



City Council Workshop Agenda
Monday, March 06, 2023, 4:30 PM
Council Chambers, 616 NE 4th AVE

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To observe the meeting (no public comment ability)

- go to www.cityofcamas.us/meetings and click "Watch Livestream" (left on page)

To participate in the meeting (able to public comment)

- go to <https://us06web.zoom.us/j/83054648980>

(public comments may be submitted to publiccomments@cityofcamas.us)

AMENDED AGENDA

CALL TO ORDER

ROLL CALL

PUBLIC COMMENTS

WORKSHOP TOPICS

1. [Draft Fund Balance Policy Discussion](#)
Presenter: [Cathy Huber Nickerson, Finance Director](#)
[Time Estimate: 10 minutes](#)
2. [PACE \(Tyler Technologies ERP\) Implementation Status-Year 1](#)
Presenter: [Cathy Huber Nickerson, Finance Director](#)
[Time Estimate: 10 minutes](#)
3. [2023 Limited General Obligation Bond Presentation](#)
Presenter: [Cathy Huber Nickerson, Finance Director](#)
[Time Estimate: 15 minutes](#)
4. Staff Miscellaneous Updates
Presenter: Doug Quinn, City Administrator
Time Estimate: 10 minutes

COUNCIL COMMENTS AND REPORTS

PUBLIC COMMENTS

EXECUTIVE SESSION

5. Executive Session – Topic: Potential Litigation (RCW 42.30.110)
6. Executive Session – Topic: Potential Litigation (RCW 42.30.110)

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CLOSE OF MEETING



Staff Report

March 6, 2023 Council Workshop Meeting

Draft Fund Balance Policy Discussion
Presenter: Cathy Huber Nickerson, Finance Director
Time Estimate: 10 minutes

Phone	Email
360.817.1537	chuber@cityofcamas.us

BACKGROUND: This presentation is to provide City Council an opportunity to review an update Fund Balance Policy for the City.

SUMMARY: The City’s current policy states:

General Fund Balance

Goal: *The General Fund will strive to maintain a fund balance of 17% of budgeted General Fund expenditures.*

To mitigate current and future revenue shortfalls, unanticipated expenditures, and cash flow needs due to the General Fund dependence on property taxes, an adequate fund balance in the General Fund will be maintained. The projected fund balance at year end is expected to remain 17% of annual budgeted General Fund expenditures.

The attached policy recommends a more comprehensive approach to fund balance which is more in compliance with the Government Finance Officers Association of best practices and with Standard and Poors’ recommendation to the City.

BENEFITS TO THE COMMUNITY: This policy is in line with City Council’s goal to update the current fund balance policy as identified in the City’s Strategic Plan.

POTENTIAL CHALLENGES: Future economic downturns the proposed policy may put pressure on future budgets but in the long term may enhance liquidity.

BUDGET IMPACT: Currently, the City has budgeted within an informal policy of 22% for the General Fund.

RECOMMENDATION: Staff recommends City Council consider the new Fund Balance Policy and will place the policy on the March 20, 2023 Council Regular Meeting Consent Agenda.



RESERVE BALANCE POLICY

PURPOSE The purpose of the Reserve Balance Policy is to ensure the City remains a financially stable organization by maintaining appropriate reserves. Adequate reserves position the City to effectively plan for cash funded needs, as well as unplanned needs caused by significant economic downturns, manage the consequences of outside impacts that result in revenue reductions and address unexpected emergencies, such as natural disasters, catastrophic events or excess liabilities or legal judgements.

SCOPE All operating funds of the City.

POLICY It is the policy of the City to establish and maintain adequate reserves based on consideration of risks to operations, in the budgetary fund balance across a spectrum of City operating funds. The budgetary fund balance represents the one-time amount accumulated from prior years, which is different than the fund balance under Generally Accepted Accounting Principles (GAAP) but includes the same constraints on spending.

PRACTICE: General Fund Reserve Policy

The General Fund is the main operating fund that pays for the general services provided by the City, such as public safety, parks, and library services. The General Fund accounts for all general revenues of the City and for expenditures related to the rendering of the City’s general services. The General Fund is considered to have a high level of risk to operations due to its dependence on revenue streams that are susceptible to economic downturns and revenue reduction impacts from outside actions. In addition, the General Fund is the main funding source when responding to unexpected events or emergencies.

The City desires to maintain a prudent level of reserves based on the revenue impacts described above and the City’s desire to maintain strong bond ratings to minimize borrowing costs. This reserve policy sets the targeted minimum level at 22% of General Fund annual expenditures which equates to approximately 2.5 months of reserves. The 22% consists of the 2 months of annual expenditures and 5% which is the approximate amount of Building Department unspent revenue (which can only be used to cover the cost of the Building Department) and the unspent development related revenue tied to engineering costs. This reserve is to provide stability and flexibility to respond to unexpected

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adversity and/or opportunities. Should the minimum level fall below its target, a plan will be formulated to restore within a three-year period.

Other Fund Reserve Policies

Other funds have been identified as needing reserves due to one or more of the following reasons: self-supporting in nature, the potential for unanticipated revenue or expenses changes that can negatively affect operations, to help maintain a stable fee structure, legally required in an interlocal agreement, or to cover the potential of unanticipated events threatening the public health, safety, or welfare. Reserves have been created in Camas/Washougal Fire Department, Enterprise Operating Funds (i.e., Water/Sewer, Solid Waste, Stormwater), Pension Funds, Replacement Funds, and Bond Reserve Funds.

Targeted reserves will be maintained as described below. Reserves should only be utilized after all other budget resources have been examined for available funds. Should the minimum target level for any of the funds identified fall below its target, a plan will be formulated to restore within the next year, but not to exceed a three-year period.

Camas-Washougal Fire Department accounts for the revenues and expenditures made in purchasing, maintaining, operating, and providing fire services, emergency aid service and ambulance transport for both cities and emergency aid services and ambulance transport services for East County Fire and Rescue. The City of Washougal and East County Fire and Rescue pay the City a fee from their EMS levies to fund their proportionate share of emergency aid service and ambulance transport services. The City of Washougal makes additional contributions to fund Washougal's proportionate share of fire services and to build reserves. Camas and Washougal agreed to target a reserve balance of 17% of annual expenditures.

Stormwater Enterprise Fund accounts for specific services funded directly by fees and charges to City stormwater customers. The fund is intended to be self-supporting and will maintain a minimum target reserve of 18% of annual expenditures. Other Stormwater reserves may be created when deemed appropriate (i.e., land, capital projects).

Solid Waste Enterprise Fund accounts for specific services funded directly by fees and charges to City Solid Waste customers. The fund is intended to be self-supporting and will maintain a minimum target reserve of 18% of annual expenditures. Other Solid Waste reserves may be created when deemed appropriate (i.e., equipment, trucks).

Water/Sewer Enterprise Fund accounts for specific services funded directly by fees and charges to City Water/Sewer customers. The fund is intended to be self-supporting and will maintain a minimum target reserve of 18% of annual

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expenditures. Other Water/Sewer reserves may be created when deemed appropriate (i.e., capital, bond reserves, capital projects).

Equipment Rental and Replacement Fund will maintain a minimum target reserve of 10% of the total City fleet replacement value. A fleet management vehicle replacement plan will be reviewed annually by the Public Works Director to ensure systematic replacement of vehicles based on combination of miles driven, repairs and maintenance schedules and years of service.

DRAFT



Staff Report

March 6, 2023 Council Workshop Meeting

PACE (Tyler Technologies ERP) Implementation Status-Year 1

Presenter: Cathy Huber Nickerson, Finance Director

Time Estimate: 10 minutes

Phone	Email
360.817.1537	chuber@cityofcamas.us

BACKGROUND: The simplest way to understand what an ERP solution is to think of the core systems which supports the whole city. These include accounting, human resources, procurement, capital assets, building, inventory, budget, and customer request management. ERP solutions integrate all these functions into a single system.

The City purchased a Software-as-a-Service (SaaS) solution in which the ERP is hosted centrally with the vendor and licensed on a subscription basis. This solution saves the City money with hardware, staffing and support. Council approved the contract November, 2021.

The staff has researched different ERP systems, viewed demonstrations, interviewed peers, conducted site visits, and attended trainings. Staff is recommending acquiring Tyler Technologies Munease, EnerGov, and EAM products for the ERP system. Tyler Technologies is on the Washington State Sourcewell list and has provided a quote to the City. Council also received a demonstration by Tyler Technologies on August 16, 2021.

Staff has completed negotiations with Tyler Technologies with a five-year contract for acquiring, implementing, and utilizing the full ERP system for \$3,314,513. This contract pricing is broken down between ongoing and one-time costs as:

SaaS Annual Fee Includes Ongoing Costs of \$284,380 annually	\$1,421,900
Professional Services One-Time Costs	\$1,381,850
3 rd Party Items One-Time Costs	\$8,013
Travel for Tyler One-Time Costs	\$66,000
Optional Items Includes Ongoing Costs of \$77,690	\$436,750
Grand Total	\$3,314,513

Staff proposes funding of the project with an appropriate mix of one-time revenues and ongoing revenues as summarized below:

	Year 1	Annual	5 Year Total
Costs	\$ 1,866,233	\$ 362,070	\$ 3,314,513
Replacement Costs		\$ (93,315)	\$ (373,260)
Subtotal	\$ 1,866,233	\$ 268,755	\$ 2,941,253
ARPA Citizen Self Service	\$ (174,444)	\$ (70,244)	\$ (455,420)
Subtotal	\$ 1,691,789	\$ 198,511	\$ 2,485,833
ARPA Cybersecurity	\$ (500,000)	\$ (125,000)	\$ (1,000,000)
Total Costs to Allocate	\$ 1,191,789	\$ 73,511	\$ 1,485,833
General Fund	\$ 302,089	\$ 25,345	\$ 403,467
Community Development	\$ 403,382	\$ 46,118	\$ 587,853
Streets	\$ 25,759	\$ 50	\$ 25,958
CWFD	\$ 71,910	\$ 83	\$ 72,242
Stormwater	\$ 34,395	\$ 55	\$ 34,614
Solid Waste	\$ 108,795	\$ 30	\$ 108,915
Water	\$ 134,235	\$ 890	\$ 137,795
Sewer	\$ 111,224	\$ 941	\$ 114,989
Total	\$ 1,191,789	\$ 73,511	\$ 1,485,833

This project began in March 2022 with planning and scoping of the project. Currently, two modules are on schedule and progressing as planned.

SUMMARY: This presentation is to bring the City Council and the community current with the history of the project and the status of the project both from project milestones and budget. Staff will address questions and concerns of Council.

BENEFITS TO THE COMMUNITY: The intent in investing in a new ERP solution is to save the taxpayers money in greater efficiencies, provide transparency and enhanced service delivery.

The ERP system should provide as much self-service and transparency to allow customers and employee to access data and process transactions remotely.

POTENTIAL CHALLENGES: There are several potential hurdles which staff intends to work through with City Council as part of the governance structure charter. A committed governance structure is intended to mitigate risks and obstacles.

BUDGET IMPACT: The ERP system will have ongoing as well as one-time costs. Staff will be reviewing the impact to the budget in the presentation and propose the appropriate mix of funding for one-time and ongoing parts of the project. In addition, this system is a city-wide system impacting every employee, every citizen, and every business. As such the costs will be shared across all funds. The use of federal funds from the CARES Act as well as the ARPA funding are budgeted.

RECOMMENDATION: This presentation is to provide an update of the project's status to City Council and the community.

PACE 1 Year Status

Tyler Technologies ERP Project



Agenda

ERP Status Update

Timeline



ERP Solution with Tyler Technologies

Solution = Camas PACE

Public Works

Accounting

Community Development

Employees



ERP Modules

Financials

Human
Resources
Management

Energov

Enterprise
Asset
Management

Utility Billing

Financials (Munis or Enterprise)

Accounting/GL	Accounts Payable	Bid Management	Budgeting
Capital Assets	Cash Management	Contract Management	Inventory
Accounts Receivable/General Billing	Tyler Cashiering	Project and Grant Management	Purchasing/Vendor Access

Human Capital Management

Scheduling
(with Mobile Access)

Time and Attendance
(with Mobile Access)

Human Resources
and Talent
Management

Payroll with
Employee Access

Recruiting

Modules starting later in 2023

Asset Management and Performance

EnerGov (Building and Permit)

- Business Suite
- Citizen Access/Resident Access
- E-Reviews
- Workforce Apps
- Reports
- Executive Insights

Utility Billing

Productivity

- Citizen Access/Resident Access
- eProcurement
- Munis Analytics and Reporting
- Tyler Content Manager SE
- Tyler Notify
- Tyler 311/Incident Management
- Socrata

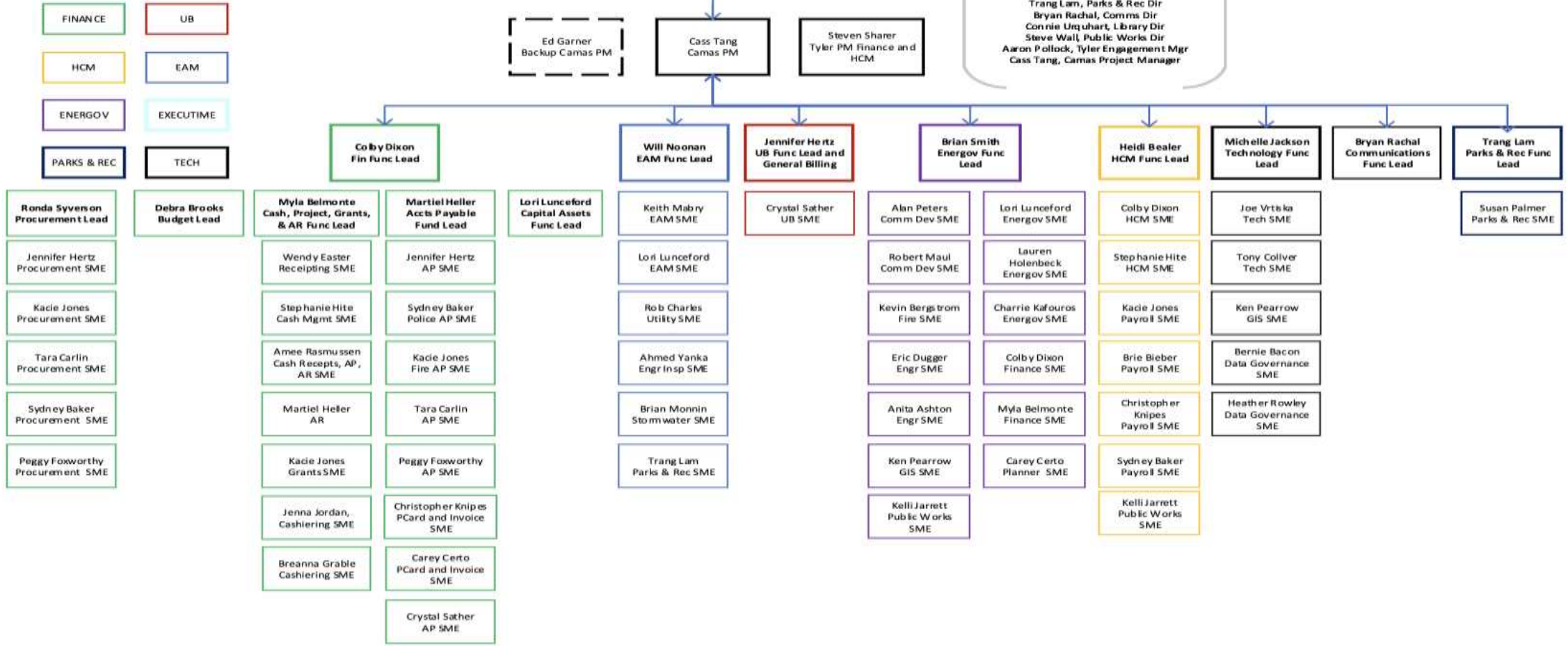


PACE Status

Year 1

Project Organization Structure

ERP Modernization
Project Structure Chart
(Escalation Chart)
Updated FEBRUARY 9, 2022



Budget Spent to Date

	Year 1 Budget	Actuals
Saas Agreement	\$308,267	\$308,267
Project Mgmt City	\$213,300	\$122,928
Project Mgmt Tyler	\$88,200	\$65,040
Subtotal	\$609,768	\$496,235
ARPA	(\$424,444)	(\$424,444)
Net	\$185,324	\$71,791

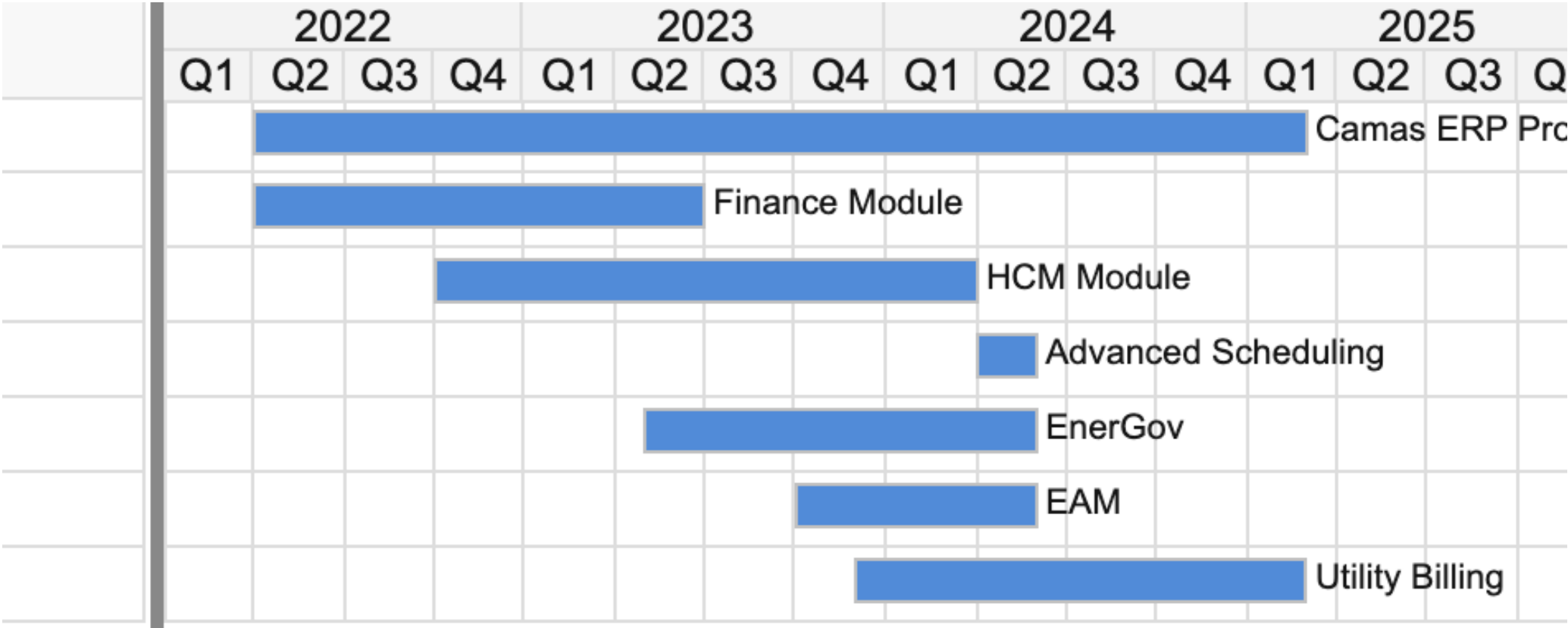
Tyler Time Allocation

Project Reconciliation for			
City of Camas, WA			
Feb 20, 2023			
Project Phase	Total Days	Days Used	Days Remaining
Financials	142.5	65.5	77
Human Resource Management	59.5	7	52.5
Advanced Scheduling	12.5	0	12.5
Utility Billing	38	0	38
Enterprise Asset Maintenance	65	0	65
EnerGov	155	0	155

Modules Timeline

Additional module considerations:

- Vendor Self-service (VSS) rebranded to Vendor Access (VA).
- Employee Self-Service (ESS) rebranded to Employee Access (EA)
- VA, EA, Civic Access, Resident Access updates and timing still to be determined by Tyler



Council Touch Points

May – Business Process Docs

June - Project Status

July – Go LIVE





Questions



Staff Report

March 6, 2023 Council Workshop Meeting

2023 Limited General Obligation Bond Presentation

Presenter: Cathy Huber Nickerson, Finance Director

Time Estimate: 15 minutes

Phone	Email
360.817.1537	chuber@cityofcamas.us

BACKGROUND: This presentation will provide City Council a review of limited general obligation bonds, the process to issue bonds, and the proposed 2023 Limited General Obligation (LTGO) Bond.

SUMMARY: This presentation is to provide City Council information about the issuance of bonds as a tool for a growing community but provide a funding option for Council to consider completing funding for Crown Park redevelopment, complete 38th Avenue Phase 3 construction and address deferred maintenance on the City’s aging infrastructure as presented in the 2022 Facilities Assessment Study.

BENEFITS TO THE COMMUNITY: All Camas citizens will benefit from the financial savings to the City from the refinancing as well as benefits from the park land development, improvements to a city street and public buildings improvements.

POTENTIAL CHALLENGES: The potential challenges will be discussed in the presentation.

BUDGET IMPACT: The projects and this funding option were considered in the 2023-2024 Budget adoption.

RECOMMENDATION: This presentation is for City Council’s information to provide context for future City Council workshops in potentially issuing limited general obligation debt.

GENERAL OBLIGATION BONDS 101 AND LIMITED GO BOND

City of Camas

March 6, 2023

UPDATED

AGENDA

- General Obligation Debt
- Two types of GO Bonds
- Appropriate uses for GO Bond
- Assemble the Financing Team
- Process for Issuing GO Bond
- Rating Agencies
- Market Conditions
- Documents
- Bond Sale
- Closing



Item 3.

WHAT IS GENERAL OBLIGATION DEBT?

- Debt that is secured by the full faith and credit of the local government issuing the debt.
 - City pledges tax revenues unconditionally
- Includes:
 - Bonds
 - Loans
 - Tax Anticipation Notes
 - Real Estate Contracts
 - Lines of Credit

LIMITS TO GENERAL OBLIGATION DEBT

Voted Debt

2.5% of Assessed Value (Constitutional)

Taxable Assessed value (2020 Assessment for 2021 Revenue)	\$ 7,276,498,632
Debt Limit	
Debt limit with vote (2.5% of assessed value)	\$ 181,912,466
Debt applicable with vote limit:	
General Obligation Bonds	\$ -
Less: assets available	\$ -
	<hr/>
Total debt applicable to limit with vote	\$ -
Total legal debt margin with vote	<u>\$ 181,912,466</u>

Non-Voted Debt

1.5% of Assessed Value (RCW)

Debt limit without a vote (1.5% of assessed value)	\$ 109,147,479
Debt applicable to without vote limit:	
Limited General Obligation Bonds	\$ 32,220,000
Other	\$ 5,909,187
Less: assets available	\$ 23,366
Total net debt applicable to limit without vote:	<u>\$ 38,105,821</u>
Total legal debt margin without vote	<u>\$ 71,041,658</u>
Legal Debt Margin	<u>\$ 252,954,124</u>

GENERAL OBLIGATION BONDS

Unlimited Tax General Obligation Bonds(UTGO):

- Voted Bonds pledging excess property tax levies to replace
- Approval of 60% of the voters with a turnout of 40% of those who voted in the recent General Election.
- Only for Capital purposes and replacement of equipment is not permitted

Limited Tax General Obligation Bonds (LTGO or Councilmanic)

- General Fund must be pledge to pay the debt service and must be paid with existing revenues
- Vote of the Council



APPROPRIATE USES OF BOND PROCEEDS

- Long-Term Capital
 - Land
 - Buildings
 - Large Equipment
 - Parks Development
 - Transportation
- Remember Long-Term \$ = Long-Term Assets

FINANCIAL
TEAM
NEEDED
TO ISSUE
BONDS

Financial Advisor (depends upon internal skill sets) – advises the City to size the issue, market timing, type of debt and the team members

Underwriter – prepares the bond issue for market by sizing the debt, assessing market conditions, marketing of the bonds, and assisting with bond rating.

Bond Counsel – provides a legal opinion that the City is authorized to issue the bond, prepares the bond ordinance, and conducts due diligence.

Rating Agency – assesses the City’s creditworthiness for the bond market.

PROCESS TO ISSUE GO BONDS

Assess Need

Determine Appropriate Funding to Pay Bonds

Size the Bonds with Underwriters and Bond Counsel

Review the Market and Determine Timing

Preliminary Bond Issue

Public Hearing and Bond Ordinance

Rating Presentation

Assess Market

Due Diligence

Pre-Sale Conference

Sell Bonds

Final Official Statement

Close and Receive Bond Proceeds

Disclosures to EMMA

RATING AGENCIES

- Standard and Poors, Moody's and Fitch
- Criteria:
 - Economy of the City
 - Debt Structure of the City
 - Financial Condition
 - Demographics
 - Management Practices

	Moody's	S&P Global	Fitch
Best Quality	Aaa	AAA	AAA
High Quality	Aa1 Aa2 Aa3	AA+ AA AA-	AA+ AA AA-
Upper Medium Grade	A1 A2 A3	A+ A A-	A+ A A-
Medium Grade	Baa1 Baa2 Baa3	BBB+ BBB BBB-	BBB+ BBB BBB-

MARKET CONDITIONS

- Investor Sentiment
- Other Municipal Issuers
- Economy
- Size of Issue
- Yield Curve
- Structure of the Issue
- Skill Set of the Underwriting Team
- Luck

DOCUMENTS TO UNDERSTAND

- Preliminary Official Statement
- Bond Ordinance
- Amortization Schedule
- Certificate of Determination
- Purchase Contract
- Certificate of Calculation of Indebtedness
- Receipt of Bonds and Receipt for Payment
- Issue Price Certificate
- Tax Exemption and Nonarbitrage Certificate
- Closing Memorandum

BOND SALE

PROCESS TO UNDERSTAND:

- UNDERWRITERS "CREATE" A MARKET
- UNDERWRITERS NEGOTIATE THE PRICE OF THE BONDS AND THE COUPON RATE AND MATURITIES
- NOT UNHEARD OF TO NOT SELL ALL BONDS OR HAVE ALL BONDS SOLD IN LESS THAN HOUR
- UNDERWRITERS WILL WORK WITH SYNDICATES OR FORM SYNDICATES
- UNDERWRITERS HAVE THE OPTION TO PURCHASE THE UNSOLD BONDS
- CITY FORMALLY ACCEPTS THE SALE AT THE END OR HAS THE OPTION TO REJECT (RARELY)





BOND CLOSING

- Before Closing - all documents are signed but the exchange of documents occurs at closing by the two counsels
- Zoom Call occurs with:
 - City - City Administrator and Finance Director - confirms the receipt of proceeds
 - Bond Counsel - City represented attorneys
 - Underwriters - Underwriters and Attorneys - confirms the bonds released
 - NY Desk - Releases funds
 - Fiscal Agent - Manages the ownership of bonds

2023 LTGO BOND ISSUE

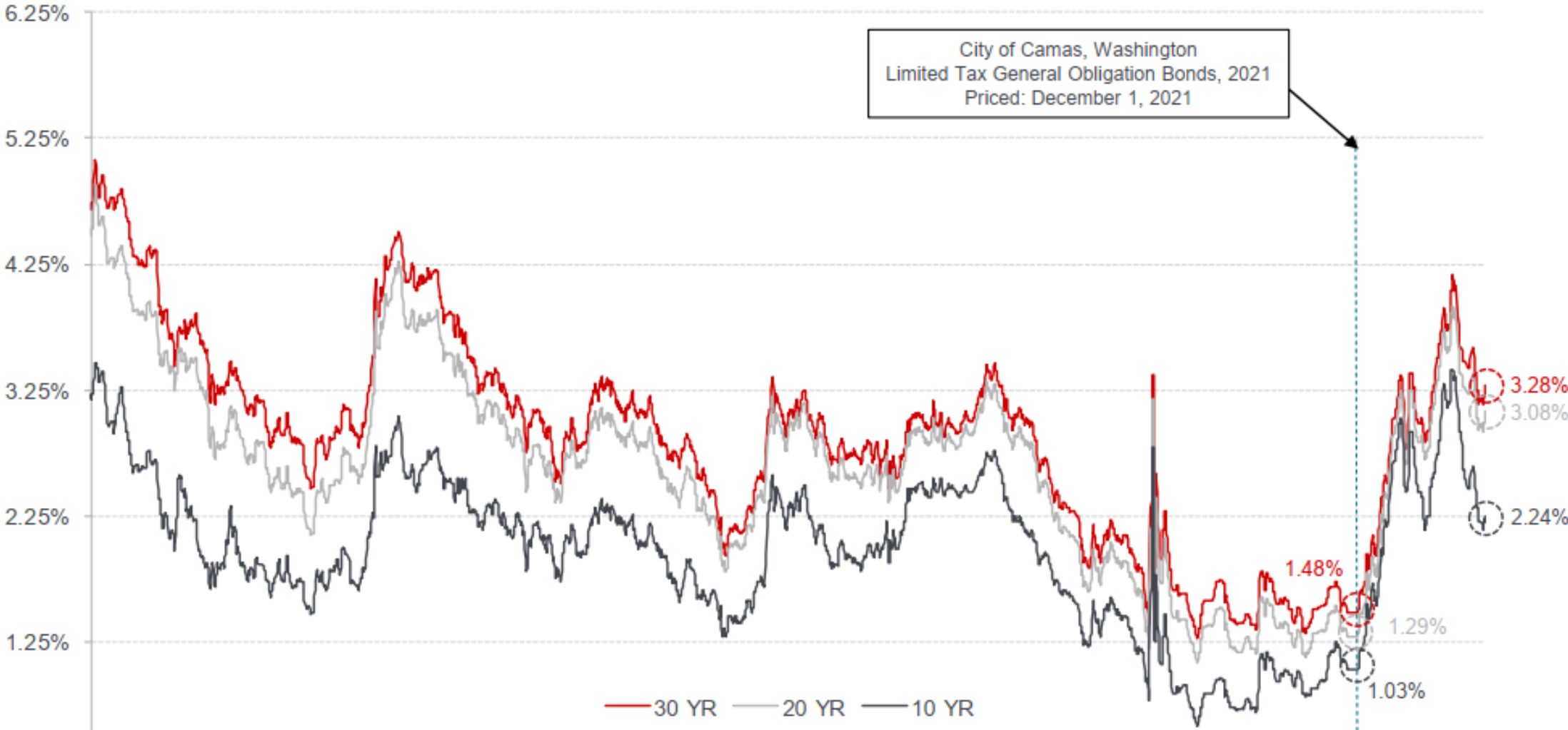
- Crown Park
\$4,000,000
- Facilities Deferred Maintenance
\$7,000,000
- 38th Avenue Phase 3
\$4,000,000

Potentially \$15,000,000 Bond Issue



Item 3.

MMD Rates since 2011



Sources and Uses: Option 1	
Sources of Funds	
Bond Par	13,155,000
Bond Premium	1,956,027
Total Sources	\$ 15,111,027
Uses of Funds	
Project Fund:	
Major Building Renovation	7,000,000
Park Redevelopment	4,000,000
Street Construction	4,000,000
Total Project Fund	15,000,000
Costs of Issuance ⁽¹⁾	109,198
Rounding	1,830
Total Uses	\$ 15,111,027

(1) Includes Underwriter's Discount.

Bond Issue Analysis Assumptions - Option 1
-The Bonds are closed May 3, 2023; the first coupon payment is Dec. 1, 2023
-The Bonds are priced with spreads plus applicable MMD as of 2/9/2023
-The project fund is \$15 million total
-Debt service is structured to be level for the entire term
-The Bonds are rated 'AA+' (Positive) (S&P) (the City's current rating) (no insurance)
-The Bonds are tax-exempt (non-bank qualified)
-The Bonds do not have a reserve fund or capitalized interest
-The par call date is June 1, 2033 (~10-year par call)

Option 1: \$15 Million Project Fund			
Debt Service Schedule: 20-Year Amortization			
Year	Principal	Interest	Debt Service
2023	235,000	380,322	615,322
2024	425,000	646,500	1,071,500
2025	445,000	625,250	1,070,250
2026	465,000	603,000	1,068,000
2027	490,000	579,750	1,069,750
2028	515,000	555,250	1,070,250
2029	540,000	529,500	1,069,500
2030	565,000	502,500	1,067,500
2031	595,000	474,250	1,069,250
2032	625,000	444,500	1,069,500
2033	655,000	413,250	1,068,250
2034	690,000	380,500	1,070,500
2035	725,000	346,000	1,071,000
2036	760,000	309,750	1,069,750
2037	800,000	271,750	1,071,750
2038	840,000	231,750	1,071,750
2039	880,000	189,750	1,069,750
2040	925,000	145,750	1,070,750
2041	970,000	99,500	1,069,500
2042	1,020,000	51,000	1,071,000
Total	\$ 13,165,000	\$ 7,779,822	\$ 20,944,822

True Interest Cost	Average Life	Average Annual Payment
3.484%	11.82	\$1,068,930



ANY QUESTIONS