

**WHATCOM COUNTY
EXECUTIVE'S OFFICE**

County Courthouse

311 Grand Avenue, Suite #108
Bellingham, WA 98225-4082



Pete Kremen
County Executive

November 23, 1999

Whatcom County Council
County Courthouse
311 Grand Avenue
Bellingham, Washington

RE: The Executive's 2000 Recommended Budget

Distinguished Members of the County Council:

This letter introduces and submits the Executive's Recommended Budget for fiscal year 2000, in accordance with Section 6.10 of the Whatcom County Charter. I am pleased to submit a balanced budget for your review.

Currently, county government remains stable, with all departments functioning within acceptable limits of the 1999 budget, as amended. Departments are providing effective levels of service to our citizens in an efficient manner and we will end the year on target. Following the Council's guidelines, the Executive's Recommended Budget was developed to provide continuation of existing levels of service in an efficient and fiscally responsible manner.

The high quality services provided throughout county government remain at satisfactory levels due to the hard work and dedication of our county employees. Our employees are working diligently to provide the best services possible to the citizens of Whatcom County.

Whatcom County and its cities have been grappling with ever-increasing law and justice system workloads, new statutes and increasing expectations on the part of our citizens. Our county has experienced increases in adult and juvenile crime in the past five years. The jail and juvenile detention facilities are constantly full and straining to meet the demands placed on them.

In 2000, my office, in conjunction with a large and diverse group of citizens and officials, will present for County Council approval and citizen review, a comprehensive law and justice plan. This objective and carefully documented approach will specify the problems and detail the solutions that our communities must follow over the next few years if we are to build a justice system that is fair, efficient and effective. A system that prevents crime, controls the behavior of criminal offenders and ensures that our neighborhoods are safe.

That plan will set the stage for major initiatives that will address crime and the overcrowding issues. This, in turn, will require the very best efforts and wisdom of our administration, the County Council, our employees and, ultimately, our citizens. Although I believe that state and federal resources will assist in funding this plan, it will take a commitment of leadership and additional local resources to fully meet these challenges.

In the coming year, we will also continue our work in accomplishing the goals set forth in the Whatcom County Comprehensive Water Resource Plan and provide the leadership necessary for our region. This plan enables us to achieve the objectives set forth, including protection of Lake Whatcom, compliance with the Endangered Species Act, and groundwater and shellfish protection.

In our continuing efforts to provide quality customer services, our strategic planning process addressed policies and goals for improvement. The Strategic Plan established the following policies:

- Whatcom County shall conduct the public's business in a customer-focused, user-friendly, helpful and effective manner.
- Whatcom County shall be accountable and efficient in the services provided to its citizens.
- Whatcom County shall improve public awareness and understanding of the roles and services of county government.
- Whatcom County shall identify and fund essential and other appropriate county government services.
- Whatcom County shall support a work environment that values productive employees and encourages progressive personnel practices and employee skill development.

- Whatcom County shall, when appropriate, work in partnership with cities, tribes, special districts, other governmental entities, agencies, citizens, businesses and other stake holders to jointly facilitate the most effective and efficient governance and means of delivering services.

It is the intent of the Administration to pursue these policies within the confines of budgetary and operational considerations.

For the past several years, the Council and this Administration have done our part to keep property taxes at the lowest possible level. The reality is that Whatcom County has not increased property taxes for the last three years.

Further limiting our revenues are the annexations of prime commercial areas to cities, sales tax credits to manufacturing ventures, reduced timber values and state funding reductions for necessary programs. Meanwhile, our costs of operation continue to increase at a rate of 3 to 4 percent per year. We also bear an increasing burden of additional unfunded mandates from the state and federal government. We continue to see our sales tax revenues remain stagnant.

One bright note is that my negotiation efforts have resulted in a substantial increase in compensation to the County for law enforcement service at Seattle City Light's Newhalem project. The increase in revenue to Whatcom County will mean \$7.8 million over the next 10 years, more than a 100% increase in projected payments.

This budget addresses the limitations imposed by Initiative 695. The initiative required some revisions to our original Year 2000 budgeted expenditures and revenues and the use of a portion of our reserves. Longer term expenditure reductions will be necessary unless other sources of revenue can be obtained. Although revenues are declining, the service expectation of our citizens will still remain. Therefore, leadership, wisdom and decisive action will be necessary to forestall significant service reductions and maintain a balanced budget with an adequate reserve fund.

While the future revenue projections may look dim, this Year 2000 General Fund Budget is balanced at \$48.2 million in ongoing expenditures. Prudent, onetime expenditures of approximately \$2 million are included with this budget recommendation in order to address critical and current needs. \$1 million in current year revenues and \$1 million from our general fund reserves will finance these onetime expenditures.

I would like to take this opportunity to commend members of the Administrative Services staff for bringing the County recognition by the Government Finance Officers Association of the U.S. and Canada. We have received an award for distinguished budget presentation for the second year in a row. My congratulations to them for all their hard work in developing this important document.

I present the Executive's Recommended Budget to the County Council and to the citizens of Whatcom County for the coming year 2000. I feel it adequately addresses a basic level of service while staying within projected revenue and expenditure levels. It also maintains an adequate level of reserves necessary to meet established business practice and future emergency needs.

Sincerely,



Pete Kremen
County Executive

Note: The new budget document has been produced in a landscape format to facilitate its placement on the County's Internet Web Site.

Budget Highlights

Initiative 695 Passes – Criminal Justice Excise Tax Implemented to Mitigate Impact

On November 7, 1999 the voters of the State of Washington passed Initiative 695, rolling back motor vehicle excise taxes. This initiative will reduce Whatcom County's annual general fund revenue by approximately 1.5 million dollars.

Approximately \$600,000 will be lost in criminal justice funding and approximately \$900,000 in public health funding.

To mitigate the loss of this revenue, on November 23, 1999, the Whatcom County Council implemented a one tenth of one percent sales and use tax for criminal justice purposes. This tax, authorized by the Revised Code of Washington 82.14.340, will generate approximately \$900,000 in 2000. In addition, Public Health user fees were increased \$145,165. Planning and Development Services subdivision-related fees were increased by \$90,000. The Executive's Recommended Budget reduced non-criminal justice department expenditures by \$49,393.

Whatcom County Holds Line on Property Taxes

Property taxes for 2000 will be set at the 1999 levy, increased only for the tax on the value of 1999 new construction. Property tax revenue is expected to increase \$440,000 in 2000, principally the result of new construction.

Seattle City Light Contract Settled

The Whatcom County administration negotiated a ten year agreement with Seattle City Light for contributions in support of peace, health, safety and welfare related to Seattle City Light's Newhalem facilities and personnel. The contract will result in \$342,845 of additional revenue to Whatcom County in 2000.

Essential Reserves Maintained

The 2000 budget maintains essential reserves for emergencies, cash flow and self-insurance. The projected 2000 ending fund balance is \$8,735,627.

Staff Increases Kept to a Minimum

Staffing increases have been kept to a bare minimum. In 2000, the net increase in authorized regular employees is 1.2 full time equivalent positions. In addition, 17.5 temporary positions are authorized for special projects (see appendix F).

Managing Records with Microfilm and Imaging

Effectively managing public records is a growing problem. The 2000 budget includes a onetime \$150,000 expenditure for continued efforts to bring current the backlog of county documents that require microfilming. Also in 2000 is a \$100,000 onetime expenditure to expand the countywide electronic imaging system.

Funding Environmentally Friendly Agriculture

Two projects are being funded in 2000 by the Water Resources Fund to improve our county's water quality. The Integrated Pest Management project will help farmers and others implement ecologically-based pest management approaches that rely less on synthetic chemical pest controls. The nutrient management education and research project will design and conduct local research that leads to effective and practical nutrient management practices. These practices can be adopted by local farms to provide adequate protection of the natural resources in our county.

Continuing Teen Adventure

The Teen Adventure Program, a pilot project approved by the council in 1999, was a success. The program is being funded once again in 2000. It provides positive activities to the teens of Whatcom County through advertised classes and additional cooperative classes with other organizations.

Continuing Investment in Technology

In 2000, Whatcom County will continue its investment in technology with \$100,000 to upgrade and enhance our wide area network and computer capabilities.