

**WHATCOM COUNTY
EXECUTIVE'S OFFICE**

County Courthouse

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



January 1, 2005

Citizens of Whatcom County:

I submit the Whatcom County first biennial budget for the biennium beginning January 1, 2005 and ending December 31, 2006. In accordance with the Whatcom County Charter, I proposed a 2005-2006 budget to the County Council on October 15, 2004. On November 9, 2004, the council adopted the 2005-2006 budget in open session with Whatcom County¹ Ordinance Number 2004-056.

The resources in the biennium have been allocated in accordance with Whatcom County's mission statement, "*provide essential and desirable public services in a cost effective and accountable manner.*"

The 2005-2006 final budget complies with budget development policies adopted by the County Council for 2005-2006. The Whatcom County budget for 2005 totals \$140,359,388. This is approximately \$2.25 million more than the amended 2004 budget. The 2006 budget is \$119,284,074. This is \$21 million less than the 2005 budget, this reduction is principally the result of smaller capital budgets. We will be adding capital appropriations in 2006 with budget amendments. Many of Whatcom County's union contracts were not settled when the budget was adopted. The 2005 – 2006 budget includes provision for wage increases; it includes an anticipated 10% increase in health insurance costs and provides a two percent increase for the cost of goods and services.

Budgeted revenues for 2005 total \$128,429,529. This is 11 million dollars more than the amended 2004 budget. County revenues are growing as our community grows. Areas of significant increase include: property tax resulting from new construction (approximately \$1 million), Grant revenues (approximately \$1 million), sales tax revenue (approximately \$800,000), real estate excise tax revenue (approximately \$2 million), charges for service (approximately \$1.4 million) and interfund transfers (approximately \$1.4 million). Budgeted revenues for 2006 total \$122,669,611. This is \$5,759,918 less than the 2005 budget. The reduction in budgeted revenues is the result of uncertainty related to forecasting grant revenues in 2006. The revenue budget for grants decreases over \$6 million between

¹According to the Whatcom County Code ordinance adoption rules, this ordinance became law on November 19, 2004.

2005 and 2006. As we receive grant commitments for 2006, the revenue will be added to our 2006 budget through budget amendments.

Short Term Financial Condition is Sound

In the short term, Whatcom County's financial condition is sound. The county has relatively little debt and a significant general fund balance. The projected beginning 2005 General Fund balance is \$18 million, which is 27 percent of General Fund expenditures. The 2005-2006 biennial budget uses approximately 10% of our fund balance on one-time expenditures for equipment, software, and needed repairs to our buildings. We anticipate ending the biennium with approximately \$16 million, or 24% of our annual general fund budget.

Whatcom County's Regional Government is Being Tested

The state and federal governments continue to issue mandates to local governments without providing adequate funding. The increased security at our border with Canada floods our justice system criminals at a time when demands within our own community for law and justice services are growing rapidly. The state funding of local law and justice services is declining. State and federal governments are reducing core services and programs for citizens with mental health disabilities. These citizens will then increase the demand for Whatcom County provided services. City of Bellingham, our partner in providing Emergency Medical Services for 30 years, has given notice that they will no longer deliver that service outside of the Bellingham City limits beginning in 2007. Voter initiatives have limited county governments' ability to increase revenues. Whatcom County is one of the fastest growing communities in Washington State. For the foreseeable future, we face serious challenges in our ability to respond to the increased demand for county services. In 2005 and 2006 our focus will be on reprioritizing existing services and on using current revenues to maximize benefits to the growing community. We will be giving special attention to service areas in which citizens may wish to make additional investments, such as emergency medical services and law and justice services. We now know that to meet our growing community's service demands, future significant increases in Whatcom County's service capacity will require citizen support.

Summarized 2005 and 2006 Budget Priorities

Replace Existing Emergency Medical Service to Small Cities/Unincorporated Areas

Whatcom County has budgeted \$1.322 million dollars per year to provide effective emergency medical services to our citizens. A working group composed of ten fire district chiefs and commissioners, a representative from each of the small cities, led by county administration, is charged with designing a system to replace the existing Bellingham Fire Department's Medic One system, which will be discontinued effective January 2007.

Improve Courthouse Security

The 2005-2006 budget includes \$260,000 per year for enhancement to improve courthouse security. The program is designed to improve safety and effectively respond to acts that disrupt courthouse operations.

Design and Begin Construction of a Temporary Minimum Security Jail Facility

During 2005-2006 Whatcom County will plan to integrate a new temporary minimum security jail facility into the Sheriff's Office Corrections Divisions. This will improve the effectiveness of Whatcom County's criminal justice system, which has been challenged by inadequate jail capacity. The 2005 budget includes funding to complete the design of the facility, an effort that was begun in 2004. The County Council submitted a ballot measure to the public in November of 2004 to implement a one tenth of one percent sales tax to fund jail operations. The ballot measure passed November 6, 2004, too late to be incorporated into this document. Funding for the constructions of this facility will be added in a budget amendment in 2005.

Increase Law Enforcement Efforts

There has been an increase in the volume and complexity of child abuse and child neglect cases in Whatcom County; therefore, we have included in this budget, an additional Sheriff's detective to focus on child abuse crimes. Also, we are adding additional staff in the Prosecuting Attorney's office and the Public Defender's Office to help these offices process the growing volume of cases. We are adding additional staff to the alternatives to jail program. This will enable us to increase our capacity of the Jail Alternatives Program to accommodate more offenders.

Streamline Development Permitting

The 2005 – 2006 budget adds additional resources to expedite development and permitting processes. The Planning and Development Services Department will receive additional staff to handle increasing workloads in plan review, permitting, and inspections. An additional planner is being added to focus on wetlands and forestry issues. One hundred and twenty thousand dollars has been set aside to study the availability and quality of water on Lummi Island, so that future development can be properly planned.

Increase Productivity through Technology

Whatcom County continues to leverage technology. The 2005 –2006 budget includes continued investment in document imaging systems and geographic information systems. In 2004, we began implementation of the Law and Justice Data Integration Project. This project will improve information sharing among law and justice departments. This project receives additional funding in this budget including \$121,000 for laptop computers in Sheriff's vehicles. The budget includes funding for software

to upgrade the county's maintenance management efforts. This software will improve road, parks and facilities maintenance efforts.

Improve Storm Water Treatment

The Public Works Department will upgrade its procedures and implement a program to meet the requirements of the National Pollution Discharge Elimination System requirements.

Protect Water Quality

Whatcom County will spend \$100,000 annually on programs to improve the water quality in Lake Whatcom. The biennial budget also includes funding for a storm water plan for Birch Bay, and \$85,000 per year for projects focusing on protection of marine environments including Drayton Harbor, Portage Bay, and Birch Bay.

Maintain Infrastructure

Annually, Whatcom County prepares a six-year capital improvement program as a component of our comprehensive plan. The 2005 budget for road improvements is \$16,587,000. Beginning in 2006, capital projects will be budgeted on a project basis. Budgets will be authorized when projects are approved. Budget authorization will continue until the project is complete.

Whatcom County is Committed to Quality Service, Cost Effective and Accountable Methods

Even in light of the challenges we face, Whatcom County government continues its commitment to provide quality services through cost effective and accountable methods.

Respectfully Submitted,



Pete Kremen
County Executive