



October 16, 2020

RE: Introduction to 2021-2022 Biennium Budget

Dear County Councilmembers and Residents of Whatcom County:

On many occasions over the past year I have been reminded of General Eisenhower's observation that "Plans are useless, but planning is indispensable." 2020 has been a year of unprecedented challenges that have impacted every aspect of our lives. The good news is that we, as a community, are adapting, re-evaluating priorities, and finding smarter ways to do things. This is certainly true for our County operations.

Local governments across the nation have been forced to rethink and revise plans at every turn to respond to a dynamic situation and, to the credit of *our* employees, department heads and elected leaders, Whatcom County government has performed admirably in these difficult circumstances. It is in this context, acknowledging both the limitations of our foresight and the need for flexibility, that I present my proposed budget for the 2021-2022 biennium.

I appreciate the fruitful discussions with the County Council on budget priorities. You will see the results reflected in my proposed budget. As agreed, the budget maintains adequate reserves for County operations, while also preserving a sufficient workforce to provide the best possible services to our constituents.

Our financial projections show a decline in revenues compared to pre-COVID levels, driven mostly by a decline in sales tax collections; however, with a hiring freeze and other cost-saving measures in place, we do not expect a need for additional staff reductions and will strive to keep service levels as near normal as possible. Our historical benchmark for stability and financial adequacy, an end-of-year General Fund balance greater than 15% of the previous year's revenue, is achieved in the proposed budget. This stability is aided by a temporary infusion of Federal CARES Act funding.

My budget includes several new items to address important and time-sensitive issues needing attention from County Government. While they do not involve a significant commitment of funds, the future returns on these investments will be substantial in both tangible and immeasurable ways.

Child & Family Services

To address our shared goal of prioritizing funding for our most vulnerable community members, I propose to launch a Child & Family services program, with \$300,000 dedicated to this initiative over the next two years. The impetus for this program comes from the Health Board's adoption of the Child & Family Action Plan, which specifically requested that my office "assess infrastructure and budget needs required to realize commitment to an integrated focus on child and family well-being across county government departments." I have discussed this proposal with our partners at the City of Bellingham, and we hope for a similar level of financial commitment from them. Non-profit organizations and charities have also expressed interest in supporting this effort. The program will be formed under the auspices of the Whatcom County Health Department, which has the appropriate structure, leadership and expertise to provide a foundation for this program.

Water Settlement Negotiations

I am requesting that money be allocated to support a negotiated water settlement. Specifically, I propose to hire a senior manager/consultant who would be fully dedicated to this task and who would actively engage the tribes and other stakeholders until a settlement is reached. We know that the State Department of Ecology has recommended the Nooksack watershed for adjudication and the window for negotiating a constructive settlement is closing. I suggest the funding for this work come from the Flood Fund at a cost of approximately \$250,000 per year. We will also request funds from the State Legislature to facilitate the settlement negotiation process.

Racial Justice Commission

I was deeply moved by the tragedies that occurred across our country this past year. They showed us the worst possible manifestations of racial and social inequity. From the disparities of the pandemic's impact to the brutality experienced by people of color at the hands of the police, racism cannot be ignored. In response to the upwelling of public concern, community discussions were held throughout the summer and consensus developed in support of a countywide Racial Equity Commission. I propose working with the City of Bellingham and allocating \$130,000 over the biennium to establish the commission and support its ongoing work to identify sources of racial inequality in Whatcom County and develop strategies to address them. My expectation is that this commission would be structured in a manner similar to the Bellingham-Whatcom County Commission Against Domestic Violence. I appreciate the coordination I have had with the Mayor of Bellingham and will continue to work with the City of Bellingham to fund this very important commission.

I want to thank other Whatcom County elected leaders and all department heads for their efforts in developing this budget proposal. With twenty-two frozen positions going into 2021, County operations will feel some strain and our services will be affected. However, my administration believes it is prudent to protect our reserves as we plan and prepare for whatever changes and challenges the future brings.

In my first message to the County Council at the start of this year, I said: "We all know the only constant in life is change." Today I am confident that our shared experience of 2020 has made County Government more resilient and better prepared for changes we'll see over the next biennium. Together, we will regularly revisit our budget assumptions and stand ready to respond accordingly. Future stimulus funds from Federal and State government remain uncertain. Our hope is that they will take the form of infrastructure funding or support for revenue losses, and we are prepared to take advantage of such financial opportunities.

Finally, I want to share that the County is actively preparing a number of capital projects in the scoping / preliminary design stage to line up "shovel-ready" projects to take advantage of possible stimulus funds. We also look forward to exploring funding to replace the Lummi Island Ferry, Whatcom Chief. In parallel, we continue to pursue existing funding opportunities at the state and federal level, recently winning several Community Development Block Grants.

I look forward to engaging with Council and the public as the budget enters the next stage of the process. Working together, we can achieve more!

Satpal Singh Sidhu
County Executive

