



Skagit County Board of Commissioners

Ron Wesen, First District

Kenneth A. Dahlstedt, Second District

Lisa Janicki, Third District

2021 Preliminary Budget

November 23, 2020

2020 has been a year of hardship and financial uncertainty – for individuals, businesses, and local government. We always strive to steward each public dollar, and this year's budget process demanded an approach to new spending and expense maintenance not seen since the Great Recession. In partnership with our independently Elected Officials and Department Heads, we have chosen to invest the limited amount of additional dollars in those areas that promote the wellbeing, health, and safety of the community. We have also invested in those programs that enhance Skagit County's ability to provide a higher level of service in response to clear constituent desires.

Budget Overview

We present a preliminary expense budget of nearly \$248 million, including over \$63 million of General Fund expense and revenues of nearly \$54 million. After assessing County revenues in light of the COVID-19 pandemic and reviewing competing priority requests, the preliminary budget focuses on the continuation of fundamental County responsibilities and core services. This includes the spending of approximately \$9 million in reserves. Knowing resources would be limited going in to 2021, Elected Officials and Department Heads submitted conservative general fund budget requests of \$62.1 million.

The General Fund expense budget of \$63,335,680 reflects a decrease of 5.5% from the 2020 budget. The revenue budget of \$53,894,290 includes a one percent property tax increase (\$271,271), estimated collections from new construction (\$305,754), and a sales tax projection that is flat compared to the current year (\$11,662,377). The one percent property tax increase will cost the average homeowner between \$5.59 and \$10.70 per year, depending on their location. Following past precedent and sound governmental budgeting principles, we are committed to maintaining the GFOA recommended two months of reserves in the General Fund. In addition, we are preparing for the continued negative financial impacts resulting from the COVID-19 pandemic.

As in past years, we have assigned uncertain funding such as Payment in-Lieu of Taxes (PILT) to one-time expenses for capital facilities, deferred maintenance, and growing technology needs. This includes a set-aside for seismic retrofits on the Skagit County Superior Courthouse.

Public Health and Emergency Response

The need for state and federal support for COVID-19 public health and emergency response efforts is top of mind heading into 2021. Funding under the Coronavirus Aid, Relief, and Economic Security (CARES) Act expires November 30, 2020, leaving the County without adequate response funding just as cases are surging. While we await external relief, the County will continue its long-standing practice of targeting general fund resources to these critically important functions. In addition, we will:

- Expand our Environmental Health and Communicable Disease division with a dedicated Environmental Health Manager, who will lead a team providing technical assistance to businesses on COVID-19 safety compliance.

Public Safety, Legal, and Judicial

Under the Washington State Constitution, the civil and criminal justice system is the responsibility of the County. More than 70% of our General Fund budget is dedicated to the law and justice system annually. In addition to spending on the necessary operations of this system, our 2021 budget makes additional investments in areas that will address systemic inadequacies in our justice system while reducing the overall costs of this system in the long run, including:

- \$176,829 for a Community Court Coordinator and Case Manager, which leverages nearly \$200,000 in grant dollars from the U.S. Department of Justice. Through the District Court Community Court program, misdemeanor offenders will access social services and support in lieu of the traditional and more expensive legal system.
- \$244,495 for a Jail to Community Transitions program, leveraging \$233,753 in grant dollars from the U.S. Department of Justice.
- The addition of two Integrated Model of Police and Crisis Teams (IMPACT) Deputies in the Skagit County Sheriff's Office, to work alongside Compass Health social workers in responding to behavioral health-related calls. This program will be funded by the above-mentioned 1% property tax increase.

In 2020, the State Legislature continued its practice of issuing unfunded mandates for the County-run criminal justice system. We have budgeted \$170,000 in general fund to meet the obligations of the newly passed Uniform Guardianship Act.

Secure Elections

The security of our elections are paramount, and in partnership with the Skagit County Auditor and Information Services Department, we continue to invest staff time and resources in infrastructure to protect our democracy and enhance the speed of vote counting. The 2021 preliminary budget includes \$25,000 for signature verification software and equipment that will greatly increase the rate at which election officers process ballots.

County Facility Safety

In 2019, we committed to pursue upgrades to the Skagit County Superior Courthouse to reduce lateral forces during a seismic event. The cost estimate for this project is approximately \$2.1M. In our 2021 preliminary budget, we have allocated \$1.25M of PILT funds toward this retrofit and have directed staff to pursue matching funds through the State Heritage Grant program.

Planning and Community Development

We remain committed to our goal of increasing the availability of housing in Skagit County. In support of this goal, the 2021 preliminary budget includes:

- \$500,000 for a new permitting software system, which we expect to increase the efficiency and speed of the County's Planning Department in issuing building and other permits.
- \$250,000 in Real Estate Excise Tax for the development of affordable workforce housing and emergency shelter.

Personnel

We continue to evaluate staffing levels in light of budget shortfalls resulting from the COVID-19 economic downturn. For 2021, we have been successful in balancing the budget while maintaining our dedicated workforce.

The preliminary budget provides:

- A 2% general wage adjustment for non-represented employees. Our represented employees' collective bargaining agreements have been approved consistent with the philosophy of maintaining equitable compensation levels across County positions.
- Continued support of maintaining a healthy workforce by providing Medical, Dental, Vision, life/AD&D, Long-term Disability and an Employee Assistance Program.

We want to thank our Elected Officials and Department Heads and their staff for their diligent work in preparing and presenting their preliminary budget requests and for their commitment to cautious budgeting during this time of unprecedented uncertainty.

BOARD OF SKAGIT COUNTY COMMISSIONERS



Ron Wesen, Chair



Kenneth A. Dahlstedt, Commissioner



Lisa Janicki, Commissioner