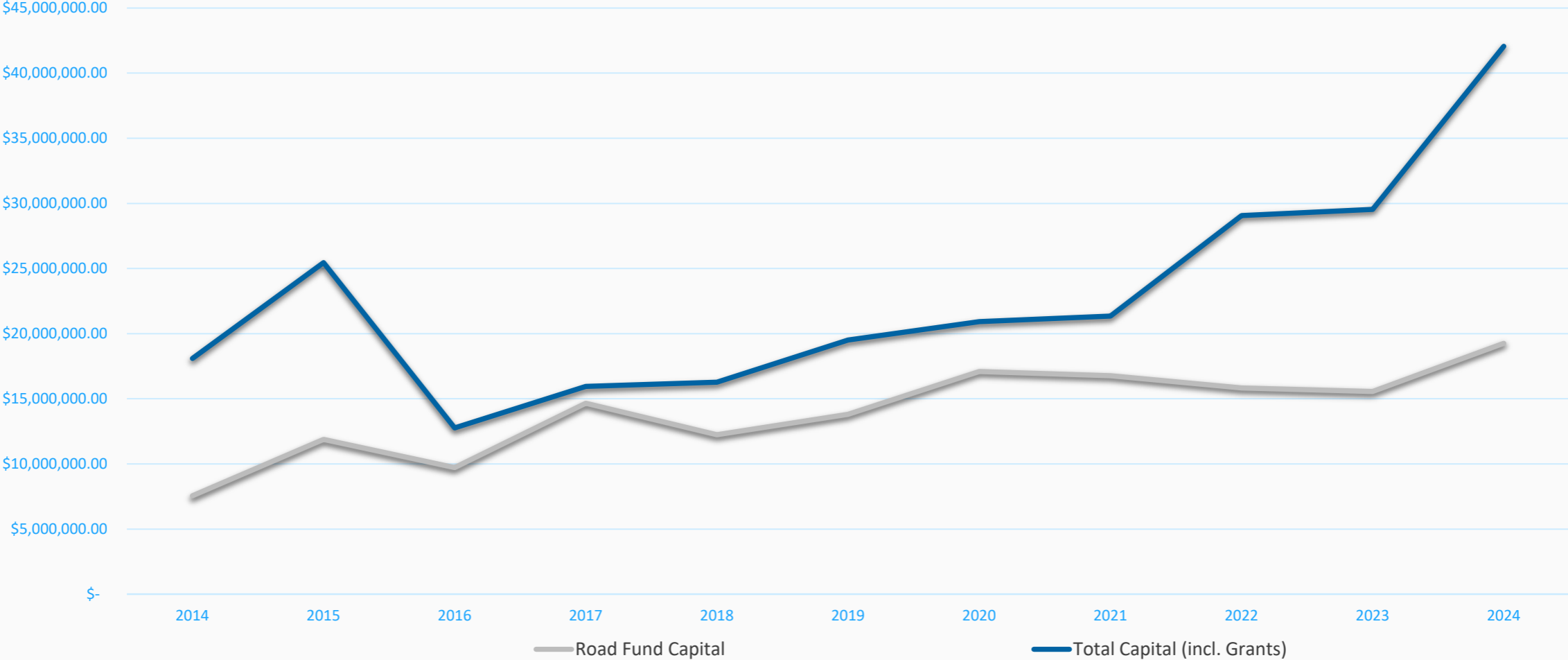


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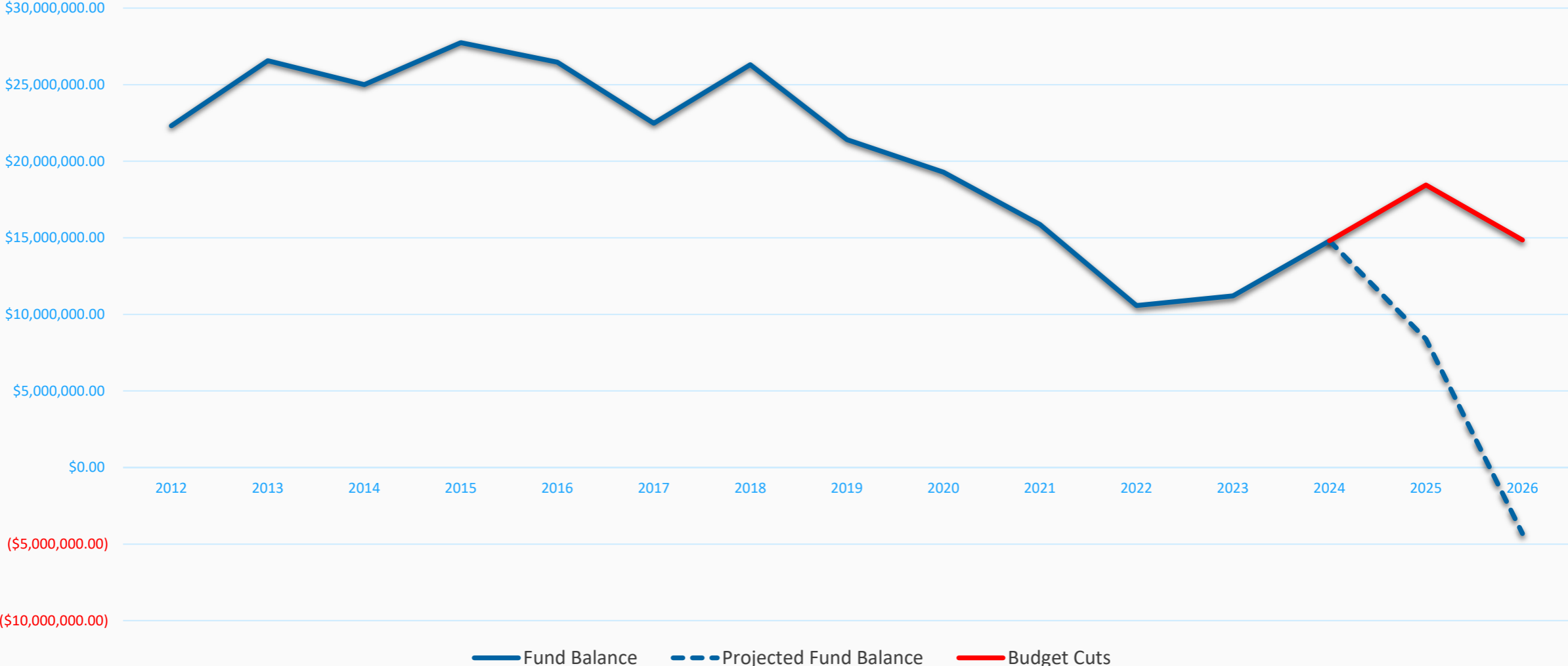
Leveraging Dollars

Public Works Capital (Road Fund + Grants)



2025-26 Road Fund Budget Cuts

Road Fund/Projected 25-26 Fund Balance



Strategies to address the structural imbalance

PW submitted a balanced Biennial Budget proposal to address the structural imbalance in the Road Fund. To balance, reductions to operations and capital projects are proposed that will decrease current levels of service, delays capital projects, and defers maintenance and repairs.

Policy options for consideration:

- 1. Increase Road Fund Revenues in 2025 and 2026 by approving the 1% annual levy increase and use the Fund's Banked Capacity (\$3.67M). This option returns Public Works to 2024 levels of service**
2. Consider a Levy Lift in the future (could be a 2025 or 2026 ballot measure). This option would allow increased levels of service for operating and capital expenses supported by the Road Fund



Discussion & Questions



BACK UP SLIDES



Road fund levy rates for comparable counties (pop. 100K to 500K)

2024 Road Fund Levy Rate

