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WHATCOM COUNTY COUNCIL
Finance and Administrative Services Committee

July 25, 2006

Committee Chair Sam Crawford called the meeting to order at 11:00 a.m. in the Council Chambers, 311 Grand Avenue, Bellingham, Washington.

Present:

L. Ward Nelson
Carl Weimer

Absent:

None

Also Present:

Laurie Caskey-Schreiber
Dan McShane
Barbara Brenner
Seth Fleetwood

COMMITTEE DISCUSSION AND RECOMMENDATION TO COUNCIL

1. ORDINANCE AMENDING THE 2006 WHATCOM COUNTY BUDGET, TENTH REQUEST, IN THE AMOUNT OF \$2,941,729 (AB2006-298)

Dewey Desler, Deputy Administrator, stated most of the amendments relate to implementation of the jail. He read the list of requests. Because of the additional space and additional buildings, add to the capacity and support of custodial staff and maintenance staff. The final payment for the jail will be appropriated as well. In addition, there are also some flood projects on the list.

Nelson moved to recommend approval to the full Council.

Weimer asked if the jail project will be discussed later during the City/County investment program. He asked why the County is giving them \$5 million in services for their \$1 million. Desler stated there is a proposed loan from the general fund to the jail fund to make this appropriation happen. This item allows the County to complete payment for the cost of the jail. They propose to pay for it now, through a loan from the general fund, repaid with the City/County jail investment program. Cities will use their real estate excise tax (REET) funds. He doesn't have approval yet from all cities, but the approvals are coming. One or two cities may choose not to do this. The corrections tax will be used to support the city governments' contributions for misdemeanor offenses. Ultimately, they have to approve the budget.

Nelson stated this is just a recommendation to the full Council.

Motion carried unanimously.

2. ORDINANCE AUTHORIZING AN INTERFUND LOAN FOR INTERIM FINANCING OF THE WHATCOM COUNTY INTERIM JAIL AND ALTERNATIVE CORRECTIONS CENTER (AB2006-299)

Crawford moved to recommend approval to the full Council.

1 **Motion carried unanimously.**
2

3 Dewey Desler, Deputy Administrator, stated that if the cities do not participate in this
4 program with real estate excise tax (REET) funds, the County would repay from proceeds
5 from the corrections tax, which they are projecting to use even more to support the cities'
6 credits in the future.
7

8 Nelson stated the cities have a choice in how to fund. The County gives them an
9 opportunity to find other resources for the payments. Desler stated that is correct. The
10 cities can use money now, returned to them at a much higher return rate, or they can pay
11 for cost of service over time, based on ongoing revenues.
12

13 **3. RESOLUTION REGARDING THE WESTERN HEMISPHERE TRAVEL INITIATIVE**
14 **(AB2006-304)**
15

16 **Crawford** stated the point is to express concern regarding the January 1, 2007
17 deadline requiring passports at all border crossings and support Business for Economic
18 Security, Trade and Tourism (BESTT) to come up with alternatives. He **moved** to
19 recommend approval to the full Council.
20

21 Nelson stated a concern is how to address the federal level.
22

23 Weimer asked what is an active campaign that the County will do.
24

25 Crawford stated his interpretation of the action the Council will take is that the
26 Council will mail this resolution.
27

28 Ken Oplinger, BESTT Coalition, stated this is the same language used with other
29 groups. He is open to suggestions for changes. The active campaign would be this
30 resolution and the follow-up mailing. There will be direct impacts to local businesses. The
31 business owners are here today to speak.
32

33 Carole MacDonald, The Inn at Mount Baker and other associations, stated she is
34 concerned about limitations of crossings at the border. She hears from Canadians that they
35 are apprehensive about crossing the border. She gets calls from potential guests. Tourism
36 really drives the businesses in her area. They are very concerned that crossing the borders
37 be as simple as possible.
38

39 Drew Schmidt, Victoria San Juan Cruises Owner, stated this initiative has already
40 affected his business. International traffic has been down ten percent the last two years
41 because of the passport confusion. He gets calls daily about it. Domestic traffic has been
42 up. This is a very important issue to the local economy.
43

44 Kathy Berg, 7585 Sterling Avenue, Birch Bay, stated the business of Birch Bay is
45 tourism. In the year 2000 Census, 51 percent of housing was seasonally occupied. The
46 Comprehensive Plan says Birch Bay should become a city some day. For every \$1 a
47 resident pays in property tax, residences require \$1.28 in services. For every commercial
48 business that pays \$1 in tax, the business requires \$.17 in services. It would be a good
49 idea to have a healthy tourism economy going into Birch Bay. This will affect the number of
50 Canadians who come down and use the properties they own or rent.
51

1 Oplinger stated he talked with Canadian officials about this initiative. The Canadian
2 administration endorses the use of driver's licenses as identification. They were successful
3 in getting a group of mayors in the Ontario/Michigan region that also support similar efforts.
4

5 **Nelson moved** to amend, "Whatcom County Council respectfully requests...." In
6 multiple locations in the resolution. Also, "Be it further resolved that the Council is
7 extremely ~~concerned about~~ opposed to the erosion..." and the "Be It further resolved that
8 the Council ~~urges~~ respectfully requests the United States Government...."
9

10 Brenner stated she is opposed to "respectfully requests" concerning the federal
11 government. It is their job. They got everyone into this mess.
12

13 McShane stated he appreciates the language that was added. It reflects the
14 concerns of the Council. He appreciates Mr. Oplinger's efforts on this issue.
15

16 **Motion to amend carried unanimously.**

17 **Motion to approve as amended carried unanimously.**
18
19
20

21 **COUNCIL "CONSENT AGENDA" ITEM**
22

- 23 **1. REQUEST AUTHORIZATION FOR THE EXECUTIVE TO AWARD BID #06-78 TO**
24 **LOW BIDDER, IDENTIX, INC., FOR THE PURCHASE OF TWO LIVE SCAN**
25 **FINGER PRINT UNITS, IN THE AMOUNT OF \$65,547.30 (AB2006-311)**
26

27 **Nelson moved** to recommend approval to the full Council. He asked how soon the
28 County would start using DNA testing for identification processes.
29

30 Wendy Jones, Chief of Corrections, stated they currently do DNA testing and collect
31 DNA when allowed and required. The Identex fingerprinting system returns results within
32 20 minutes. It's a very good, stable system. The newer versions of the Indentex machines
33 are very good about picking up the detail. The County uses fingerprints as definitive
34 identification. The court and the State use DNA to build their DNA files. If the State
35 legislature changes the regulation so they need to do a swab on everyone who comes in,
36 the County will do that.
37

38 **Motion carried unanimously.**
39

- 40 **2. REQUEST AUTHORIZATION FOR THE EXECUTIVE TO ENTER INTO A**
41 **CONTRACT BETWEEN WHATCOM COUNTY AND KCM, INC. D/B/A TETRA**
42 **TECH/KCM, INC. TO DEVELOP GIS ROUTINES TO AUTOMATE THE**
43 **GENERATION OF ASSESSMENT ROLLS FOR THE VARIOUS SPECIAL**
44 **DISTRICTS, INCLUDING SUBZONES, DIKING AND DRAINAGE DISTRICTS, IN**
45 **THE AMOUNT OF \$34,340 (AB2006-312)**
46

47 **Weimer moved** to recommend approval to the full Council.
48

49 **Motion carried unanimously.**
50

- 51 **3. REQUEST AUTHORIZATION FOR THE EXECUTIVE TO ENTER INTO A**
52 **CONTRACT BETWEEN WHATCOM COUNTY AND KPFF CONSULTING**
53 **ENGINEERS FOR THE DESIGN PHASE OF THE HAMPTON ROAD, MORMON**

1 **DITCH BRIDGE #261 REPLACEMENT PROJECT: CRP #904016, IN THE**
2 **AMOUNT OF \$395,250 (AB2006-313)**

3
4 **Nelson moved** to recommend approval to the full Council.

5
6 **Motion carried unanimously.**

- 7
8 **4. REQUEST AUTHORIZATION FOR THE EXECUTIVE TO ENTER INTO CONTRACT**
9 **EXTENSION #3 BETWEEN WHATCOM COUNTY AND REISNER DISTRIBUTOR,**
10 **INC., TO CONTINUE PROVIDING FOR THE PURCHASE AND DELIVERY OF**
11 **FUEL FOR USE ON WHATCOM COUNTY EQUIPMENT AND VEHICLES FOR THE**
12 **EXTENDED PERIOD SEPTEMBER 1, 2006 THROUGH AUGUST 31, 2007, IN AN**
13 **AMOUNT NOT TO EXCEED \$649,472.50, FOR A TOTAL AMENDED NOT TO**
14 **EXCEED CONTRACT AMOUNT OF \$1,783,633.60 (AB2006-314)**

15
16 **Crawford moved** to recommend approval to the full Council.

17
18 Nelson asked if the fuel prices are for diesel.

19
20 Eric Schlehuber, Public Works Department, stated the increase for this round is a
21 lower increase than the last year's renewal. There is still an increase.

22
23 Nelson asked if \$1.87 to \$2.20 increase is the price per gallon. That seems cheap.
24 Schlehuber stated that is the price, due to bulk purchasing. There is also a delivery fee.

25
26 Nelson asked if there were other bidders. Schlehuber stated this is a contract
27 renewal, so there were no other bidders. Next year, the administration will go out for bid.

28
29 Dewey Desler, Deputy Administrator, stated the price per gallon doesn't include all
30 the taxes.

31
32 **Motion carried unanimously.**

- 33
34 **5. RESOLUTION OF THE COUNTY COUNCIL OF WHATCOM COUNTY,**
35 **WASHINGTON, APPROVING, AS PLANNING JURISDICTION SOLELY FOR THE**
36 **PURPOSES OF RCW 39.84.060, THE ISSUANCE OF NONRECOURSE REVENUE**
37 **BONDS OF THE INDUSTRIAL DEVELOPMENT CORPORATION OF THE PORT OF**
38 **BELLINGHAM, THE PROCEEDS OF WHICH WILL BE USED FOR INDUSTRIAL**
39 **DEVELOPMENT FACILITIES WITHIN THE COUNTY BY WOOD STONE**
40 **CORPORATION (AB2006-315)**

41
42 Dodd Snodgrass, Port of Bellingham, stated they can issue tax exempt revenue
43 bonds for qualified manufacturing process facilities. This is no commitment of tax funds or
44 faith in credit of the Port or any other local government agency.

45
46 The Wood Stone project is an expansion project at the airport industrial park. The
47 Council committed \$500,000 of the Economic Development Investment (EDI) program loan
48 to complete the infrastructure. The industrial revenue bond issuance is for \$3.4 million for
49 Wood Stone to construct it's own facility. Today, this is a requirement for any issuances for
50 the Planning Department, which supports the project, to endorse the project.

51
52 Nelson asked if the previous loan has been repaid. Snodgrass stated they are in that
53 process. The building should be complete within one year.

1
2 **Nelson moved** to recommend approval to the full Council.
3

4 Weimer stated the bond is for \$8 million, but the building was \$3.6 million.
5 Snodgrass stated companies ask for inducement resolutions that specify a maximum
6 amount of funds they could possibly use. When they issued the bond, the cost of the
7 project was \$4 million, and they needed \$3.4 million of bonds, which they secure through a
8 private finance agency. The \$8 million is current. It is the maximum amount. The bond is
9 up to \$8 million, but they don't get that if they don't need it.

10
11 **Motion carried unanimously.**
12
13

14 **COMMITTEE DISCUSSION**

15
16 **1. DISCUSSION REGARDING CITY/COUNTY INVESTMENT PROGRAM (AB2006-**
17 **310)**

18
19 Dewey Desler, Deputy Administrator, stated the administration is making progress
20 on the jail work center. They hope to have it done in the next couple of months. He
21 showed a presentation of the design, property location, and current progress (*on file*).
22

23 There were certain assumptions when they planned the building. He read the slide
24 on the operating cost assumptions and the city/county jail investment program. The plan
25 included three elements. The first element is to build an interim minimum security jail. The
26 second element is to use the money to build the interim minimum security jail. The third
27 element is to build a new, main jail. The cities wanted part of the tax to pay for their
28 increased costs to cover their misdemeanor offenders. The County government must pay
29 for all felons and all misdemeanants arrested by the sheriff and State. Cities must pay for
30 all their misdemeanants. They pay the cost of jailing those people. The cities may put those
31 people in another jail in another community. The County developed an interlocal agreement
32 for the cities to give the County the money to build a jail. At that time, cities' coffers were
33 growing with real estate excise tax (REET). Cities provide the County a capital payment. In
34 return, the County would use the money from corrections tax revenue to pay for a portion
35 of the cost of jailing the cities' offenders. This is an administrative proposal, not County
36 policy. County attorneys and State examiners say it is unusual, but is legal. No other
37 county that implemented a corrections tax has done this. He continued to read the
38 presentation on the city/council jail investment program and the use of the corrections sales
39 tax. The first column in the funding table is the amount of revenue they expect. Each
40 column after that is a deduction from or credit to the first column. In the years 2014 and
41 2015, the administration and Council will reset all the estimates and determine how to use
42 the revenue from the corrections tax, which can only be used to support adult and juvenile
43 corrections facilities.
44

45 Nelson asked if they would adjust the figures and timeframes if the sales tax
46 revenues generate more money. Desler stated that if the County receives additional
47 revenue, the money goes into a cumulative total to build the new jail. Or, the County may
48 use it to pay for other operating expenses.
49

50 Nelson asked if the revenue would go down, below projections. Desler stated they
51 estimate a five percent growth rate in sales tax over time. Sales tax has never has gone
52 down. If it does, it would adversely affect their ability to pay the bonding cost for the new
53 jail.

1
2 Nelson asked if they would change the bonding capacity or use another source.
3 Desler stated they could use another fund source to pay for it.
4

5 Crawford asked why the money would go down in 2011. Desler stated the County
6 begins to pay for the new building in 2011.
7

8 Crawford asked if the value of the interim jail would go to the new jail, so there could
9 be a \$40 million or \$50 million project. Desler stated that is correct.
10

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

13 Desler stated this is their best guess based on estimates.
14

15 Crawford asked about the Executive coming forward with ideas for properties.
16 Desler stated the Council will see a multi-fund solution for the purchase of property,
17 including the general fund, REET fund, and corrections tax. Property purchase is one small
18 part of the entire cost.
19

20 Crawford stated he didn't see any cost for property purchase scheduled. Desler
21 stated they don't have a lot of money going into the fund because they are using it to pay
22 for credits and the cost of the operation.
23

24 Desler stated the cities will contribute an investment of \$2.26 million. For that
25 amount, the County would provide \$6 million to the cities over the years. It is a cost
26 increase factor of 2.7. The objective is to help the cities pay for their costs of
27 misdemeanants. He has explained it to all the city councils. The City of Bellingham has
28 approved an interlocal agreement for review.
29

30 Nelson asked if there are restrictions on what the cities may use the funding
31 mechanism. Desler stated the cities must use it on the credits against the cost of jail
32 services, medical costs, and alternative corrections.
33

34 Nelson asked if it can be used for triage and mental health. Desler stated it cannot.
35 It can only be used for things allowed by law. He continued to read the presentation on the
36 municipal breakdown and city portion of the shared tax. The credits are limited to eight
37 years.
38

39 Nelson asked if the future cities of Birch Bay and Sudden Valley, if they are
40 incorporated, would have to go through this process. Desler stated the administration has
41 not built in any money for new cities, the tribes, or any other organizations that use the jail.
42 This is an arrangement only offered to the existing cities.
43

44 Nelson asked if the new cities would pay for their services. Desler stated they would.
45 This credit covers about 50 percent of their existing bills to the County.
46

47 Weimer stated the credit carries over from year to year, until the year 2014. It
48 sounds like most are using this amount. Desler stated they are.
49

50 Crawford stated it seems like there may be a sense of entitlement to the credits by
51 2014. Desler stated the agreement goes only to 2014. The administration is not trying to
52 create a sense of entitlement. The County carries the entire load for the federal
53 government. The proposed agreement is in the Council packet.

1
2 Nelson asked the administration to give this presentation at the general Council
3 meeting at the time the agreements come forward, so the public can see the proposed
4 agreements.

5
6 Weimer asked if the cities can choose to pay as they do now rather than getting the
7 credits. Desler stated they could.

8
9 Crawford stated that would be preferable to the County. The County is doing this to
10 help the cities. Desler stated that is correct. Last November, the voters approved a sales
11 tax increase, one-third to be used to support law and justice expenses. A portion went to
12 the cities and the rest to the County. There are additional resources from that.

13
14 Crawford stated the County did say it would develop this agreement, but he's not
15 sure why. He understands that the cities are generating the bulk of the sales tax, and
16 there's some sense of ownership. Desler stated the administration tries to build consensus
17 among interest groups as they build public policy and move forward new initiatives. When
18 they build plans for the future, they try to get the most number of people to support the
19 plans. That's what they did with emergency medical services as well as for the jail. They
20 have a clear plan for this, so the tax that went before the voters would be approved. The
21 tax request failed in 1996 because the small cities didn't like the plan.

22
23 Crawford stated there is a sense of obligation, based on the fact that the County
24 made a commitment to the countywide community. Desler stated that is correct. The
25 County laid this out as a concept before the election. They are not trying to hide anything.
26 The City/County investment program was reported by the newspaper as being illegal. After
27 that, the newspaper endorsed it.

28
29 **2. DISCUSSION REGARDING BUDGET DEVELOPMENT GUIDELINES FOR**
30 **2007/2008 (AB2006-263A)**
31

32 Dewey Desler, Deputy Administrator, stated he tried to incorporate the Council's
33 comments in a new version of the guidelines.

34
35 Weimer asked how new ideas and new initiatives end up in this document, when
36 they originate from the Council. Desler stated the administration will work on ideas based
37 on comments from the Council. The Executive will lay out ideas in the next few months,
38 and then present a budget proposal. If the Council wants something specific to happen, it
39 should be proposed through a resolution.

40
41 Nelson stated the administration has done much over the years to address new
42 concepts. The administration is proactive in solving problems. All departments, including
43 the Council, can go to the administration to work through these issues and find revenues
44 and solutions. The Council is always welcome to go to the administration. The Executive
45 and Council must work together as a team. The public is making increased demands upon
46 the County. The Council must identify processes that are fair to the public, administration,
47 and Council. The Council can design those types of structures.

48
49 McShane stated he is concerned about the second part of sentence two in item three
50 regarding staffing levels. Be consistent on additional services requests (ASR's) being well-
51 written to justify the requests. However, the phrase, "that is budget neutral or funded
52 through internal cost savings" is noble, but don't preclude those areas where they want to
53 increase staffing. It comes down to whether the staffing increase can be justified as

1 appropriate for the community as a whole. Putting that language in there may block the
2 proposals they need.
3

4 Crawford stated that in spite of adopting this policy, they've grown by over 200
5 employees since he's been on the Council.
6

7 Desler stated their ability to carry employees over a long period of time is a concern.
8 Skagit County is going to be cutting positions. County and city governments across the
9 state have increased, and then they decrease the number of their staff. Whatcom County
10 has not done that. The County has had hiring slowdowns in the past. The administration is
11 trying to respond to issues of growth in this county. The County has to add capacity to
12 properly respond to growth using fees, grants, federal appropriations, and taxing sources.
13 However, the administration is reticent to add positions with the idea that they will have to
14 lay them off in two years. That is not appropriate for anyone. The administration
15 anticipates careful, modest expansion. From the department requests, the County will get
16 more than a careful, modest expansion. The Council and Executive's responsibility is to find
17 the balance of what the County can afford and what it needs to respond to demands in the
18 long-term.
19

20 McShane stated he has some concerns about staffing levels. By limiting staff at
21 times, they end up having to contract out or hire consultants. Sometimes they get to the
22 point where the local government's ability doesn't include the knowledge base needed to
23 manage the consultants. Consulting is often a sleazy business and is amazingly expensive.
24 Any expansion does need to be carefully thought out and justified. However, he's seen too
25 many smaller governments turn to consultants to resolve issues that should have been
26 resolved internally.
27

28 Brenner stated the Public Works Department is one area when they have not been
29 contracting out enough. The County's work is backed up because of it. They can't punish
30 people because there is a problem in the Public Works Department. Developers who were
31 willing to pay for consultants for the County have had their projects held up. The County
32 can lose revenue by not taking advantage of that. There is a balance. She suggested a
33 change in the language, "...through internal cost saving as much as possible...." It's a
34 guideline, not a line they can't cross.
35

36 Crawford stated members of the Council are saying that the Council is willing to
37 consider expanding labor costs if it makes sense.
38

39 Brenner asked when in the budget process should councilmembers bring forward
40 specific requests to the budget. Desler stated it starts at the budget retreat, and can be
41 brought forward at any time in the budget process.
42

43 The administration has a discussion that is healthy, skeptical, and built into every
44 proposal for using consultants. One is coming up in a couple of weeks. The administration
45 has real debates about when to use staff, add staff, or use consultants. For this upcoming
46 project, the most effective approach for the short-term is to use consultants. For longer-
47 term commitments, the administration wants to avoid the use of consultants, who are
48 expensive, often away from the community, and don't have as much commitment as
49 employees.
50

51 Caskey-Schreiber stated guideline eight should be amended, "...provide quality
52 services in an efficient and cost effective manner." The Council desires to have a quality
53 end-product. Desler stated the administration can make that change.

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OTHER BUSINESS

There was no other business.

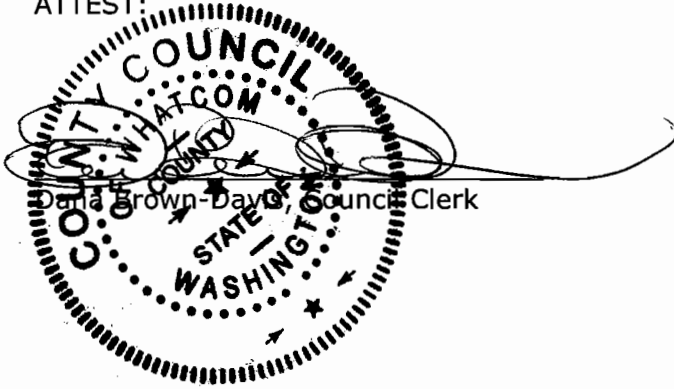
ADJOURN

The meeting adjourned at 12:25 p.m.



Jill Nixon, Minutes Transcription

ATTEST:



Dana Brown-Davis, Council Clerk

WHATCOM COUNTY COUNCIL
WHATCOM COUNTY, WASHINGTON



Sam Crawford, Committee Chair