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WHATCOM COUNTY COUNCIL
Special County Council

June 20, 2006

Council Chair Laurie Caskey-Schreiber called the meeting to order at 9:00 a.m. in the Fifth Floor Meeting Room, 311 Grand Avenue, Bellingham, Washington.

Present:

Barbara Brenner
Dan McShane
Sam Crawford
Seth Fleetwood
Carl Weimer
L. Ward Nelson

Absent:

None

Staff Present:

Dewey Desler, Deputy Administrator
Mike McFarlane, Parks Department Director
Craig MacConnell, Cooperative Extension Executive Director
Dave McEachran, Prosecutor
Wendy Jones, Chief of Corrections
Shirley Forslof, County Auditor
John Komorowski, Public Defender
Hal Hart, Planning and Development Services Director
Dennis Rhodes, Planning and Development Services
Bruce Van Glubt, District Court Probation
Debbie Adelstein, Auditor's Office
Brad Bennett, Finance Division Manager
Karen Sterling-Goens, Human Resources Division Manager
N.F. Jackson, Superior Court Clerk
Marianne Caldwell, Finance Division
Kathy Walker, Prosecutor's Office
Jeff Monsen, Public Works Department Director
Terry Hinz, Health Department
Carey James, Sheriff's Office
Jeff Parks, Sheriff's Office
Marvette Gwinner, Sheriff's Office
Dave Reynolds, Juvenile Court Administrator
Linda Harduar, Administrative Services Department
Perry Rice, Information Technology Division Manager
Keven Moyes, Sheriff's Office
Greg DePaul, Sheriff's Office
Denise Runyan, Public Works Department
Mike Russell, Facilities Division Manager
Keith Willnauer, Assessor

1. 2007-2008 BUDGET PLANNING INFORMATION (AB2006-263)

Desler welcomed everyone. He's pleased with how the two year budget process has worked out. Start today with talking about the results of that two year budget. Each department will give a brief discussion on their accomplishments.

1 Forslof discussed each division in the Auditor's Office. Legislation affects the way
2 they register voters and count ballots. The office has met and continues to meet the new
3 challenges. They have a new voter registration system that provides more information to
4 staff and the public. The system interfaces with statewide voter registration system. She
5 discussed the benefits of the new system. Before purchasing a new ballot counting system,
6 she put together an advisory committee, which continues to meet and discuss concerns with
7 the Auditor's Office. Whatcom County was the first county to switch to vote-by-mail, with
8 the approval of the Council. She discussed the new voting system. Voter turnout has
9 increased with vote-by-mail. Staff applied for grants for new equipment and projects.

10
11 She described the duties of the Licensing Division. There were 150,000 licensing
12 transactions by the subagents and 106,000 in the office. Staff keeps up-to-date with new
13 rules by attending training. The volume of transactions remains at the same level as 2005.

14
15 The Recording Division continues with indexing at the time a document is recorded.
16 Staff worked to transition to the new countywide computer system. They are working on a
17 project to redact social security numbers from recorded documents, so the documents can
18 go on the internet. Also, they will more quickly index documents. They have met all goals
19 in the last budget process.

20
21 The Audit Division conducted audits in a number of departments, is improving its
22 division manual, and provided audit services to departments and committees. She and her
23 staff participate in State and local committees.

24
25 Jackson stated the Superior Court has made four primary accomplishments. During
26 the budget biennium, they established a collections unit within the County Clerk's Office and
27 analyzed the unit. Before, the collections effort was done by the Department of Collections,
28 but is now done in-house. It is a success. Collections are higher than before. The
29 Executive recommends that it be continued and beefed up to add an enforcement
30 component. It is paying for itself.

31
32 There is life after federal funding for drug court. Significant work by many
33 departments continues to find ways to keep the program going. Funding was reduced to a
34 certain extent. The program now enrolls 60 to 70 people. It is a success. Recidivism rates
35 remain admirable. Still struggle by in family treatment court and juvenile court with little or
36 no funding. They are using funds from other partners, such as the State Department of
37 Social and Health Services (DSHS).

38
39 During the staffing crisis a year ago, the administration created 5.5 new positions,
40 which are almost all filled.

41
42 Imaging is the big issue in Superior Court. Since 2005, all court files are now virtual
43 files. They are scanning and then destroying the original files. At the onset of the process,
44 there were about 35,000 case files on the shelves. They take in about 1,000 documents per
45 day. Before imaging, they were taking files off the shelves 75,000 times per year. Now,
46 they don't have to do that. They are not re-shelving files. They still have paper files from
47 the old years. They have not been able to dedicate resources for imaging those files. There
48 are only about 10,000 case files left. Now, 80 percent of the workweek is involved in
49 completely electronic cases. It has had a profound effect on the way they do business. A
50 major thing they should have planned better is how to use virtual file folders in the
51 courtroom. Rapid-fire access is needed. With assistance from the Information Technology
52 Division staff, they created an automated process to pull up relevant cases quickly. Using
53 the technology has been a challenge. Capture by laser fiche is the way the County needs to
54 go. Use it more throughout the County organization. They are able to save hundreds of

1 man-hours by sharing those documents with business partners electronically. He described
2 the benefits of the computer files. They look forward to the day they can make the
3 documents available online to business partners.
4

5 Crawford asked if people can track case status on the internet. Jackson stated
6 people could do that through a subscription service until two years ago. Now, people can
7 search a table of contents online. They can see the progress back to 1980. Currently,
8 people can pull up that index, click on a document, and view the document.
9

10 MacConnell provided hand out (*on file*). He described the Cooperative Extension
11 Office history and mission. They have initiated a regional approach to enhancing value-
12 added agricultural entrepreneurial development. They have a partnership with five
13 counties. By funding Cooperative Extension, the County really gets a partnership with the
14 land grant system and leverage for the dollars invested. A number of grant-funded projects
15 have been initiated using County dollars as leverage.
16

17 They brought the first anaerobic digester on a dairy farm to Whatcom County. They
18 also discovered a post-digestion process applied to the solid effluent coming out of that
19 digester, that turns it into a high-value product. It brings adequate returns to the digester
20 to make it more financially feasible. They filed a patent on the application of that discovery.
21

22 The purpose of integrated pest management (IPM) is to reduce unit cost for growers
23 by looking at ways to address pest issues at a lower cost and also protect the environment.
24 He described the IPM projects.
25

26 The nutrition education programs are to improve food quality and safety for people
27 with low income and youth. The program expanded from 18 to 140 classrooms countywide.
28 Reestablished the watershed master volunteer program, which he explained. This is
29 another way they leverage dollars, by using volunteers they manage. Another program
30 looks at waterfront owners and teaches them best management practices. They have a
31 partnership with the C-grant component of Education Across the Nation. There is a shared
32 faculty position for watershed education.
33

34 Caskey-Schreiber asked if Cooperative Extension can assist smaller dairy farms with
35 startup grants for experimental crops, or advise them of farming options, or if the Mt.
36 Vernon office would address something like that. MacConnell stated Cooperative Extension
37 can do both. They must move the agricultural industry away from commodity producers in
38 this global environment. They are looking to add value to the producers instead.
39

40 McShane asked about noxious weeds. MaConnell stated Washington State University
41 provides technical assistance to the Public Works Department.
42

43 Nelson asked if more land is available to use due to the change in methodology.
44 MacConnell stated he doesn't believe it. The information in the handout is the national
45 survey. The methodology is used country-wide. The problem is that they changed the
46 methodology this last census.
47

48 Brenner asked the efforts being made on organic farming. MacConnell stated
49 Washington State University is the first university to offer a major in organic agriculture. At
50 this point, the market is sufficient for farmers to migrate to organic, but they are providing
51 support for it.
52

53 Van Glubt discussed accomplishments of District Court, including night court. He
54 described how night court operates and the results of night court. They have implemented

1 a weekly domestic violence court. Almost all domestic violence cases will be heard in that
2 court. Night court is for claims less than \$5,000. Domestic violence court required no
3 additional funding. They also brought mediators in to the court. Many cases from small
4 claims have been mediated, which saves court time and also benefits the citizens involved.
5 About 75,000 cases couldn't be processed. They were old cases. They can't just close the
6 case, according to the State. With the Council's help last time, they are on track to get that
7 done in seven years. The Council gave extra help for a collections process. He described
8 the process. They are trying to find a statistical way to measure that success. District
9 Court Probation went from 2,000 to 3,000 active cases from 2001 to now. There are 4,000
10 inactive cases and 11 probation officers. The domestic violence unit continues to operate.
11 It is involved in a lengthy and extensive survey of the effectiveness on the local community
12 of treatment and probation. He hopes to see results in two to three years. It is a very
13 long-term study. They have increased the use of volunteer advocates to work with
14 domestic violence victims. That's a new successful program.

15
16 Fleetwood asked about the contractor for mediation services. Van Glubt stated he
17 contracts with the Dispute Resolution Center.

18
19 Willnauer stated the Assessor's Office is engaged in three projects during this cycle.
20 One is implementation of a geographic information system (GIS) parcel layer computer
21 automated mapping. That project will be ongoing. They implemented the project by using
22 existing staff and working it into the continuing workload.

23
24 A second project is a native lands inventory and status review, to work with a large
25 portion of the county that is identified as reservation land. The intent is to create a
26 continuous cadastral coverage, which is a land status inventory of physical descriptions of
27 property.

28
29 The third project is to expand the Assessor's and Treasurer's computer
30 implementation, which has migrated to a higher level computer mainframe. There is an
31 entirely new administrative software package. The result is an ability to process a very
32 large number of property tax transactions in a short amount of time. It increases their
33 ability to maintain effectiveness during high volume times of the year. The prime recipients
34 of the benefits are senior citizens.

35
36 Last, the largest success is that they have continued existing operations against a
37 dynamically increasing growth and need. There are larger and larger amounts of
38 processing. They have done that without a single supplemental request to the budget.

39
40 Brenner asked the limit for senior deferral and senior exemptions, and the
41 percentage of property limits. Willnauer stated the income limit is \$35,000 for the
42 exemption and \$40,000 for the deferral. There are 6,000 people with the exemption and
43 3,500 with the deferral.

44
45 Crawford stated citizens are concerned about their property taxes going up. He
46 asked why it is going up so much. Willnauer stated it doesn't go up unless the Council
47 raises taxes.

48
49 Desler stated that if every government did what Whatcom County does, over time
50 people would not see an increase in their property taxes. There are other property tax
51 jurisdictions that are increasing their taxes.

52

1 Willnauer stated that is correct. There is a certain blame put on the Assessor's Office
2 for rising taxes, but if the County doesn't increase levying and spending, the amount stays
3 the same.

4
5 Nelson stated the County Assessor webpage should explain property taxes.

6
7 *(Clerk's Note: End of tape one, side A.)*

8
9 Willnauer stated voters also voted to approve expensive levies for greenways and
10 the school district. The County has not increased its levy in ten years.

11
12 Desler stated increases from County-only taxes is from the value of increased
13 construction. As assessed valuation rises, that is a tremendous amount of money.

14
15 Willnauer stated there are only two reasons people's taxes would rise from the
16 county. One is that the value of that person's property relative to the value of other
17 properties has changed. The second is that the result of additional and dramatic
18 exemptions of other properties have given an additional tax load to other properties. The
19 loss of Georgia Pacific shifted \$39 million of taxes onto the taxpayers. The reduction in
20 Alcoa would also have that effect on an individual taxpayer.

21
22 Komorowski stated the administration recently relocated the Public Defender's Office
23 offices on time and under budget. He introduced the new Chief Deputy Richard Fasy.
24 Successes of the Public Defender's Office include a new case management system for
25 felonies to reduce the backlog of felony cases awaiting trial. The result is more efficient
26 case handling. He described the benefits of the new system. They are also fast-tracking
27 certain cases to divert them out of the criminal justice system quickly. Attorney's are
28 assigned to handle the cases in an expedited manner. In conjunction with Judge Snyder
29 and Prosecutor McEachran, they are looking at ways to fund drug court from drug-related
30 cases. They will receive a grant from the State soon to explore the possibility of helping
31 with the public defense budget. He looks forward to working with other agencies in the
32 criminal justice system.

33
34 Brenner asked what they are doing to make sure the defendants are getting an equal
35 defense. Komorowski stated the attorneys must meet professional standards. The
36 disposition of a particular case is driven by what the State can prove, search and seizure
37 issues, proof, and the general equities of a case. For all of the crimes, the legislature
38 authorizes jail time, prison commitment, and the fine. The information suggested in a
39 recent article by the Associated Press was not accurate. Law enforcement also weighs in on
40 the case disposition. It's insulting to law enforcement and criminal justice that bad guys get
41 off the hook based on how much money they have. It does make sense to get money from
42 people who are in the system and can pay money to fund the system.

43
44 Crawford stated this program should be used as a model.

45
46 McShane stated issues with defenders have been conflicted out in past years. He
47 asked if that has been resolved, or if the County should budget for it. Komorowski stated
48 there are certain ethical considerations. He explained the conflict case system.

49
50 McEachran stated the Prosecutor's Office caseload has increased to over 2,000 felony
51 cases, which is the most ever. He described the caseload increases since 1998. Increases
52 are felt throughout the criminal justice system. They have one of the highest caseloads per
53 attorney in the State. The proximity to the border impacts them in many ways. People
54 with criminal histories and no money can't get into Canada. These people land in Whatcom

1 County and some become murderers. The criminal justice departments developed a
2 program to fast track certain felony cases. He described the fast track process. The federal
3 grant he received provided staff for these rapid border prosecution cases. They have to
4 move forward 39 cases per week or they get behind. With the fast track program, the
5 average days spent on a case is reduced. The County staff like this program so much, they
6 are going to expand it to other types of cases. The number of backlogged cases has gone
7 down. The crime rate in the county is about the same. However, the Sheriff's Office is
8 catching more people, which is a positive thing. The crime rate is not going up
9 dramatically. Given the additional support received last year, they are changing the entire
10 culture of case handling. He'll ask for even more support.

11
12 Fleetwood asked if there is a formula for the reduced offers given in the fast track
13 program. McEachran stated there is a general formula, which he described. The offer is
14 within the framework of the statute.

15
16 Brenner asked if there is information on the percentages of the different types of
17 crimes. She asked the percentage the County is getting reimbursed by the federal
18 government. McEachran stated the County has gotten some help from the federal
19 government. There are two bills, one of which is before Congress to help northern border
20 counties. Executive Kremen recently received millions in grants for the County. It takes \$2
21 million to take care of all the impact. Now, they are taking care of the cases better than
22 ever. He doesn't know the exact percentages.

23
24 Desler stated they are getting about 25 percent. They don't get any special money
25 from the federal government for federal cases. They get grants for other purposes.

26
27 McEachran stated he gets a federal grant for staff for the High Intensity Drug Traffic
28 Act (HIDTA). It is a very successful unit.

29
30 Weimer asked the number of defendants going with fast track. McEachran stated
31 more than 60 percent of the defenders go through the fast track process.

32
33 Reynolds stated one achievement of Juvenile Court is a parent pay program, so
34 parents pay for the cost of housing their kids. He described the payment program. What
35 they've collected does not meet the cost, but it is an improvement. Also, they employ
36 youth to meet financial obligations. It's hard for these kids to get jobs. They started a
37 program where kids can work doing extra community service, and that helps pay off their
38 obligations. That is funded by money from the State. The average population now is 19,
39 down from 38 a few years ago. They used to average about 50. Warrants down to 103,
40 which is fewer. The average length of stay in detention is reduced to seven days. They are
41 being more proactive to the needs of the kids. The new case management system is very
42 efficient. Juvenile drug court operates on a shoestring budget. The number of kids who
43 participate is low, but increasing. They are working to make changes to make it more
44 attractive for kids.

45
46 McFarlane stated the past budget focused on maintenance and infrastructure. He
47 changed staffing, programs, and services. Parks facilities had about 500,000 visitations or
48 more. There are about 200,000 users of senior services. They instituted a web-based
49 reservation system for outdoor programs and Parks Department facilities. That reduced the
50 amount of phone time in the office. They centralized facility reservations, which allows field
51 staff to work on infrastructure and daily maintenance. The central office, not the park
52 managers, handles the volume of reservations. They are finishing the comprehensive Parks
53 and Open Space Plan. They have reorganized work crews into regions, which is more
54 efficient, provides better coverage, and is more responsive. There are three regions. He

1 estimates that actual use can be as high as 750,000. He will work on getting more accurate
2 counts to design facilities and schedule staff work schedules. More trails will be coming on
3 line soon. A major project now is marking property lines to deal with encroachment issues.
4 They are addressing the bridge situation and Canyon Lake Community Forest. They are
5 replacing the bridges with Federal Emergency Management Agency (FEMA) and there is a
6 proposed trail system around the lake. It will be done at the end of this season. The Bay to
7 Baker Trail segment has been worked on and continues to be worked on. They are working
8 on an easement to bridge Cornell Creek. During 2005/2006, they had to address three
9 Parks Department facilities with water issues. He listed the scheduled repair and
10 maintenance projects.

11
12 *(Clerk's Note: End of tape one, side B.)*

13
14 McFarlane continued to list the repair and maintenance projects.

15
16 The Senior Services program continues on target. There are substantial changes to
17 the outdoor and youth program. There has been an increase in the use of the outdoor
18 program. They have contracted with private vendors for different programs, which offers
19 more programs and reduces County costs. The cultural arts program remains strong. They
20 are considering expanding the program. They are doing a major renovation of the
21 Bellingham Senior Center. They have deferred a few maintenance projects for various
22 reasons.

23
24 Nelson asked if they can use private donations to support Parks Department
25 operations. McFarlane stated they don't take in a lot of donations. Donations work well on
26 smaller projects. On bigger projects, they partner with other programs or use grant funds.
27 Fees are a more major source of funding.

28
29 Nelson asked if reservations for park facilities are taken a year in advance.
30 McFarlane stated they are.

31
32 Hart stated the Planning and Development Services Department has watched growth
33 occur in Whatcom County the last five or six years. Single family home permits have
34 doubled in the last few years. There has been an increase in condominium development as
35 a percentage. Trends are changing. Development is happening in different areas and on
36 more difficult building lots. The more difficult lots require more staff and resources to
37 process. They are trying to focus growth into urban growth areas, with smaller lots and
38 more condominium development. Eighty five percent of the work done by the Planning
39 Department is the permit process. One key thing the Council supported is professionalizing
40 the front counter. They replaced and trained front counter folks with professionals who can
41 answer the questions brought to the counter. They are working to bring the geographic
42 information system (GIS) to the front counter. Next, he would like to spend more time on
43 site planning with the people who are developing projects. The department was given
44 additional management capacity. Three departments work through the permit process.
45 Dennis Rhodes is working on three levels to create consistent processes and decisions
46 throughout. They've added capacity over the last year that is making a difference. The
47 wait for a building permit appointment has been reduced by more than half, even though
48 the total volume is increased.

49
50 Nelson stated a concern is the proximity to a frustrated public. Customer service
51 there is more important than anywhere else in the County. He encourages that there be an
52 objective to let the staff show empathy and make extra efforts with the public. He is
53 concerned about communication between the Public Works Department and Planning
54 Department. Coordinate how changes to the regulations are delivered to the public.

1
2 McShane stated three huge projects are listed as goals. However, the City of
3 Bellingham urban growth area (UGA) project is not included. It could be challenging,
4 depending on how the County Council feels. That project could require staffing. Hart stated
5 the staff in the department now is available to deal with the transportation issue. They
6 want to focus on the transfer of development rights (TDR) program for Lake Whatcom and
7 on transfers into the City, which has not been willing to accept the transfers.
8

9 Brenner stated she is impressed with the front counter staff at the Planning
10 Department. She asked if there is someone to replace Troy Holbrook on the purchase of
11 development rights (PDR) and TDR projects. Hart stated they are actively recruiting staff
12 now.
13

14 Caskey-Schreiber stated she wants to keep Mr. Holbrook on privately to work on the
15 UGA effort.
16

17 Monsen stated the Public Works Department is in a transition to begin more
18 proactively dealing with long-range planning. Now, the length of time to complete projects
19 is getting longer. Project selection and implementation is now dominated by water, not
20 asphalt. A major accomplishment is adoption of the watershed management plan and
21 salmon recovery plan. He gave examples of the different projects done in the recent years.
22 There are many new attempts at pollution prevention. The biggest issue is clear planning
23 and implementation of the Comprehensive Plan. Their purpose is shifting to urban levels of
24 service and capacity. They must deal with public versus private financing. In the next
25 budget cycle, they will prioritize activities, intended activities, and re-think where they are
26 going to ensure they deliver the priorities.
27

28 Brenner stated she is concerned about the inability of Roads Division to contract out
29 certain projects such as Lincoln Road. Monsen stated the department contracts out the
30 majority of its projects. The department is down five design staff positions. He will be
31 hiring a consultant to accelerate the work in Birch Bay and to supervise the existing
32 consultants. In the past couple of years, the department has quadrupled its consultant
33 contracts.
34

35 James stated accomplishments of the Sheriff's Office include completing the Guild
36 contract, which makes for a happier department and staff that are more productive. Staff
37 from other agencies want to work for Whatcom County Sheriff's Office. There is a problem
38 in getting corrections deputies for the jail, but they're working on it. The new facility is on
39 schedule and on budget. There is a sufficient number of deputies and staff for the new
40 facility. He read the improvements made in technology. The jail population is growing,
41 which is driven by pre-trial offenders. Jail alternative programs continue to grow.
42

43 Shift changes for the deputies have improved workflow. The deputies don't check in
44 at Bellingham. The overlapping shift schedule is great. Deputies are more centralized to
45 another location. Traffic deputies are relocated to the central office. There are sub-offices
46 in fire district facilities. This reduces travel time to do administrative work. The addition of
47 a crime analyst helps to establish links between crimes in the county. The Sheriff's Office is
48 more proactive by having the crime analyst. They are creating a special response team, for
49 which they now contract with the City of Bellingham. Volunteer service saves about
50 \$300,000 per year. The neighborhood program has been instituted. He described the
51 program. There are several technology enhancements in the Sheriff's Office. They are
52 recruiting deputies who have commissions in other places. This reduces training time for
53 deputies.
54

1 Crawford asked about the proposal for more than 20 new deputies. The proposal
2 doesn't address where the funding would come from and the effects to the other
3 departments in the criminal justice system. James stated the presence of those deputies
4 would proactively and positively reduce the number of people arrested and taken into
5 custody. They help prevent people from entering into the criminal justice system in the first
6 place.
7

8 Caskey-Schreiber stated the argument about the presence of the deputies reducing
9 crimes is a good argument, as shown by the presence of the neighborhood deputy in
10 Kendall. James stated many people are moving to the urban growth areas. It's difficult for
11 the deputies to get from one side of the county to the other. They have to be proactive.
12 Get deputies into the communities, which prevents people from going into the criminal
13 justice system.
14

15 James stated that the urban growth areas have large populations that continue to
16 grow. The ability for deputies to get from one area of the county to the other is almost
17 impossible. They must be proactive. By putting deputies into these areas, the deputies will
18 become familiar with the communities and their problems.
19

20 Desler stated there are four divisions in the Administrative Services Department.
21 The Information Technology (IT) Division adopted a countywide information technology
22 strategic plan for 2005 to 2008. The plan will guide decisions over the next three or four
23 years. They are working on a major data integration project to involve all justice agencies
24 in the county and community. The Facilities Division has a number of major projects,
25 including the new jail and other major building projects that will create more efficiencies.
26 The Human Resources Division impacted labor contracts. They have developed three-year
27 agreements with all contracts. There are new administrators for self-insured programs,
28 which have saved about \$500,000. All employees have moved into the self-insured medical
29 CAP plan program. The division has also focused on training. All employees have been
30 trained in building respect and prohibiting harassment. Training has also focused on
31 customer service and interactions with the public. The Finance Division has again been
32 earned the Achievement in Excellence in Financial Reporting and also Distinguished Budget
33 Report. Those achievements resulted from a national review of peers. The division is at the
34 highest level.
35

36 The County has accomplished a fair number of the goals in the last 18 to 24 months.
37 It is doing fairly well. Expenditures have been prudent. The County hasn't increased
38 property taxes. The County has asked the public for approval on jail services and
39 emergency medical services. The administration has built up a fund balance over the years.
40 Today, it is about \$22 million. There are some obligations that need to be counted against
41 that fund balance, which are mostly one-time expenses for capital and software investments
42 and actuarial issues. The fund balance is an asset they can use. Revenue is strong now.
43 Property taxes based on new construction is solid. Sales tax in the community is up.
44 Interest income from investments is also strong. There are many miscellaneous revenue
45 sources that are down, but the three major sources are up.
46

47 The County government is at a stage where it has or will have financial problems.
48 Over time, there are cyclical patterns in revenues and the organization, yet the
49 administration is trying to maintain stability. They have seen an expenditure and revenue
50 line loss in this biennium. That's different than in the past. There is \$200,000 less in the
51 fund balance at the end of 2006.
52

53 *(Clerk's Note: End of tape two, side A. The following section of the minutes was not*
54 *recorded, and is transcribed from the clerk's notes.)*

1
2 Desler continued to state that the County is a self-correcting organization that can
3 address financial realities. The administration proposes a modest growth in expenditures.
4 Watch carefully the revenue sections of the budget. During the budget process, they will
5 define what that modest growth is. If they find by the end of the next two-year budget
6 cycle that they can't sustain even a modest growth, they will make more adjustments.
7 They will use the fund balance to make up the difference, and then make a correction in two
8 years.

9
10 McShane stated the reserves are very healthy. Desler stated there are going to be
11 some building and other issues that will cut into the reserves. Investments need to be
12 made. They can either borrow the money or use the reserves.

13
14 Nelson stated the reserve amount is carried over from year to year. Look at the
15 interest earned for ongoing costs. They need criteria for determining on what they use the
16 reserves, such as construction and one-time costs. Also, develop criteria for on what they
17 would use increased incomes, which should be ongoing costs. If they can't meet ongoing
18 costs, they can argue about what they are willing to accept.

19
20 Fleetwood asked if the list of items on page 15 of the budget packet can be
21 considered the criteria.

22
23 Nelson stated they are too broad. Keep a healthy amount for emergencies and
24 unexpected costs.

25
26 Brenner stated the County must start telling the State about funding Growth
27 Management.

28
29 Caskey-Schreiber stated that's hard to do with a 30 percent reserve.

30
31 Desler stated Councilmember Nelson can develop draft criteria.

32
33 Nelson stated the Finance Committee will have that discussion.

34
35 Crawford stated the reserve amount is at 30 percent. The policy is for 15 percent.
36 In no way would the Council condemn the administration for being prudent and fiscally
37 responsible. The current administration keeps a close eye on budget financial items in all
38 departments. Every department must run through a gauntlet to get additional funding. The
39 overall revenue balance, which grows each year, will reach a point where the County may
40 be collecting more than it should from the taxpayers.

41
42 Desler stated they are actually spending more money than they take in, for the first
43 time. Actual revenues have been slightly higher by about \$1 million, until this year. Over
44 the years the administration has deferred certain obligations that it can no longer defer.
45 The County must either save for them or borrow for them. The County can show the public
46 that those issues must be addressed.

47
48 *(Clerk's Note: Beginning of tape two, side B.)*

49
50 Crawford asked why the County would issue a bond if the policy for the general fund
51 is to maintain a reserve of 15 percent, but the real reserve is 30 or 35 percent. Desler
52 stated they can either use cash reserves, which the administration will propose to use on
53 some of the County buildings, or issue a bond. They will pay the bond back from revenue
54 from users of the building.

1
2 Caskey-Schreiber asked if they want to instead use the user fees to pay for the staff
3 that is necessary. Desler stated they could. A \$1 million bond over 25 years would be
4 about \$80,000 per year. Spread that out among 20,000 square feet, and the cost is \$4 per
5 square foot per year. The other choice is to use the fund balance.
6

7 The choice is spending on one-time costs versus the long-term debt the County could
8 incur. Those are the policy directions they need to maintain that 15 percent. The 30
9 percent reserve is getting out of hand, and the County needs to start using it as the
10 taxpayers intend.
11

12 Crawford asked for tools to tell people what the County is doing. Now, it's difficult to
13 say what the \$22 million is for and why they have that much. Desler stated there is a fund
14 balance they need to have for insurance purposes and emergencies that may occur. There
15 are deferred costs for which they may need to use some of the balance. Beyond
16 that, there are costs for buildings, software, and the property to build a new jail. It is not
17 altogether paid for from the sales tax.
18

19 Crawford stated the sales tax was to pay for the ongoing costs of the jail. Desler
20 stated the financial modeling for the sales tax showed that once they dealt with the cities'
21 allocations, the rest of the revenue would be used to make bond payments on a jail building
22 in approximately ten years.
23

24 Crawford stated that the Treasurer's message a year ago was that the County was
25 not supposed to collect undesignated funds to grow this unused pool of money, according to
26 State law.
27

28 McShane stated there is an issue of federal taxes on the reserves. The County has
29 to make conscious decisions about the expenditure on a bond. It's easy to just look at one
30 fund to make decisions. They must look at the implications to multiple funds and revenue
31 streams from bonding. They don't know how things will work out in the future. Initiative
32 695 is an example. They have benefited enormously from the community's support. The
33 County had concerns about how to build a jail. Talk about what is predictable and what
34 isn't, in terms of the reserve. Talk about the long-term assumptions. Understand the
35 County's obligations.
36

37 Caskey-Schreiber stated she will be more sympathetic to departments with one-time
38 expenditure requests that she has not supported in the past. This may be the right time to
39 address one-time funding requests to upgrade systems and buildings. Use the extra
40 reserves they've built up.
41

42 Crawford stated there is no shortage of requests.
43

44 Nelson stated many people in the private sector have concerns about the economy.
45 They are holding back on expansions and going forward with supporting what already
46 exists. That might be a prudent thing for the County to consider.
47

48 Desler asked if there are things in the proposed budget development guidelines for
49 fiscal year (FY) 2007/2008 that they ought to look at.
50

51 Brenner reference item two on page 12 of the budget planning session packet. It is
52 very general. She has a feeling they are going to have to deal with more State
53 Environmental Policy Act (SEPA) costs and legal issues as things get tighter with people.
54 That should be included somewhere. Item one, service levels, should be more optimistic,

1 "The Council recognizes that projected 2007/2008 revenues will likely ~~fall short of funding~~
2 ~~base level budgets~~ remain stable in 2007/2008."
3

4 Desler stated the Council could hold this discussion over to the next Finance
5 Committee in two weeks.
6

7 Crawford stated he generally has no problem with the guidelines. He wants to know
8 that the discussion is followed up on. This is a broad document. They don't need to go into
9 particular programs. The biggest point of discussion today is dealing with the reserve
10 balances.
11

12 Desler stated he's heard direction today to discuss SEPA legal costs, criteria for
13 development, a plan for dealing with reserves, and having another discussion.
14

15 McShane stated there are some areas that need to be robustly discussed. It would
16 be good to know where the Council is on some of those things, such as the Public Works
17 Department's policy with contracting. How the Council budgets for future pay issues should
18 also be discussed. Those discussions would direct his views.
19

20 Crawford stated Mr. Desler can schedule an item for the Finance Committee.
21

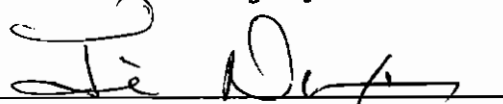
22 Desler stated he will schedule a discussion at the Finance Committee in two weeks.
23

24 Fleetwood stated there is a need for a discussion of criteria regarding additional
25 service requests using the reserves. He's talked about the need for a comprehensive
26 stormwater plan. It is a one-time program expenditure. However, the criteria are so vague
27 that he wouldn't know whether to argue for it. Have a discussion in the Finance Committee
28 on the criteria soon. It's necessary.
29

30 Desler stated there would be a discussion at the next Finance Committee on criteria,
31 guidelines, and the next steps for fund balance.
32
33

34 **ADJOURN**
35

36 The meeting adjourned at 12:00 p.m.
37

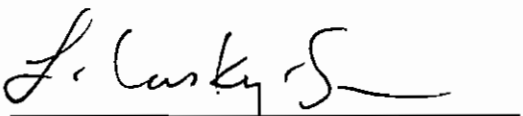
38 
39
40 Jill Nixon, Minutes Transcription
41

42 The Council approved these minutes on July 25, 2006.
43

44 ATTEST:

45 
46
47
48
49 Dana Brosnihan, Council Clerk
50

WHATCOM COUNTY COUNCIL
WHATCOM COUNTY, WASHINGTON


Laurie Caskey-Schreiber, Council Chair