

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53

WHATCOM COUNTY COUNCIL  
**Special Committee Of The Whole**

June 15, 2010

**CALL TO ORDER**

Council Chair Sam Crawford called the meeting to order at 9:02 a.m. in the Courthouse Fifth Floor Conference Room, 311 Grand Avenue, Bellingham, Washington.

**ROLL CALL**

**Present:** Barbara Brenner, Sam Crawford, Kathy Kershner, Bill Knutzen, Ken Mann, L. Ward Nelson and Carl Weimer

**Absent:** None

**1. DISCUSSION WITH THE ADMINISTRATION REGARDING 2011-2012 BUDGET PREPARATION (AB2010-244)**

Crawford stated they would talk today about general policy guidelines between the administration and Council. He read a business newsletter he received from a lumber company in Southern California regarding the economic outlook. They need to assume that there isn't a lot of good news for 2011 and 2012. It will be challenging to sustain County services at current levels. They may need to talk about reductions in County services.

Dewey Desler, Deputy Administrator, stated they have been aware of the economic circumstances and the nature of issues they're facing in the community. Virtually all funds are under stress, including the road fund, jail fund, and other funds. They expect the most from the general fund, but it is under a lot of stress. The community expects a lot from that fund and those services, but there are revenue restrictions. There will be increasing problems with the general fund, given how the Growth Management Act GMA forces growth, and associated taxes, into the cities.

He submitted and read from a presentation (*on file*) regarding actual revenue and expenditures from 2006 through 2009 and projected revenue and expenses for 2010 through 2012. The rainy day fund accumulated over the years has sustained them since 2007. As revenue flattens and expenses rise, they forecast problems beginning in 2010. The majority of the expenses are from employee costs, including pension obligations. Major cost drivers aren't necessarily from growing programs, but from how they have to pay for wages. They have made efforts to slow this growth and stabilize the general fund. At the beginning of the year, the government needs about 10 percent of its revenue. If they continue the current trajectory, the fund balance in 2011 is anticipated at \$6 million and in 2012 is anticipated at \$500,000. As a result of potential sales tax changes as applied to Canadian citizens, the budget impact will be about \$500,000 per year for each of the two budget years.

Through attrition, they've lost about 60 people in the last year and a half. Last May, they felt they needed to save about \$7 million by the end of 2010. It looks like they will hit that target. He described the effect to the budget of continuing employee furloughs.

1 He asked the councilmembers to consider ideas that have been developed the past  
2 few weeks. He submitted and read from the draft 2011-2012 Budget Development  
3 Guidelines (*on file*). By the end of 2012, the County will be debt free from market-driven  
4 bonds. The County will need to borrow money in the future for capital expenditures. It  
5 must have a fund balance for legitimate emergencies. When they come out of this  
6 recession, they will need to save money for a future rainy day.  
7

8 There was discussion on the historical number of employees in the County; a modest  
9 increase in new construction and sales tax revenue; whether interest rates will rise;  
10 retraining existing staff to fill vacant positions; prioritizing County services; the effects of  
11 attrition on different departments; providing services online; evaluating mandated versus  
12 non-mandated permitting; expanding job descriptions to allow for filling in for other  
13 positions; implementing targeted reductions rather than across-the-board reductions;  
14 establishing criteria for evaluating service levels; how they involve unions in setting service  
15 levels, and; whether the Council or Executive will develop direction.  
16

17 Crawford read the first guideline regarding service levels.

18  
19 Brenner stated adopt by reference the Pierce County service priority list or a similar  
20 list.  
21

22 Crawford read the second guideline regarding staffing.

23  
24 Brenner stated she is not comfortable with two items about eliminating vacant  
25 positions and attrition.  
26

27 **Nelson moved** to amend, "Evaluate the elimination of Eliminate vacant positions  
28 realized during the 2009-2010."  
29

30 Brenner stated evaluate eliminating other, filled positions. Desler stated that  
31 concept is embedded in the previous item.  
32

33 The motion carried by the following vote:

34 **Ayes:** Brenner, Crawford, Kershner, Knutzen, Mann, Nelson and Weimer (7)

35 **Nays:** None (0)  
36

37 **Knutzen moved** to add an item, "Evaluate the efficiencies of contracting out  
38 services to the private sector, when possible."  
39

40 There was discussion of whether union contracts prohibit the County from  
41 contracting services to the private sector.  
42

43 The motion carried by the following vote:

44 **Ayes:** Brenner, Crawford, Kershner, Knutzen, Mann, Nelson and Weimer (7)

45 **Nays:** None (0)  
46

47 **Kershner moved** to amend, "Work with department heads to continue to create  
48 savings and reduce staffing levels...."  
49

50 The motion carried by the following vote:

51 **Ayes:** Brenner, Crawford, Kershner, Knutzen, Mann, Nelson and Weimer (7)

52 **Nays:** None (0)  
53

1           **Crawford** read the third guideline regarding structure of functions and services. He  
2 **moved** to amend, "Review on non-mandated services...justice operations. Additionally,  
3 provide a written analysis of costs and benefits of the use of any County funds used to  
4 contract with private nonprofit organizations."

5  
6           **Weimer offered a friendly amendment** to remove "nonprofit."

7  
8           **Crawford did not accept** the friendly amendment.

9  
10           **Nelson suggested a friendly amendment**, "...Additionally, provide a written  
11 analysis of costs and benefits for the use of any county funds used to contract with  
12 nonprofit organizations for non-mandated services."

13  
14           **Crawford accepted** the friendly amendment and amended his motion,  
15 "...Additionally, provide a written analysis of costs and benefits for the use of any county  
16 funds used to contract with nonprofit organizations for non-mandated services awarded on a  
17 noncompetitive basis."

18  
19           The motion carried by the following vote:

20           **Ayes:** Brenner, Crawford, Kershner, Knutzen, Mann, Nelson and Weimer (7)

21           **Nays:** None (0)

22  
23           **Knutzen moved** to amend "Reducing building space needs in all County government  
24 operations, and sell surplus property as appropriate."

25  
26           Kershner stated make sure they don't sell property they will need to have in the  
27 future.

28  
29           Brenner stated don't vacate property that can be used for stormwater retention.  
30 Without due diligence and a vote from councilmembers, don't vacate properties that may be  
31 useful, especially in the Lake Whatcom watershed.

32  
33           The motion carried by the following vote:

34           **Ayes:** Brenner, Crawford, Kershner, Knutzen, Mann, Nelson and Weimer (7)

35           **Nays:** None (0)

36  
37           **Nelson** asked about how the administration will explain to the Council that a new  
38 service must be offset with efficiencies elsewhere. He **moved** to amend, "...to improve  
39 operational efficiency consistent with the cost offsets in paragraph one, provide more  
40 effective public access..."

41  
42           The motion carried by the following vote:

43           **Ayes:** Brenner, Crawford, Kershner, Knutzen, Mann, Nelson and Weimer (7)

44           **Nays:** None (0)

45  
46           **Crawford** read the fourth guideline about revenue. He **moved** to amend, "Review  
47 Whatcom County taxes, levies, and fees, and propose as appropriate revenue neutral  
48 adjustments to fund high priority services."

49  
50           The motion carried by the following vote:

51           **Ayes:** Brenner, Crawford, Kershner, Knutzen, Mann, Nelson and Weimer (7)

52           **Nays:** None (0)

1           **Crawford moved** to add an item, "When appropriate, use interest income from  
2 dedicated fund sources to fund general fund balances."  
3

4           There was discussion about the legality of the motion; applying that motion to voter-  
5 approved funds, and; supplementing the administrative overhead costs of dedicated funds.  
6

7           The motion carried by the following vote:

8           **Ayes:** Crawford, Kershner, Knutzen and Nelson (4)

9           **Nays:** Mann, Weimer and Brenner (3)  
10

11          Crawford read the next guideline about efficiencies.  
12

13          **Brenner moved** to add an item, "Evaluate consolidation of County departments."  
14

15          The motion carried by the following vote:

16          **Ayes:** Brenner, Crawford, Kershner, Knutzen, Mann, Nelson and Weimer (7)

17          **Nays:** None (0)  
18

19          Bill Elfo, County Sheriff, stated there is a lot they can do with technology to eliminate  
20 redundancies and achieve efficiencies. They will need to spend money to do those things.  
21

22          There was discussion about interoperability with other law enforcement agencies.  
23

24          **Kershner moved** to add an item, "Information management."  
25

26          The motion carried by the following vote:

27          **Ayes:** Brenner, Crawford, Kershner, Knutzen, Mann, Nelson and Weimer (7)

28          **Nays:** None (0)  
29

30          **Crawford** read the next guideline regarding ending fund balance and reserves. He  
31 **moved** to add an item, "Ending fund balance of 10 percent or more of general fund  
32 expenditures."  
33

34          There was discussion about an appropriate ending fund balance amount; establishing  
35 the motion to the road and flood funds; the ability to not have to borrow money and to  
36 meet emergencies, and; creating a reserve fund for wants and warrants.  
37

38          **Crawford withdrew his motion.**  
39

40          **Weimer moved** to amend, "Adequate fund balances to meet cash flow to fund  
41 operations without borrowing."  
42

43          The motion carried by the following vote:

44          **Ayes:** Brenner, Crawford, Kershner, Knutzen, Mann, Nelson and Weimer (7)

45          **Nays:** None (0)  
46

47          **Weimer moved** to amend to add an item, "Strive to maintain a \$5 million reserve in  
48 the flood fund for emergencies."  
49

50          John Hutchins, Public Works Department, explained how the County staff determined  
51 a level of \$5 million to keep in reserve for flood response.  
52

1 **Weimer amended his motion and moved** to add an item, "Maintain an adequate  
2 reserve in the flood fund to respond to emergencies."  
3

4 The motion carried by the following vote:

5 **Ayes:** Brenner, Crawford, Kershner, Knutzen, Mann, Nelson and Weimer (7)

6 **Nays:** None (0)  
7

8 Crawford read the last guideline on other cost savings.  
9

10 **Crawford moved** to amend, "...recommend other cost-saving measures, including  
11 across the board and/or targeted reductions...."  
12

13 The motion carried by the following vote:

14 **Ayes:** Brenner, Crawford, Kershner, Knutzen, Mann, Nelson and Weimer (7)

15 **Nays:** None (0)  
16

17 Knutzen stated he would like to request that they look at ways to contract services  
18 to the private sector.  
19

20 Crawford stated the Executive will propose the budget for the Council to approve.  
21 It's great that the Council, Executive, and Deputy Administrator can meet early in the  
22 budget process to collaborate, which the Charter doesn't require.  
23

24  
25 **ADJOURN**

26  
27 The meeting adjourned at 11:28 a.m.  
28  
29  
30

31  
32 Please contact the Council Office to obtain an  
33 official, signed copy:  
34  
35 360-676-6690 or council@co.whatcom.wa.us  
36  
37  
38  
39

40 \_\_\_\_\_  
41 Dana Brown-Davis, Council Clerk

\_\_\_\_\_   
Sam Crawford, Council Chair