



Satpal Singh Sidhu
Whatcom County Executive



October 19, 2022

RE: Introduction to 2023-2024 Biennium Budget – Investing in Community

Dear County Councilmembers and Residents of Whatcom County:

I am pleased to submit my recommended 2023-2024 Biennial Budget. I believe you will find it is responsive to our community's needs and reflective of changes taking place in the world while remaining true to our core purpose and mission. I am grateful to my fellow elected officials, department heads and staff for the incredible work put into developing this budget.

It's worth reflecting how far we've come over the past several years. The previous budget was developed in a time of great uncertainty over revenue projections, economic conditions and the overall well-being of our community. We were cautious in our spending plans, protecting our General Fund and preserving our workforce to ensure continued quality of service. Thankfully, our community, state and country proved resilient. Not only did local revenues continue at a strong and steady pace, but the federal government delivered its largest ever fiscal recovery package and also committed to a significant infrastructure investment. As a result, we've spent much of the past two years not only addressing the pandemic's impacts but also investing in community priorities in new and meaningful ways. You will find in the budget proposal a sustainable framework to continue this good work.

As before, my priorities are focused on community. With leadership from Council, we have already committed American Rescue Plan funds to areas of critical community needs, and for the next biennium this should include:

Child & Family. This budget includes an additional \$4.5M for a competitive grant program to support and expand childcare capacity for Whatcom County families. It also continues two staff added in 2022 to support child and family services.

Homeless Services & Shelter Capital. Close to \$3M from ARPA funds are budgeted for 2023-2024 to support homeless services and specialty shelter capital expenses.

Criminal Justice Backlog. Ensuring the timely delivery of justice is critically important for all those served by our criminal justice system. I am again asking Council to support the staffing costs to alleviate the backlog of cases in our courts, including positions in District and Superior Court, Public Defender, and Prosecuting Attorney's Office.

Broadband Access. We must continue to address the digital divide by supporting projects which provide Internet access to families in rural communities. I hope to see cost-effective and smart solutions from the County broadband team, and I have proposed an allocation of \$4M for this priority. Final project funding decisions will be subject to Council review and approval.



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Crisis Response Systems. Looking beyond initiatives funded by the American Rescue Plan, our single largest new initiative is the Health Department's Response Systems Division launched in April 2022. This division includes the Alternative Response Team, Ground-level Response and Coordinated Engagement (GRACE Program), Law Enforcement Assisted Diversion (LEAD Program), and Co-responder Pilot Program with the Sheriff's Office. Together, these programs represent a coordinated effort to integrate mental and behavioral health providers into our community's response to people in crisis or in need of support. It helps our most vulnerable neighbors and their families find the pathway to stability. The 2023 budget includes \$1M of additional service requests for a total of \$6.2M for these vital services. Whatcom County has secured stable funding for these programs from the City of Bellingham, State Health Care Authority, North Sound Behavioral Health Administrative Services Organization and the Behavioral Health Fund.

I am also asking the County to continue supporting two important initiatives which were first funded in the previous budget cycle:

Whatcom Racial Equity Commission. I am grateful to the Council for approving the ordinance establishing the commission earlier this month. I look forward to seeing the body begin its work and hope that the County and City of Bellingham become funding partners for this initiative. I have included \$200K over the biennium to support the commission.

Water Solutions Table. We anticipate that in 2023 the Washington Department of Ecology will file adjudication proceedings for the Nooksack watershed in Whatcom County Superior Court, starting a legal process that will take years to resolve. I believe it is important for Whatcom County Government to provide leadership and stay engaged with all the parties. The Solutions Table, a parallel collaborative process, has potential to create value for all parties, allowing salmon populations to flourish and sustainable farming practices to continue. I have requested \$250K to support these facilitation efforts and technical studies.

Flood Response & Recovery. Damages from the devastating November 2021 floods continues to impact many families in Whatcom County. People are understandably concerned about future steps to manage the flood waters and reduce the damage to homes, farms and businesses. Our River & Flood team is working collaboratively with all stakeholders to develop strategic solutions to protect Everson, Nooksack and Sumas and designate flood pathways, including in coordination with our counterparts in Canada. We are proposing investments in the 2023 Flood Control Zone District Budget to keep our focus on these outcomes. This includes two new staff positions and increased funds for matching grants to expand the capital program both for damage repairs and for flood hazard reduction projects.

The increased costs included in the 2023 Flood Budget, including the flood response and recovery and natural resources programs, are long-term programs that have contributed to a decline in the Flood Fund balance over time. This trajectory is not sustainable and jeopardizes the ability to maintain the required minimum fund balance of \$5M. To address this decline, I propose increasing the Flood Tax by \$0.03/\$1,000 of assessed value, which will result in an increase in annual revenue of \$1.2M and stabilize the Flood Fund. I am also asking the Council to support several funding requests from the Division of Emergency Management to improve disaster response (namely, swift water rescue capacity, continuation of an EOC manager added in 2022, and adding a financial accountant).

Focusing on community needs includes supporting our professional and dedicated team of public servants who work for the people of Whatcom County. The County continues to respond to



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unprecedented emergencies (pandemic and floods) and growing demand for services. Many departments are at capacity, struggling to fill vacancies and to maintain levels of service. Earlier this year, the Administration organized a one-day summit with all department heads to discuss the County's core services and prioritize existing and new programs within the established budget allocations. One of the top takeaways from our discussions was that a high-performance workforce is essential for successful county operations. My budget prioritizes workforce retention and recruitment of high-quality candidates together with investments in tools to improve the efficiency, effectiveness and work environment of our workforce.

Capital Investments. The County must prepare to make significant capital investments in new facilities. Postponed investments are mounting, future construction costs are increasing and the public is being poorly served by our antiquated facilities, such as the County jail. I am proposing to institute a new Capital Facilities Reserve Fund with an annual General Fund contribution of \$500K and more to be added to this fund from the annual budget lapse. This modest amount represents a down payment on a new Public Health, Safety & Justice Facility and Northwest Annex Redevelopment.

One of the underlying principles of the proposed budget is financial sustainability. Whatcom County has strong financial position today and we plan to maintain this through prudent management of current expenses and careful planning of new investments. In particular, we have created capacity for growth of community services by utilizing and leveraging growth in dedicated fund sources. At the same time, cost increases for such items like fuel, materials and services are unavoidable, and we have prepared the budget with consideration for these inflationary pressures. These rising costs will be offset in part by projected increases in sales tax revenues and a proposed 1% increase in the County's property tax levy. The ending balance for 2024 is expected to be \$19.3M, which exceeds our minimum reserve policy.

Whatcom County has a long history of fiscal discipline and stewardship, a tradition which this budget upholds. At the same time, there are limitations to our ability to forecast future revenues and predict tomorrow's challenges. As we approach changing economic conditions, effectively managing our resources will require thoughtful, measured and timely decision-making, as well as leadership and cooperation from the Council and department heads.

I look forward to our budget discussions in Council Chambers and encourage you to send me any questions that you may have regarding my recommendations.