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1 WHATCOM COUNTY COUNCIL
2 **Finance and Administrative Services Committee**
3

4 March 11, 2003
5

6 The meeting was called to order at 12:00 p.m. by Committee Chair Sam
7 Crawford in the Council Chambers, 311 Grand Avenue, Bellingham, Washington.
8

9 Present:

10 L. Ward Nelson

11 Sharon Roy
12

Absent:

None

13 Also Present:

14 Dan McShane

15 Barbara Brenner

16 Laurie Caskey-Schreiber
17
18

19 **SPECIAL PRESENTATION**
20

21 **1. PRESENTATION BY THE ADMINISTRATION ON WHATCOM COUNTY'S**
22 **2002 YEAR-END FINANCIAL REPORT (AB2003-107)**
23

24 Dewey Desler, Deputy Administrator, submitted the 2002 Fourth Quarter
25 Financial Report (*on file*). He stated this is a summary presentation. The Finance
26 Division prepared the financial report.
27

28 Revenues are close to what they budgeted in 2002. Certain revenue from
29 fines, recording fees, plan check fees, and building permits is up from the estimate.
30 Sales tax revenues came in stronger than they anticipated because of construction
31 activity and increased car sales. Payment in lieu of taxes (PILT) came in stronger
32 also.
33

34 The primary portion of miscellaneous revenue is interest income. The third
35 largest source of the County's income is interest income. It is much lower than
36 what they received in 2002. He expects that revenue source to flatten out in 2003.
37 All this information is in the financial report he distributed to the councilmembers.
38 He will summarize the detail today.
39

40 Roy asked if the Council would get the detailed information. Desler stated
41 the detail is in the quarterly financial report.
42

43 Tax revenue is going up from previous years. Tax revenue comes from the
44 property tax and sales tax. They are also seeing slight increases in real estate
45 excise tax (REET). Intergovernmental revenue, which are grants, is going down,
46 but so are the corresponding expenses.
47

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1 Charges for services are increased a bit, primarily from increased fees in the
2 Planning and Health departments.

3
4 Brenner asked what miscellaneous revenue is. Desler stated interest income
5 is one miscellaneous item. There are 650 sources of miscellaneous income.

6
7 All departments came in at or below their budgeted figure. There is a total
8 lapse of 4.2 percent in 2002 overall, which totals approximately \$3 million. There
9 are some continuing appropriations with contracts that are projected forward into
10 2003. The lapse in 2001 was 5.5 percent. The Executive asked the departments to
11 reduce their budgets by about two percent in 2002.

12
13 Of all expenditures, wages make up about 46.95 percent. Expenditures are
14 tending to rise over the past several years while revenues are falling. They
15 anticipate 2003 for the revenues and expenditures to remain equal.

16
17 The actual fund balance beginning in 2002 is over \$14 million. During the
18 course of the year, total revenues received were over \$55.3 million. They expect a
19 few more 2002 revenues to come in. Total expenditures were \$55.8 million. The
20 actual fund balance for the end of 2002 will be approximately \$13 million.

21
22 Crawford asked how continuing appropriations are budgeted. Bennett stated
23 continuing appropriations allow them to increase the following years budget to
24 reflect contract commitments made by the end of the previous year. It increases
25 the budget, but it also increases the expenditures. It is not booked as a liability
26 because the contractors have not performed the services.

27
28 Desler stated that in 1995, the general fund balance was \$1.6 million. It
29 peaked in 2001 at nearly \$15 million. They are at a point now where they are
30 using the rainy day reserves to sustain services at a consistent level. The general
31 fund balance is based on the balance at the beginning of the year.

32
33 Marianne Caldwell, Budget Analyst, stated it is more of a protected balance,
34 and they are projecting more revenue to come in.

35
36 Desler stated they continue to have an increasing population. Whatcom
37 County has the sixth fastest growth rate in the State of Washington. It is one of
38 the largest counties in the top ten for population growth rate.

39
40 Property tax dollars are collected on behalf of many districts and the State.
41 The County receives 11.54 percent of the property tax dollars collected. That
42 percentage is decreasing. The County is not increasing its taxes, but other
43 jurisdictions are. Those other jurisdictions are taking a larger share of the money
44 collected. The County general fund equals the total amount that all the fire
45 districts, Port of Bellingham, rural library district, and the other districts receive.

1 New construction valuation is when the County receives additional property
2 tax money. Over the last seven years, there has been a steady application of
3 actual new construction.
4

5 Caskey-Schreiber stated the County could increase the real estate excise tax
6 fund (REET). She asked if Mr. Desler had prepared the numbers if the County
7 increased the REET to the maximum allowed. Desler stated he did last fall.
8

9 Brenner asked about the dip from 2001 to 2002. Bennett stated a large
10 jump in valuation in any year is usually due to a big project, such as a new school.
11

12 Desler stated the County receives sales tax revenue. In the unincorporated
13 area, the County gets 12 percent. The State of Washington takes 80 percent. The
14 public facilities district is a rebate of the State's portion of the sales tax, which is a
15 portion of that 80 percent. The State refunds one-third of one percent of the
16 State's portion of the sales tax.
17

18 Brenner asked the amount of sales tax generated by the County and the
19 cities. Desler stated the State takes about \$155 million. The County takes roughly
20 \$8 million.
21

22 Brenner asked the amount of sales tax generated in rural Whatcom County.
23 Desler stated he would find out. He only has the totals for the county and the
24 cities.
25

26 Brenner asked if they could assume that much more is generated in the cities
27 than in the county. Desler stated that they could.
28

29 The County collects one percentage point of the 8.2 percent sales tax
30 collected. If a buyer pays 8.2 pennies on every dollar, the County collects 15
31 percent of \$.01 of the sales tax. The other 85 percent goes to the cities.
32

33 Crawford stated that in the unincorporated areas, the County gets the entire
34 penny.
35

36 Caskey-Schreiber asked if increased housing prices drives up property tax.
37

38 Crawford stated the property tax is collected as a specific dollar amount. The
39 way it is collected is spread out among the assessed value. Theoretically, the taxes
40 would go down.
41

42 Desler stated properties are reassessed every four years. Every four years,
43 property with higher valuation would pay a larger share of the property tax levy.
44 As another quarter of the properties are assessed the next year, their taxes go up
45 and the first quarter properties go down. That continues on a four year cycle.
46

47 Discussion regarding property tax versus assessed valuation.

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1
2 Desler described the status of the special revenue funds, such as the road
3 fund, REET, and the election reserve fund.
4

5 Brenner asked if they are spending more out of the road fund than what they
6 bring into it each year. Desler stated the road fund has been stable.
7

8 Later on this spring, they will get into more details about where the County
9 stands financially.
10

11 Caskey-Schreiber stated it is a standard County practice to redirect to the
12 general fund the interest earned on the special funds. She asked if that is legal.
13 Desler stated the State Examiner's Office has reviewed and approved the
14 procedure.
15

16 Brenner asked why they have a huge road fund balance if they are spending
17 more than what they receive in revenues.
18

19 Nelson stated the road fund accumulated a huge pot of money in past years.
20
21

22 **OTHER ITEMS**

23

24 ***Nelson moved*** to change the start time of the Finance Committee meeting
25 to 11:00 a.m., so they can accommodate appointments and have a lunch break
26 around the noon hour, between committees.
27

28 ***Motion carried unanimously.***

29
30 *(Clerk's Note: Councilmember Nelson left the meeting.)*
31
32

33 **COUNCIL "CONSENT AGENDA" ITEM**

34

35 **1. REQUEST AUTHORIZATION FOR THE EXECUTIVE TO APPROVE THE** 36 **PURCHASE OF FOUR REPLACEMENT ½ TON PICKUP TRUCKS FROM** 37 **VENDOR BUD CLARY CHEVROLET USING THE WASHINGTON STATE** 38 **CONTRACT, FOR A TOTAL OF \$79,123 (AB2003-109)** 39

40 Crawford asked for an overview of the first four items on the Consent
41 Agenda.
42

43 Mary Green, Equipment Rent and Revolve (ER&R) Manager, stated her cutoff
44 for ordering is March 31. She likes to make sure what the departments have down
45 for replacement is what they need. She's checked on what is available.
46

1 Crawford asked if the expenses are in the 2003 budget. Green stated they
2 are.

3
4 **Roy moved** to recommend approval of this item.
5

6 Brenner asked about mileage. Green stated they used to turn over vehicles
7 at a mileage between 80,000 and 100,000 miles. The Executive asked her to carry
8 that out to 100,000 to 120,000 miles. By the time they go out for bid and get the
9 new vehicle, it has 120,000 miles.

10
11 Brenner asked if they require more maintenance. Green stated they do on
12 some. The rate of return is typically less when they get that many miles on them.
13

14 Brenner asked if they are spending more because the turnover time is
15 lengthened. Green stated it is case-by-case. Overall, it is probably costing the
16 county a little bit more.
17

18 **Motion carried 2-0 with Nelson absent.**
19

20 **2. REQUEST AUTHORIZATION FOR THE EXECUTIVE TO APPROVE THE**
21 **PURCHASE OF THREE REPLACEMENT SMALL PICKUP TRUCKS FROM**
22 **VENDOR SOUND FORD USING THE WASHINGTON STATE CONTRACT,**
23 **FOR A TOTAL OF \$48,903.12 (AB2003-110)**

24
25 *(Clerk's Note: See Consent Agenda item one for discussion of this item.)*
26

27 **Roy moved** to recommend approval.
28

29 **Motion carried 2-0 with Nelson absent.**
30

31 *(Clerk's Note: End of tape one, side A.)*
32

33 **3. REQUEST AUTHORIZATION FOR THE EXECUTIVE TO APPROVE THE**
34 **PURCHASE OF THREE REPLACEMENT LIGHT UTILITY VEHICLES FROM**
35 **VENDOR BUD CLARY CHEVROLET USING THE WASHINGTON STATE**
36 **CONTRACT, FOR A TOTAL OF \$67,807.83 (AB2003-111)**

37
38 *(Clerk's Note: See Consent Agenda item one for discussion of this item.)*
39

40 **Roy moved** to recommend approval.
41

42 **Motion carried 2-0 with Nelson absent.**
43

44 **4. REQUEST AUTHORIZATION FOR THE EXECUTIVE TO APPROVE THE**
45 **PURCHASE OF TWO REPLACEMENT FULL SIZE UTILITY VEHICLES**
46 **FROM VENDOR SOUND FORD USING THE WASHINGTON STATE**
47 **CONTRACT, FOR A TOTAL OF \$53,722.72 (AB2003-112)**

1
2 *(Clerk's Note: See Consent Agenda item one for discussion of this item.)*
3

4 **Roy moved** to recommend approval.
5

6 **Motion carried 2-0 with Nelson absent.**
7

8 Roy asked if the cost analysis of keeping the vehicles longer is something
9 they do as a matter of course. Green stated there is a computer program that runs
10 all the costs on each vehicle before it is replaced.
11

12 Brenner asked how long they would keep the vehicles longer before they
13 revisit the policy. Green stated the money they get out of auction is somewhat less
14 because of the higher mileage. However, it varies greatly on a case-by-case basis.
15 If a vehicle is heavily used, they can put it out for auction earlier.
16

17 **5. REQUEST AUTHORIZATION FOR THE EXECUTIVE TO AWARD BID #03-**
18 **09 TO THE LOWEST RESPONSIVE BIDDER, MCASPHALT INDUSTRIES,**
19 **FOR THE ANNUAL SUPPLY AND DELIVERY OF ASPHALTIC**
20 **EMULSIONS/ROAD OIL IN THE AMOUNT OF \$600,000 (AB2003-113)**
21

22 **Roy moved** to recommend approval of this item.
23

24 **Motion carried 2-0 with Nelson absent.**
25

26 **6. REQUEST AUTHORIZATION FOR THE EXECUTIVE TO AWARD BID #03-**
27 **15 TO THE LOWEST RESPONSIVE BIDDER, COASTLINE TRACTOR, FOR**
28 **TWO REPLACEMENT TRACTOR MOWERS IN THE AMOUNT OF**
29 **\$154,446.63 (AB2003-114)**
30

31 Mike Roberts, Assistant County Engineer, stated they currently have six
32 tractors. This request replaces two of the six. It is for mechanical vegetation
33 control, including shoulder mowing and long-arm mowing.
34

35 Brenner asked what they do when they have guardrails blocking the
36 shoulders. Roberts stated it depends. In a creek area, they will consult with the
37 biologist to make sure they handle the vegetation correctly. The machinery can
38 reach over the guardrail. Closer in to the guardrail, it becomes more problematic.
39

40 **Roy moved** to recommend approval of this item.
41

42 **Motion carried 2-0 with Nelson absent.**
43

44 **7. RESOLUTION TO SET A HEARING AND NOTICE OF HEARING ON SALE**
45 **OF COUNTY TAX TITLE PROPERTY BY NEGOTIATION, REQUEST NO.**
46 **01-03 (AB2003-115)**
47

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1 Brenner stated the maps don't show the parcel very well. She asked how
2 large the parcel is.

3
4 Crawford stated the acreage is listed on the inventory sheet for the property.
5 It is .2 acres.

6
7 Brenner asked why they are doing Consent Agenda item eleven by
8 negotiation.

9
10 Dewey Desler, Deputy Administrator, stated Roland Middleton did an analysis
11 of Request number 01-03 because the Property Management Committee, which
12 reviews the requests, asked Mr. Middleton to provide an analysis.

13
14 Brenner stated she would like to know the reason for the negotiation on
15 Consent Agenda item eleven.

16
17 Crawford stated it looks like this item was an easement. It is a strip of land
18 that is 30 feet wide and extends 600 hundred feet. It is a long strip for over two
19 acres. Whoever is responsible for paying taxes has allowed foreclosure for \$27.04.

20
21 **Roy moved** to recommend approval of Consent Agenda items seven through
22 eleven.

23
24 ***Motion carried 2-0 with Nelson absent.***

25
26 **8. RESOLUTION TO SET A HEARING AND NOTICE OF HEARING ON SALE**
27 **OF COUNTY TAX TITLE PROPERTY BY PUBLIC AUCTION, REQUEST**
28 **NO. 02-03 (AB2003-116)**

29
30 See Consent Agenda item seven.

31
32 **9. RESOLUTION TO SET A HEARING AND NOTICE OF HEARING ON SALE**
33 **OF COUNTY TAX TITLE PROPERTY BY PUBLIC AUCTION, REQUEST**
34 **NO. 03-03 (AB2003-117)**

35
36 See Consent Agenda item seven.

37
38 **10. RESOLUTION TO SET A HEARING AND NOTICE OF HEARING ON SALE**
39 **OF COUNTY TAX TITLE PROPERTY BY PUBLIC AUCTION, REQUEST**
40 **NO. 04-03 (AB2003-118)**

41
42 See Consent Agenda item seven.

43
44 **11. RESOLUTION TO SET A HEARING AND NOTICE OF HEARING ON SALE**
45 **OF COUNTY TAX TITLE PROPERTY BY NEGOTIATION, REQUEST NO.**
46 **05-03 (AB2003-119)**

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1 See Consent Agenda item seven.
2

3 **12. REQUEST AUTHORIZATION FOR THE EXECUTIVE TO ENTER INTO AN**
4 **AMENDED CONTRACT AGREEMENT BETWEEN WHATCOM COUNTY**
5 **PUBLIC WORKS, WATER RESOURCES DIVISION AND RESOURCES FOR**
6 **CONTINUING ENVIRONMENTAL CAUCUS SUPPORT IN THE WRIA 1**
7 **WATERSHED MANAGEMENT PROJECT IN THE AMENDED AMOUNT OF**
8 **\$19,500 (AB2003-120)**
9

10 **Roy moved** to recommend approval to the full Council, for the purpose of
11 discussion.
12

13 Roy stated a philosophical question is how many more times this will
14 happen.
15

16 Caskey-Schreiber asked for measurable deliverables that the caucuses would
17 achieve, so the Council knows when to say enough is enough.
18

19 Crawford stated his instinct is to continue this for this year. However, they
20 should review it for 2004.
21

22 Dr. Bruce Roll, Water Resources Division Manger, stated the 2003 budget
23 includes money for this item. These requests are coming forward on an as-needed
24 basis. The Council will see the delivery of the plan this year, probably at the end of
25 October. The Council will have the final round of approval for the water resource
26 inventory area (WRIA) plan after October. During budget time, evaluate what
27 services will be needed for 2004. Put implementation in mind instead of plan
28 development. They will have to resolve the role of the Planning Unit after plan
29 approval.
30

31 Roy asked how many of the caucuses have requested this funding. Roll
32 stated seven caucuses have requested the funding so far. Money is set aside to
33 help the private well owners, which have had difficulty getting good representation.
34 There are 18 caucuses total, including 12 water interest caucuses. There may be a
35 desire by other caucuses as the plans roll out in June. At that time, the caucuses
36 may feel they need to take more time and effort to get the plan out to their
37 constituencies. At this point, three or four caucuses that have not yet come
38 forward with requests may do so.
39

40 Brenner asked for a presentation on what they are doing to beef up the
41 private well owner caucus. Roll stated he would schedule that presentation.
42

43 ***Motion carried 2-0 with Nelson absent.***
44

45 **OTHER ITEMS**
46

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1
2 **1. APPOINTMENT OF JON OSTLUND (AS A MEMBER OF THE CRIMINAL**
3 **DEFENSE BAR) AND DONNA WELLS (AS A LOCAL SUBSTANCE ABUSE**
4 **TREATMENT PROVIDER) TO THE WHATCOM COUNTY CRIMINAL**
5 **JUSTICE TREATMENT ACCOUNT PANEL (AB2003-127)**
6

7 Andy Byrne, Human Services Manager, stated the State legislature discussed
8 the sentencing reform act. In 2002, the legislature passed a bill to provide funds
9 for more effective substance abuse treatment for offenders. The legislature
10 established the criminal justice treatment account for counties to apply the dollars
11 to offenders with addictions. To apply for the funds, each county must develop a
12 local panel with five specific members. The County Council must appoint the
13 criminal defense bar and criminal justice treatment account members.
14

15 ***Roy moved*** to recommend appointment to the full Council.
16

17 Roy asked about the overlap with drug court. Byrne stated this is for the
18 substance abuse treatment that people in drug court might need and other
19 offenders who are not in drug court. It will not supplant the drug court.
20

21 ***Motion carried 2-0 with Nelson absent.***
22

23
24 **ADJOURN**
25

26 The meeting adjourned at 1:17 p.m.
27

28
29 _____
30 Jill Nixon, Minutes Transcription
31

32
33 ATTEST:

WHATCOM COUNTY COUNCIL
WHATCOM COUNTY, WASHINGTON

34
35
36
37
38 _____
39 Dana Brown-Davis, Council Clerk

Sam Crawford, Committee Chair