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1 WHATCOM COUNTY COUNCIL
2 **Special County Council**
3

4 June 8, 2004
5
6

7 Council Chair Dan McShane called the meeting to order at 9:12 a.m. in the
8 Courthouse Fifth Floor Conference Room 513, 311 Grand Avenue, Bellingham,
9 Washington.

10
11 Present:

12 Barbara Brenner
13 Laurie Caskey-Schreiber
14 Sam Crawford
15 Seth Fleetwood
16 Sharon Roy
17

Absent:

L. Ward Nelson
18

- 19 **1. COUNCIL TO MEET WITH THE ADMINISTRATION TO DISCUSS**
20 **GUIDELINES FOR PREPARING FUTURE BUDGETS (2005 AND 2006).**
21 **DISCUSSION TOPICS TO INCLUDE: KEY ISSUES FOR THE FUTURE,**
22 **GENERAL REVENUE AND EXPENDITURE ASSUMPTIONS, ADDITIONAL**
23 **SERVICE REQUEST FORMAT, AND BUDGET DEVELOPMENT**
24 **GUIDELINES (AB2004-027)**
25

26 Key Issues Review
27

28 Dewey Desler, Deputy Administrator, stated key issues will face the County
29 in the next few years.
30

31 Master facilities plan implementation is one key issue. It's been many
32 decades since the County looked at its future. Over the last few years, the
33 administration has been looking forward 20 or more years as an organization and
34 making building investment decisions around that longer term plan. There are too
35 many problems from decisions that met short-term interest, but in the long- and
36 medium-term, were bad investment decisions. The Council said it wants to look at
37 detailed information about siting of a law and justice center before making a
38 decision on two key options. The administration is putting that information
39 together. In the meantime, the County is going to construct a minimum security
40 jail. If they can complete the master facilities plan before the next budget, it gives
41 administration a chance to propose the next key steps to implement the Council's
42 decisions.
43

44 McShane stated they are looking at a two year budget process. He asked
45 how big of a role they will play to make decisions on the real estate excise tax
46 (REET) or rural sales tax as part of the process for the master facilities plan or
47 interim jail. Desler stated the REET fund is available. The administration proposes

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1 to use REET for the Division Street property and also to support some of the other
2 buildings associated with the site at Division Street. There is \$300,000 to \$400,000
3 extra coming in per year above what they need for the courthouse payment. There
4 is \$2.4 million in the fund now. The County has roughly \$7 million in the rural sales
5 tax fund. This is for public facilities. There are differences of opinion on how that
6 fund should be used, but there is consensus that something like 40 percent of that
7 money would be used for County government facilities on high priority functions.
8 That fund goes out for 19 to 20 years and brings in about \$2.1 million per year.
9 The County can bond itself against the value of that fund. The REET 2nd quarter
10 funds are limited to roads and parks. The general fund has a balance of \$17 to \$18
11 million, which is the healthiest it's ever been. Part of those funds could be used to
12 pay for capital facilities. One of the reasons to support that fund source and let
13 that balance rise is to pay for ongoing construction costs on buildings. They can
14 pay up front, bond, or rent buildings. When they bond or rent, the County pays on
15 an annual basis for that asset as opposed to making the full payment from the
16 general fund. The proposed increase to the sales tax can be used for construction
17 and operation of County facilities. The one-tenth of one percent increase passed in
18 1999 is for criminal justice purposes. It has gone into the general fund.

19
20 Fleetwood asked if everything related to the proposed minimum security jail,
21 and the big criminal justice facility, relies on passage of the one-tenth of one
22 percent sales tax increase. Desler stated the County could build a minimum
23 security jail. The key issue is how to pay for ongoing operations of the jail.
24 Somehow they will find a way to do that, but it may mean significant budget
25 reductions.

26
27 Caskey-Schreiber stated they could also approve a tax increase. Desler
28 stated the increased cost anticipated for the ongoing cost of the minimum security
29 facility is about \$2 million. If the cities would use the facility based on projections,
30 that would provide revenue of \$1.1 million. Another \$100,000 of revenue would
31 come from miscellaneous revenue. That leaves \$800,000 to \$900,000 for the
32 County to pay. The County has to be prepared to pay more than that. They're not
33 entering into an arrangement like that with emergency medical services (EMS).
34 The County hasn't talked to the cities or other jurisdictions about cost-sharing. If
35 the cities don't come on board, the County still has to pay. They have done budget
36 projections that show they could probably operate a minimum security jail if the
37 sales tax increase passes, and can build another jail of up to 550 to 600 beds if
38 they meet certain targets for construction costs. There would be a \$1 million
39 shortfall to pay for the permanent jail. The administration wants to avoid a
40 situation where other counties have built jails assuming the revenue would be
41 there, but it's not.

42
43 Caskey-Schreiber asked if money saved from closing the existing work
44 release facility would be a part of that \$800,000 to \$900,000. Desler stated that
45 facility cost is about \$250,000 for the net cost of that activity. If closed, the
46 County would lose that capacity and pay it on the other end. The savings aren't
47 there. The decision is whether they want the additional capacity or not.

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1
2 Caskey-Schreiber asked the point if they build an interim jail if they don't
3 want capacity. She asked if the end goal is to centralize services in that area.
4 Desler stated the administration's recommendation is to continue the work release
5 facility.

6
7 Crawford asked if they break out cost information for the jail and
8 incarceration, and the cost per year.

9
10 Wendy Jones, Chief of Corrections, stated the cost for jail operations is about
11 \$7 million for everything.

12
13 Crawford asked if the new interim facility cost would be \$2 million, for a total
14 of \$9 million. Desler stated that is correct.

15
16 Crawford asked if the \$1.1 million from the City is in addition from what the
17 City is paying today. Desler stated it is. In 2004, the cities are paying a much
18 reduced rate. Their use of the jail is dramatically reduced. Many jurisdictions
19 budget much more than what they pay or use. The small cities have said they will
20 find a way to pay for more capacity. He's heard from the Bellingham mayor
21 verbally, not in writing, that the City would only be able to support the additional
22 services in the jail if it got additional money to pay for EMS.

23
24 Crawford asked if there is potential funding for construction of a permanent
25 facility if the citizens pass the one-tenth of one percent sales tax increase. He
26 asked if that would fund construction only or also operation. Desler stated it would
27 fund construction.

28
29 Crawford stated that today the County is spending \$7 million for jail services.
30 The interim facility adds 150 beds. With both facilities, the cost is about \$9 million.

31
32 Brad Bennett, Finance Division Manager, stated the net cost for jail services
33 now is \$4.4 million.

34
35 Crawford asked the total expense when the County goes to a 500- to 600-
36 bed permanent facility. Desler stated the consultants recommended staffing go
37 from 63 full-time equivalent employees (FTE's) and add 23 more FTE's for the
38 minimum security facility, and also recommend 165 FTEs for a permanent facility.
39 Jones stated that staffing level depends on the design of the facility.

40
41 Desler stated the administration's calculation is based on a smaller number of
42 FTE's, about 130. Even after the County makes all the bond payments and
43 expenses, it's going to be about \$1 million or more short.

44
45 Crawford asked how much that one-tenth of one percent sales tax increase
46 would bring in per year. Desler stated the increase would bring in \$2.65 million,
47 increasing about five percent per year.

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1
2 Crawford stated that if the County gets that sales tax increase passed, it
3 opens the door on a new interim jail and approaches the funding of that operation.
4 Desler stated that's correct.

5
6 McShane asked if all the money from the increased sales tax goes to the
7 County. Desler stated it does. The County is responsible for jail cost from all
8 municipalities for juvenile and felony offenses. The County also takes on all state
9 and county law enforcement misdemeanor charges. The cities are charged with
10 their own misdemeanant offenses. The legislature gave the County the taxing
11 authority to pay for those expenses. Not all other counties have instituted the sales
12 tax increase. Other counties don't give that revenue to cities to pay for their
13 misdemeanor charges. There was a request from the mayor of Bellingham to
14 receive a portion of that increase.

15
16 McShane stated he is concerned about the ability of the cities to contribute.

17
18 Caskey-Schreiber stated the sales tax campaign is going to be crucial to the
19 success of a long-term permanent facility. Contract out survey work to see if the
20 public will support the tax, and do a really well-run campaign. Put off the vote until
21 Spring if it takes that long to run a successful campaign.

22
23 McShane stated there might be legal issues with doing that.

24
25 Desler stated the Sheriff, Executive, and, he hoped, many other elected
26 officials have said they want to forge a campaign, done in a highly ethical manner.
27 There cannot be any perception of this County promoting or supporting the
28 campaign other than what is legally allowed. There is a desire to build a campaign
29 plan between now and the first part of September, then run a campaign in
30 September and October.

31
32 Brenner asked what happens if the increase doesn't pass. She's heard
33 numerous times from people that they won't support any more taxes. She's
34 concerned about getting the message out. She's not sure the public will agree.

35
36 Roy stated the government agency has restrictions on the roles it can play.
37 She assumed there will be some sort of citizens group that will promote the
38 increase.

39
40 Bill Elfo, Sheriff, stated citizens have expressed an interest in doing a political
41 campaign. They have also talked with a firm to put on an educational campaign.
42 There is room in the law to do that as long as it provides information on both sides
43 of the issue.

44
45 Roy stated she can see where Bellingham would have an argument for
46 receiving 50 percent of the taxes received. It would be a shame for Bellingham
47 voters to sabotage this because Bellingham doesn't receive some of the money.

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1 Desler stated one method to support the other communities is if the County buys
2 the property and, with some source of support, builds the building and puts none of
3 the cost of that or any kind of depreciation into the per diem rates of the
4 jurisdictions. That is a \$6 to \$7 per day savings for the cities. If the County were
5 to lease the building, the additional cost to the County and the rate would be more.
6 Someone has to pay that cost. Capitalization of this, and not putting it into the per
7 diem rate, would be a benefit for anyone who uses it. The rationale for not giving
8 the money to local jurisdictions is there will be enough demand for jail services.
9 Any time the government subsidizes a popular service, more people will use it more
10 actively. They will just create competition for the main jail.

11
12 Roy asked if an approved sales tax increase will save local jurisdictions
13 money on jail costs. Desler stated it will. He anticipates a ten per cent reduction in
14 rates.

15
16 McShane stated there is room for negotiation about capital costs and how
17 they're passed on. They can make an argument that the sales tax and REET is paid
18 by everyone countywide, and therefore it can go to the capital costs or paying the
19 bond and not writing in a formula for the jail users. There is more flexibility in that.
20 His biggest concern is the cities' abilities to do this. He is concerned about
21 committing to building a facility assuming that the revenue will be there. He's
22 hearing the administration is not going to assume huge revenue streams until the
23 jail is built. The revenue may dry up down the road.

24
25 Elfo stated he does not intend to import prisoners into Whatcom County, but
26 if there were a crisis where cities can't pay for jail space, there's a huge market for
27 it.

28
29 Brenner stated whether or not the cities can pay, there are still people who
30 need to be in there. She asked if they would just turn them away. It will be
31 difficult to import criminals while turning away local criminals.

32
33 Desler stated many communities have approached major jail construction
34 with pre-designed and built agreements with their cities. The cities have committed
35 to pay for a certain capacity up front. The County is not doing that to other
36 jurisdictions.

37
38 Upgrading Information Services. Desler stated the County will gain greater
39 efficiencies with information services in all elements of government. It is one of the
40 most significant things they can do to improve efficiencies of government in
41 response to growth demands. The administration will be thoughtful and aggressive
42 about approaching information services decisions.

43
44 Roy stated she hopes that they're working on getting the law and justice
45 issues at the forefront and taken care of. During the presentation from the
46 Commission Against Domestic Violence, it was made clear that the Whatcom
47 County Sheriff's Office is behind the Bellingham Police Department in terms of

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1 accessing information. Deputies cannot use the remote reporting locations because
2 they couldn't access information. Elfo stated that problem has been solved. A
3 bigger data integration problem is being compatible with the City of Bellingham.
4

5 Roy stated it's a public safety problem that needs to be addressed. Desler
6 stated they can organize a presentation on the progress of that effort.
7

8 Voting reform mandates. Desler stated there have been a number of
9 meetings with advocacy groups who are concerned about the future of voting
10 systems. As the County makes decisions on its voting equipment, they will try to
11 build the space requirements around the systems that are chosen. The investment
12 in this matter will be something the County will live with for many years. They
13 expect to see a presentation from the Auditor about some of the options.
14

15 Fleetwood asked if an additional services request (ASR) is anticipated from
16 the County or from grants. Desler stated the County will receive \$590,000 from
17 federal funds, which is the set up cost of the new system. If the County does
18 something more expensive, it will have to figure out how to pay for it. The decision
19 should come after active consultation with the Council.
20

21 *(Clerk's Note: End of tape one, side A.)*
22

23 Water Resources. Desler stated the County has worked actively over the last
24 few years, and is trying to finalize a watershed management plan. The
25 administration wants to hear how the Council prefers to pay for things like
26 stormwater, water resource inventory area (WRIA), flood management, and Lake
27 Whatcom protection.
28

29 Brenner stated the County never received adequate funding from the State
30 for WRIA. The County went way beyond what other counties have done. She is
31 not comfortable proceeding with the plan. They have created a huge bureaucracy
32 that is putting the County in a position of forcing people to do things that may or
33 may not be in their best interest. People don't have any idea of the far reaching
34 ramifications of the plan. She is not confident that the County has the money.
35 Don't pay for implementation from the general fund. Let the State pay for the
36 mandate. If the County did more than the State imagined, the State needs to let
37 the County know that.
38

39 McShane stated he tremendously encourages trying to integrate what they've
40 been doing with water resources and planning a little better than it has happened in
41 the past. That is difficult because of the two different departments. At whatever
42 level they decide on WRIA plan implementation, full implementation isn't going to
43 happen. Implementation will be piecemeal and opportunistic. There are things the
44 Council can do to plan around it. The Council works with planning issues all the
45 time, and is most familiar with that department. Implementing a lot of this has
46 been limited by the lack of staff at the County planning level. Water resources is
47 becoming more a part of planning. The Council has done significant projects in

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1 Lake Whatcom. Water quality development standards is an example. There wasn't
2 a lot of support from the Water Resources Division on that. The Council could have
3 used that support. Regarding the River and Flood Division, he's not sure the
4 Council has been engaged in the direction the County is heading in terms of flood
5 projects. For instance, the County talked about establishing a meander zone along
6 the Nooksack river. It's a priority of the Flood Control Zone District Advisory
7 Committee. However, he just found out the County just let out a request for
8 qualifications (RFQ) for gravel removal in the river. That doesn't work with
9 establishing a meander zone. The Council may need to make that a priority.

10
11 Roy stated she wants to add Shoreline issues to that subject. Issues seem to
12 be chopped up into little pieces. The Water Resources Division should be involved
13 with planning, critical areas, and shoreline work that is happening this year.
14 Integration is really important.

15
16 McShane stated it's difficult to do. This is similar to the master facilities plan
17 process. They don't have a broad plan that the Council and the County as a whole
18 can understand. The administration needs to figure this out. The administration
19 has been working on it, and it hasn't been easy.

20
21 Jeff Monsen, Public Works Department, stated he, Mr. Hart, and others are
22 doing natural resource integration. It's not just simply about working together
23 more carefully, but redesigning the role of the County for natural resource
24 management. There will be a proposal that will come forward that will blur
25 departmental lines. Where they go in information systems is a much bigger driver
26 of their ability to integrate the policy and program issues. If they don't have free
27 flow access to information, there are many boundaries they run up against. The
28 WRIA project generated a lot of information. To use that information effectively, it
29 will take an investment in information systems.

30
31 McShane stated they will keep on and look forward to a better system in the
32 future. He's critical of the past. Natural resources and natural history are very
33 important to this community. Monsen stated a significant challenge for the future is
34 doing coordination. Everyone wants to implement a project, but not do
35 coordination, which is a significant financial element. They plan to look for grant
36 funds aggressively from the State and federal governments. If they don't
37 materialize, the requests won't go away.

38
39 Roy stated one objective today is to get a sense of how the Council feels.
40 Desler stated it is. There are two issues. One is things that people ask the County
41 to provide. Another issue is how the County focuses on these water resource issues
42 within the organization. They can add capacity or reprioritize the things it is doing
43 today. The administration needs the Council's assistance to do prioritization.

44
45 Roy stated she wants to support Councilmember McShane's comments.
46 Natural resources in this county have got to be a top priority. She welcomes the
47 opportunity to talk about re-prioritizing. She supports the concept Councilmember

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1 McShane talked about. She also understands Councilmember Brenner. She will
2 look critically at WRIA budget items. Look for other sources of funding. She'd like
3 to see more on-the-ground projects and less theory.
4

5 McShane stated he appreciates the Executive's and Mr. Desler's ability to
6 lobby. They should maybe think about having a lobby position to provide support
7 in that regard. There is the Washington State Association of Counties, but he's not
8 sure how effective the County has been working with them, mostly due to the lack
9 of effort from councilmembers because they're part time. Desler stated it's tough
10 to tell the public the County needs to have a lobbyist. However, the rules are that
11 the County representatives have to be there at the State when the changes are
12 being made. He's always advocated that the County grow its presence in Olympia
13 and Washington D.C. The County has been fairly assertive with those activities.
14 The County currently invests in the Council of Governments for representing the
15 County. If the County wants to really address an issue such as federal payment for
16 law enforcement or significant water resources issues, the County ought to develop
17 a plan of action, which would include a more aggressive approach to focus on
18 obtaining resources or law changes needed. The County has to be present to make
19 its case and sell its ideas.
20

21 Fleetwood stated investing in a lobbyist or grant writer will generally pay for
22 itself.
23

24 Brenner asked what the County's grant writer is doing. Desler stated the
25 County has a grants coordinator. There is a fund from which the County hires
26 people to contract with someone to prepare the grant. The County is moving into
27 housing, healthcare, law enforcement, and community service issues. The County
28 has received grants. Much of the government expenses now is funded with grants.
29 They have to continue being aggressive with that.
30

31 Wages and Benefits. Desler stated new retirement rates will have more of an
32 impact on the County. There are also extensive increases in health care and other
33 benefits. The County has a cap at ten percent, with the exception of Sheriff's guild.
34 He hopes the cost of health care doesn't exceed that cap, but it probably will.
35 There will be contract negotiations with almost all existing unions. A significant
36 issue is the way the State charges retirement benefits. When the markets are
37 strong and interest rates are high, the State will push down the rates that are
38 charged to employees and employers. There's a lag time for that. There will be a
39 fairly significant increase in rates starting July 1, 2005, then again in 2006 and
40 2007. Employer contribution rates will go from 1.5 percent to as much as six
41 percent. That differential is what the County has to pay for. It's roughly equivalent
42 to about two years of a wage increase. This year they have to account for the
43 increasing cost of benefits, retirement benefits, and the result of wage negotiations.
44

45 Brenner asked where they foresee the County getting the money for that.
46 Desler stated the options are using the fund balance, reducing other expenses, and
47 trying to grow revenue.

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1
2 Brenner asked the dollar amount if the increase is up to six percent. Desler
3 stated it's millions.

4
5 Marianne Caldwell, Senior Budget Analyst, stated the County is now paying
6 \$600,000. By 2009, the amount will be \$2.4 million.

7
8 Drug Court. Desler stated that in 2005, the County will lose significant drug
9 court revenue. If the same level of support for drug court will continue, the County
10 will have to find resources. Funding is coming to the end because the money is
11 being moved to other national security functions.

12
13 Fleetwood asked if the federal grant was for implementation and was due to
14 sunset after a number of years.

15
16 Brenner stated a lot of money is being funneled to the war. She asked if
17 there will be more federal money available this year when the country gets out of
18 the war.

19
20 Crawford stated the upcoming change is just a handover of authority. The
21 presence of the United States in Iraq will remain just as strong.

22
23 McShane stated that if the money is not going to be available, they have to
24 decide what the County is going to do.

25
26 Caskey-Schreiber asked for information on drug court from a drug court
27 representative.

28
29 Crawford stated drug court saves lives, not money. He asked how funding it
30 would affect the budget over time.

31
32 Brenner stated drug court saves money in the long run. The recidivism rate
33 goes way down. About 80 percent of non-drug court offenders re-offend. Only 30
34 percent of drug court offenders re-offend.

35
36 Caskey-Schreiber stated they will have a real battle for dollars for mental
37 health patients. She would normally support drug court, but they have to consider
38 the biggest benefit for their dollars.

39
40 McShane stated there is a risk of re-offense by a mentally ill person. The
41 interim jail will have a triage center for the mentally ill. Consider the cost of a
42 program that will connect and track those people in the system.

43
44 Caskey-Schreiber stated that without any kind of case management,
45 mentally ill offenders will likely re-offend.

46
47 McShane stated this is a topic on which the Council needs more education.

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1
2 Roy stated they will have to see the impact to all social services. The mental
3 health issue of reduced funding will mean that people won't be medicated. Look at
4 the entire social services scope.

5
6 McShane stated there are some staff in the Health Department working on
7 mental health issues. He asked how much money comes from the State for social
8 programs. Desler stated the County contributes a lot compared to other counties.
9 Millions have come to the County for social and health services. There are also
10 programs and activities supported in whole or in part by County funding.

11
12 Regina Delahunt, Health Department Director, stated the County provides
13 some local dollars. Other counties use no county dollars.

14
15 Brenner stated the mental health issue is a big issue for her. She's
16 concerned with the way the State and federal government are cutting funds. She
17 asked if drug court provides therapeutic activities for participants. Jones stated the
18 offenders are hooked up with case management that facilities treatment. The drug
19 court program encourages treatment and aftercare.

20
21 Brenner stated there is a big rift in Substance Abuse Advisory Board. It
22 doesn't want to connect with mental health advisory board. That stigma is
23 unfortunate. One doesn't have substance abuse issues without mental health
24 issues.

25
26 Desler stated these social services, law enforcement, keeping records are the
27 core County services. The County will continue to have a role in that. Things may
28 change with the planned triage program. Existing funding for substance abuse,
29 mental health, and the hospital would come together to provide funding for that
30 service. Agreements are building now to confirm that plan. Things could change
31 due to the quicksand situation in mental health.

32
33 McShane asked if money from the drug fund does or can go to drug court.
34 Desler stated it can. Of the \$400,000 cost for the drug court, approximately
35 \$25,000 comes from the drug fund. The drug fund has many hundreds of
36 thousands of dollars.

37
38 Brenner stated more should go from the drug fund to drug court. Elfo stated
39 some money from the drug fund pays for northwest task force on
40 methamphetamine.

41
42 Brenner stated she'd like to see a break down of the costs that the drug fund
43 covers. Bennett stated the drug court started this year with a \$400,000 balance.
44 Revenues fluctuate.

45
46 Kathy Walker, Administrative Manager, stated there is a limitation on the use
47 of the drug fund dollars, depending on the source of the funds. Funds from the

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1 Justice Department and Treasury Department have limited uses. There are even
2 limitations to what they can give to the drug court.

3
4 *(Clerk's Note: End of tape one, side B.)*

5
6 Desler stated he will provide additional information on the drug fund.

7
8 McShane stated the drug fund is not as transparent as other funds. It's
9 concerning.

10
11 Brenner asked to see a breakdown of how the drug funds are spent.

12
13 ***The Council concurred.***

14
15 Biennial budgets. Desler stated they are going to prepare a two-year
16 budget. He anticipates an active review from the Council mid-biennium.

17
18 Caskey-Schreiber asked if the word is out to the public who request funds
19 each year. Desler stated the word will get out.

20
21 Roy stated one question to be answered is whether they want to support
22 small chambers of commerce, other than the Bellingham/Whatcom Chamber of
23 Commerce.

24
25 Initiative 864. Desler stated this initiative will reduce funds to the County.

26
27 Caskey-Schreiber stated she heard Ron Sims say he will disband County
28 government if this happens, and turn everything over to the cities.

29
30 Crawford asked if there are enough signatures for this initiative. Desler
31 stated he didn't know. The deadline to gather the signatures is in July.

32
33 McShane stated they will need to revisit the budget if the initiative happens.

34
35 Initiative 892. Desler stated I-892 affects State revenue, but County
36 revenues from the State would also be affected.

37
38 General fund Balance Assumptions

39
40 Desler stated there will be significant revenue changes. They won't receive
41 any more payment from the City of Bellingham in the amount of \$500,000 to pay
42 back for services. They are losing drug court revenue and revenue from Alcoa. He
43 estimates an even level of revenue with no increases. Sales tax may be lower or
44 have just a modest increase.

45
46 Brenner asked why the County is losing \$500,000 from the City of
47 Bellingham and money from Alcoa. Desler stated there was an eight year payout

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1 from the City of Bellingham, and this is the last year. The Alcoa agreement was for
2 two years.

3
4 Caskey-Schreiber asked if property tax the Alcoa agreement was regarding
5 its property tax.

6
7 Pete Kremen, County Executive, stated the Alcoa agreement was regarding
8 the Bonneville Power Administration (BPA) settlement. The Alcoa property tax was
9 reduced by about 25 percent. The property was revalued at \$88 million versus
10 \$120 million.

11
12 Desler stated that with all the normal projections they make, they have to be
13 cautious, but it's not the end of the world.

14
15 Caskey-Schreiber asked about Medic One. Kremen stated there was a
16 meeting last week with the small cities. There was a meeting with fire chiefs. The
17 fire chiefs are not in unison to support the measure. Significant fire districts are
18 opposed to the concept, and have convinced some of the small city mayors to not
19 support the agreement. At this point, the small cities and some of the fire districts
20 don't support the County board arrangements. He will continue to meet with the
21 City of Bellingham, fire chiefs, and fire commissioners. They are still moving
22 forward. He still thinks the concept can work. He is not overly optimistic about
23 having an agreement for EMS. It's still doable, but not a given.

24
25 Roy asked about the objections. Kremen stated their objections are on a lot
26 of things. Different people are having problems with different things. One fire
27 district feels that the concept will prevent them from having its own EMS levy. The
28 small cities feel the City of Bellingham has too much clout. The City of Ferndale
29 stated it should have a specific member on the authority board. If it does, every
30 other city will want one. He will work with the City of Lynden and small cities to
31 see if he can get them to agree. Now, the City of Bellingham and Whatcom County
32 and a few of the fire districts are still working to salvage the concept.

33
34 Crawford stated they need to send a message in the budget statement.
35 Having a budget proposal that shows increases as usual is not where the Council is
36 at. An escalation of nearly \$2 million per year hasn't been discussed. He asked to
37 get a proposal for slowly decreasing participation in Medic One for the next six
38 years.

39
40 McShane stated he is not uncomfortable with the annual increase. Kremen
41 stated the small city mayors also feel the 5.9 increase is too hefty.

42
43 Caskey-Schreiber asked how they would not have an increase with an
44 increasing population.

45
46 Crawford stated the plan was that the fire districts would do basic life support
47 (BLS) as opposed to the City responding to every call with advanced life support

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1 (ALS). One discussion was that the cost would go down because of that. Also,
2 they have \$100,000 per year firefighters running this thing. They can't afford to
3 continue that. It's important for the County to take a position that the old way of
4 thinking has to change. In the end, everyone will benefit. The projected increases
5 send the message that the situation is acceptable as it is. Desler stated the
6 administration needs to explain the agreement, which is still being developed. It
7 would be useful to have comments from the Council. There is some debate on the
8 level of the increases. There is also debate on the cost of the support of a new
9 authority. The County owns assets that are being used by Medic One. The assets
10 and reserves are ongoing support that can help the County move into a different
11 arrangement for EMS. There is not a commitment to use only Bellingham Medic
12 One firefighters.

13
14 Kremen stated the administration needs indication from the Council during
15 negotiations with the players. The Council needs to know what some of the other
16 stakeholders want. Some feel that the timeline for setting up the authority is over-
17 aggressive, which it is. The City of Bellingham wanted that timeline to meet its
18 needs. The County pointed that out to the City of Bellingham. The fire districts say
19 one thing, but when it comes to delivering ALS service, they decide they can't do
20 that. All districts initially believed that Bellingham ought to provide all the ALS.
21 Now that's not the case. Some districts are changing their positions. He maintains
22 that the private sector should be at least included in the technical advisory
23 committee. It has the potential for providing the service. The City of Bellingham
24 conceded on that point. There are a couple of influential fire chiefs who are being
25 very vocal to the small cities and other districts that isn't a good deal.

26
27 Brenner stated they should move ahead with the ones who are on board and
28 leave the others out. Kremen stated that's the tact they're taking.

29
30 McShane asked if the Council wants to increase, decrease, or hold the line on
31 EMS funding. He believes they should maintain the current level, without an
32 increase, for six years, and then the County will discontinue funding. The system
33 can't work any more the way it is. The level of service already has declined.
34 People voted against funding for EMS. He has an issue with equity of those city of
35 Bellingham residents who pay twice. Also, people will figure out a way to pay for
36 the services either through a levy or through a city fire district if they don't want to
37 see the service end.

38
39 Brenner stated the levy amount asked for was too high, which may have
40 been why it didn't pass. She asked Councilmember Crawford about holding the
41 line.

42
43 Roy stated she agrees with Councilmember McShane, only the term should
44 be shorter than six years. If Whatcom County is truly the only county in the state
45 that funds EMS from the general fund, they should make this deadline shorter than
46 six years.

47

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1 Caskey-Schreiber stated six years is what Bellingham wanted.
2

3 Roy stated they need to eventually get out of the Medic One business, and
4 the sooner the better.
5

6 Crawford stated he doesn't agree with Councilmember McShane's proposal
7 because it doesn't allow the system to wean itself away from the County. A crisis
8 will be produced in six years. This system will take and use every available dollar
9 until the very end, when there will be another community crisis. He proposes an
10 alternative concept to give Neil Clement a budget for an EMS director, let the City
11 pull out, and fund a full time staff person at the County to coordinate with the fire
12 districts. Take the \$1.3 million to develop a state of the art rural ambulance
13 system. The private sector has a standing offer to provide ALS better and faster to
14 every corner of this county. The County can do this. Letting the City continue to
15 hamstringing this system and the fire districts is not going to end. Decrease funding
16 at a minimum of \$100,000 per year each year for the six years. They can continue
17 to have a workable system for the people of the county, with a decrease of County
18 funds. Someone's got to take a leadership role. The City wants out of the
19 agreement. Also, the City has staff who are working on this issue full time. The
20 County doesn't.
21

22 Caskey-Schreiber stated she doesn't agree with Councilmember Crawford.
23 They will go backwards in service levels. The City of Bellingham has shown itself to
24 be a successful leader. There's no way the County will get the same level and
25 expertise as the current paramedics. The private sector has newly educated
26 paramedics without the experience and knowledge, and are not paid well. She
27 doesn't know how the fire districts will pull it off. She asked why Kremen doesn't
28 agree with Crawford's vision.
29

30 Kremen stated it's not viable. The private sector provider had indicated it
31 doesn't want to do ALS until the past two or three months, when it now says it
32 wants to do ALS.
33

34 Crawford stated the position of the private provider is that it doesn't want to
35 sort of do ALS. Either have the system or not. They can't do it partway. The
36 County can work independent of the City to build a system. If the private provider
37 figures into it, that's fine. For less than \$1.3 million, the private provider can build
38 a phenomenal ALS system. When he said he didn't want to do ALS, it was because
39 they talked about having ALS services only part time.
40

41 Desler stated they're still involved in negotiations with fire districts and the
42 City of Bellingham. That's not over yet. The results of that negotiation is still in
43 flux. The final decision hasn't been made.
44

45 Kremen stated he is still pursuing this new concept. If all else fails, the
46 County has an option to let a request for proposals (RFP) that the private sector
47 would be interested in. The service is not mandated and Whatcom County is the

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1 only county in the state that uses general fund money, but the County will be hard
2 pressed to tell the residents of this county that the County is not going to fund an
3 essential service. There are a lot of things the County does that aren't mandated.

4
5 *(Clerk's Note: End of tape two, side A.)*
6

7 Kremen continued to state he disagrees with using general fund money for
8 the service. A service as important as this can have reliable and steady funding,
9 but think twice about an automatic cutoff date for something this important.

10
11 Caskey-Schreiber stated Councilmember Crawford's proposal to fund a
12 private provider goes against his argument for reducing funds to the City of
13 Bellingham service. They can't undermine them by reducing their money and
14 service levels every year. She would rather go out for another levy option before
15 this timeframe is up. It might be approved. The campaign against this levy was
16 ridiculous. If citizens had really understood how small they would have to pay, the
17 levy would have passed. There was an organized campaign against it, but it's not
18 an indicator that a levy would fail again with a different amount.

19
20 ASR Form
21

22 Desler stated the Council and Executive wants to see basic fundamental
23 information about an additional services request. They crafted a streamlined
24 approach to get at fundamental questions from the Council. He asked if these are
25 the questions the Council wants answered when there is a request for additional
26 services.

27
28 McShane stated he approves of the streamlined approach, which still gets at
29 the fundamental questions. On past ASR's, they do look like they're awful to fill
30 out. At the same time, the effort that goes into filling them out completely is
31 appreciated and makes him think staff really does want what's being requested. A
32 complete ASR plays a role in how he evaluates the request.

33
34 Crawford stated there has been some confusion in the presentation of these
35 to Council. There are ASR's that the administration approves and ASR's the
36 administration doesn't approve. Present the two to Council separately.

37
38 ***McShane stated the Council concurs on the approval of the ASR***
39 ***format.***
40

41 Crawford stated that the ASR form should show how the request impacts the
42 number of FTE's.

43
44 Roy stated she would like to see if there is a net increase in FTE's. They're
45 interested in the additional FTE's, not a shift in work responsibilities.
46

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1 McShane stated another concern is with FTE supportive costs, such as finding
2 a place for the FTE to work.

3
4 Kremen stated there was no budget process like this prior to his
5 administration. That wasn't good government. It wasn't collaboration or in the
6 interest of the public. He has tried to work with the Council to have a better
7 understanding of where its interests and priorities are. Work collaboratively to
8 come up with a better product. They need to accomplish within reason where the
9 Council wants to go. He knows what it's like to be on a legislative body that is
10 handed a budget document without a lot of information. That's why he believes
11 this is helpful. They've come very far during his administration.

12
13 Brenner stated this is a much better way to do it. She appreciates being
14 involved from the beginning. She sees the councilmembers' opinions incorporated.
15 She doesn't like that the Council gets all the blame when people are upset with the
16 budget.

17
18 Budget Development Guidelines

19
20 Desler stated that during the last two or three years, the administration has
21 shown the Council what it used the previous year for guidelines. The Council would
22 approve or edit those guidelines, which are used as a roadmap for building the next
23 year's budget.

24
25 Brenner stated the language in the budget guidelines is good.

26
27 Roy referenced number eight. Somehow reference interdepartmental
28 cooperation for efficiencies.

29
30 Crawford stated numbers four and six already do that.

31
32 McShane stated on number three, an idea not reflected that is important is to
33 make sure they're competitive with other governments and cities to attract good
34 quality employees. Articulate that in number three.

35
36 Brenner stated she hasn't noticed a lot of turnover. The County has a stable
37 workforce. What the County doesn't give in salaries it makes up for in benefits.
38 She asked if there is a lot of turnover. Desler stated there is eight to nine percent
39 turnover annually. The more vexing problem is recruitment. They have trouble
40 getting the talent and skill level needed to fill the requirements of a job.

41
42 Caskey-Schreiber stated she agreed with Councilmember McShane.
43 Retention will save on recruitment costs. Pay people what they're worth, and be
44 competitive with what other counties are offering. There was a salary comparison
45 with the Prosecutor's Office, and Whatcom County was consistently eight percent
46 behind other counties.

47

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1 McShane stated it should be included in the guideline.
2

3 Steve Oliver, Chief Deputy Treasurer, referenced the last sentence of number
4 one. He asked where they would provide that information in the budget process.
5 Desler stated that information was built into the ASR. When there is no additional
6 revenue, the administration will ask staff how they would do things differently.
7

8 McShane stated the Council needs to be willing and able to talk about
9 increasing revenue instead of decreasing services. The Council went for a long time
10 without a tax increase. Last year there was a tax shift, but overall taxes for the
11 community was less. Add to item one, "...offset by a reduction or elimination of
12 lower priority services **or increase in revenue.**"
13

14 ***The Council concurred.***
15

16 Oliver stated the reason he asked his question is because the budget
17 continues to tighten. It might be an important piece of funding information. If a
18 proposal doesn't have funding, but they still want to fund it, the other activity that
19 would be reduced may be a factor in deciding whether or not to approve the
20 funding and service change.
21

22 Crawford referenced number three, and stated they should delete the
23 existing sentence and replace it, "**The Council will carefully analyze the social and
24 economic impacts in the elimination of positions previously supported by
25 discontinued grants and external funding. Should the negative impacts of the loss
26 of these positions be deemed too great, the Council will explore all funding options
27 to maintain existing services.**" He was thinking about drug court and mental health
28 services. They're not sure yet how that will work out.
29

30 ***The Council concurred.***
31

32 Caskey-Schreiber stated develop an incentive toward incorporation of Birch
33 Bay. The 1,000 Friends organization had an example in another county that
34 retained a percentage of the rural sales tax in a fund each year for incorporation.
35 She asked if that is something the County can budget in. Desler stated it could be
36 sales or property tax, not rural sales tax. It could be a series of funds set aside for
37 that purpose. Counties have done this and believe it was worth it.
38

39 Caskey-Schreiber asked the administration to consider language and come to
40 the next Planning Committee meeting to discuss it.
41

42 McShane stated it's a budget planning issue. The Council hasn't reached a
43 decision yet on the Birch Bay plan, but councilmembers have a lot of concern about
44 this very large stand-alone urban growth area. There is the same concern with the
45 Kendall area. These very large urban areas that aren't cities will be a fiscal
46 problem for the County in the future. The residents of those areas are putting

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1 money into sales tax and REET. The County could put some of that money aside
2 for those areas to incorporate.

3
4 Roy stated it would make the goal of incorporation realistic.

5
6 McShane stated that has implications to the budget as a whole. Planning
7 staff is struggling with doing urban planning. It is a burden to that department.
8 Desler stated that if the Council wants to develop policies on incorporation, the
9 administration will help with that.

10
11 Caskey-Schreiber stated it would be healthier for everyone. Desler stated
12 setting aside an urban development fund sounds doable.

13
14 Caskey-Schreiber stated it should be in the 20-year plan for Birch Bay.

15
16
17 **ADJOURN**

18
19 The meeting adjourned at 12:10 p.m.

20
21
22
23 _____
Jill Nixon, Minutes Transcription

24
25 The Council approved these minutes on June 29, 2004.

26
27 ATTEST:

WHATCOM COUNTY COUNCIL
WHATCOM COUNTY, WASHINGTON

28
29
30
31
32
33 _____
Dana Brown-Davis, Council Clerk

Dan McShane, Council Chair