



MEMORANDUM

TO: County Council
THROUGH: Satpal Sidhu, County Executive
FROM: Aly Pennucci, Deputy Executive & Director of Administrative Services and
Kayla Schott-Bresler, Deputy Executive
CC: Randy Rydel, Finance Director; Andrew Tan, Associate Finance Manager
RE: AB2025-509 2025-2026 Mid-biennium Review (MBR) – Update on Executive Proposed
Adjustments
DATE: October 3, 2025

This memo outlines the Mid-biennium Review (MBR) budget adjustments the Executive is planning to transmit on or before October 20th.

Our guiding principles for this budget process are:

- Economic Resilience – ensuring stability in fluctuating market conditions
- Core Services – staying true to the role of a County government
- Transparency – providing the public a clear picture of where tax dollars are spent and what services are provided

Our County budget funds essential services that protect our community, enhance wellbeing, strengthen economic security, and support future planning. As we see the costs to provide these services outpacing the County's annual revenue growth, we must take both short- and long-term actions to stabilize the budget and ultimately the County's ability to serve the community.

Problem Summary & Work to Prepare for the MBR Process

The County faces a structural budget imbalance with a revenue-expenditure gap driven by inflation, rising personnel costs, and expanding community needs. This is a challenge facing most jurisdictions across Washington and nationally. The impact of high rates of inflation means the revenues the County receives are worth less making it increasingly difficult to deliver County services absent new revenues.

For over a decade, inflation quietly undermined property tax purchasing power while the County banked its annually allowed one percent increase, until it reached crisis levels. Using the banked capacity in the General Fund (GF) and Road Fund in the 2025-2026 Biennial Budget represents a policy acknowledgment of this problem and a significant step toward fiscal stability. This was a necessary correction to restore purchasing power that had been eroded by 15 years of inflation. However, it is not sufficient to fully address the structural imbalance in the County's budget and to keep up with cost increases and expanding community needs.

For 2026 and beyond, the County faces significant mandatory cost increases, including \$3.9 million for jail health and food services alone, plus pending wage negotiations. Projected revenues cannot absorb these cost increases.

Work Done to Prepare for the MBR Adjustments

We asked departments to model reduction scenarios and identify the impacts at the program level. Responses are available at: <https://www.whatcomcounty.us/4428/2025-2026-Biennial-Budget>. We reviewed these to find reductions with minimal service impact—focusing on discretionary spending, holding long-vacant positions, and finding alternative funding sources.

For new spending requests, we prioritized unavoidable cost increases, critical operational needs, or investments that prevent future cost escalation.

The exercise and ongoing budget analysis revealed only a few areas of spending to cut without impacting the community (and some of the proposed reductions do come with significant impacts – particularly in the road fund). Nearly all county spending supports mandatory services or is addressing a community need that cannot be eliminated without impacts.

Moreover, cuts often cost more over time. Deferred facility maintenance leads to costlier repairs. Cutting public health programs shift costs to healthcare systems. Reduced mental health services increase emergency response calls. Staff layoffs undermine institutional knowledge, reducing efficiency and increasing future training costs. Cuts often don't eliminate costs—they shift them elsewhere or multiply them over time (i.e. through deferred maintenance). It is our assessment that the 2026 MBR adjustments reflect some of the last pieces of “low hanging fruit” in the County’s base budget, and we anticipate that more impactful reductions will be necessary in the 2027-2028 budget process, even assuming the County Council explores new revenue options.

Efforts to Ensure Transparency

Since April of this year, the Executive’s Office and Finance Division have regularly briefed the Council on the budget development process, revenue forecasts, fund-specific challenges, department requests and reduction scenarios. In parallel, significant steps were taken to keep the public informed. Department-level budget documents were published online and shared through social media, and engagement with local press resulted in extensive reporting about the budget decisions facing County leadership. The County also hosted an Open House to provide an opportunity for the public to ask their questions directly to County representatives. Internally, County staff have been provided regular updates from the Executive’s Office on the budget process to ensure a shared understanding of the structural challenges facing the County.

Initial recommendations

Our main takeaway is that the County is at an inflection point – both spending cuts and strategic revenue increases will be necessary to stabilize the budget and continue to serve the community. The Executive aims to maintain Whatcom County as a place where people want to live and businesses want to locate. With new unfunded state mandates, compounding labor costs, and a regressive tax structure, there are no easy answers.

The proposed MBR adjustments combines new spending proposals, spending reductions, new revenues, and strategic reallocation of one-time funds to create reserves and support one-time expenses. Below we summarize adjustments identified to date. A full list of the spending increases and reductions summarized below are provided in Appendix 1. Please note that we are still doing technical reviews and triple checking numbers so the summary below may not be an exact match with the Executive’s final transmittal.

2026 Cost Increases

Before considering COLAs that are still under negotiations, the Executive is recommending about \$9 million in new 2026 expenses across all funds¹:

- Jail healthcare & food services: \$3.9 million
- What-Comm Dispatch Fee Increase: \$312,000
- Personnel costs (excluding yet to be negotiated COLAs): \$390,000
- Technology Investments & Maintenance: \$750,000
- Facilities Maintenance or Capital Expense: \$1.65 million
- Other/Miscellaneous: \$675,000²
- Risk Reserve: \$1.2 million.

This does not include the following anticipated 2026 cost increases:

- Yet to be negotiated 2026 wage increases
- Cost of implementing proposed charter amendments that will be on the 2025 November ballot (see appendix 2)

Proposed Reductions (\$6.1 million total)

- State retirement rate savings (\$700,000) – The state's lower-than-anticipated employer contribution rate creates savings that will seed a risk reserve.³
- Sheriff's Office (\$1 million GF, \$250,000 Jail Fund) – Freeze 9 current vacancies (5 patrol deputies, 2 corrections deputies, 2 support staff).
- Health & Community Services (\$1.05 million GF) – Eliminate 12 vacant positions, reduce non-personnel expenses, and apply restricted funds to core services first (shifting some expenses currently funded by the GF to other restricted funds).
- Public Works (\$3.2 million Road Fund) – Freeze 13 positions, permanently eliminate 8 positions, plus other expense reductions. Roads will deteriorate faster, safety improvements will be delayed, and emergency response capacity will be reduced. Without sustainable revenue, the County will fall further behind on infrastructure maintenance.
- Other departments (\$591,000 GF) – Reductions in the GF across Superior Court, Planning and Development Services (PDS), Council Office, Executive Non-Departmental, and Parks. This includes eliminating 1 FTE in PDS and reducing Parks' funding for extra help/seasonal workers.

Reallocating Existing Resources

- Community Priorities Fund (\$5 million) – Reallocate funds with no specific commitments to one-time GF expenses, capital facility needs, and reserves. See Appendix 3 for additional details.

¹This excludes \$6.3 million in funding that will be transmitted for projects approved by the Council funded by the Economic Development Investment Program and funds that were budget in 2025 that are proposed to be re-appropriate to 2026 because the work was not started in 2025.

²This includes increased costs such as: interpreter services for public defense and superior court coordinator, PDS code modernization study, contractor support for the JPOP, etc.

³While this provides some budget relief in the short-term, it does come with some future risks. The rate reductions are tied to a change in the assumed investment rate of return for the pension systems. If investment returns underperform the County could face higher pension costs in the future.

- Health & Community Services fund shifts – Move \$400,000 in GF-supported positions to restricted state funds (County Public Health Assistance and Foundational Public Health Services), plus realign several positions to appropriate restricted funding sources. This shift is part of the strategy to reduce the department's GF funding.

Revenue

The 2026 MBR Adjustments recognizes \$1.7 million in revenue increases from:

- Auditor's Office: Licensing Fees Revenue Increase (\$387,000)
- Superior Court Clerk: Water Adjudication Budget Passthrough Funds (\$155,000)
- District Court: Therapeutic Court State Funded Expenses (\$72,000)
- Prosecuting Attorney's Office: Skagit/San Juan County Child Support Services (\$15,000)
- Public Defender: Office of Public Defense 10.101 Funds (\$223,000)
- Public Works: Ferry Fare-box Revenue Increase (648,000)

In addition, the Executive is considering using banked capacity in EMS levy (see the separate memo and presentation transmitted to the Council on October 3 and posted to AB2025-509). Note the Executive is still waiting for a final recommendation from the EOB on the use of banked capacity, but has prepared the budget with this assumption in place.

The proposed MBR adjustment also assume approval of the 1% annual property Tax increase for most property tax levies (GF, Road Fund, EMS, Conservation Futures Fund). This was assumed last fall when Council adopted the 2025-2026 Biennial Budget.

While not included in this MBR adjustments, the Executive is considering other revenue options for Council consideration in 2026 to help stabilize the budget going in to the next biennium. The County is limited in what it can do in terms of increasing revenues. Options available to the Executive and Council include:

- Implement new criminal justice Sales Tax, 1/10 of 1% for criminal justice, ([HB 2015 - 2025-26](#)).
The Executive is preparing a resolution to bring forward for the Council's consideration before the end of the year that would indicate intent to pursue this sales tax for criminal justice (for implementation in mid-2026 or in January of 2027. This new revenue source would raise about \$7 million annually. The increases in jail health costs combined with the generally escalating costs across the criminal justice system at the County is the main factor requiring deficit spending in the GF in 2026. This new revenue is critical to avoid significant cuts to staff and services in the next biennium.
- Increasing County fees to achieve cost recovery in fee support services
The Executive's proposed MBR changes include funding for a fee study.
- Countywide Ferry District, Levy lid lift on Road Fund, Transportation Impact Fees
The Executive will pursue revenue options to present to the Council, such as a countywide ferry district, impact fees, and a levy lid lift, to help restore services funded by the Road Fund that are proposed for reductions in 2026.
- Various options for parks funding and conservation work (Parks District, REET 3, increase in Conservation Futures Levy)
An inter-departmental team is convening to begin to explore options for future consideration.

In addition to these revenue options, the Executive will continue to explore and pursue opportunities to promote economic development. Growth of the County's current tax base is an often-overlooked opportunity to address revenue concerns over the long term. Economic growth is important not only for our organization's fiscal sustainability but also for the wellbeing of our community at large.

Critical Positions Not Recommended

After reviewing the information provided as well as our financial constraints, the Executive has made the difficult decision to add no new FTE in this MBR process unless the department is willing to make a cut to another vacancy. In our analysis, the three positions that represent the most critical denied needs are:

- Protection Order Facilitator (Superior Court Clerk)
- Public Records (Information Services)
- Civil Deputy Prosecuting Attorney (Prosecuting Attorney)

At this time, the Executive is not planning to recommend any of these positions. These positions will likely be necessary in the 2027-2028 budget and will require the further reallocation of County resources and/or new revenue to accommodate.

Next Steps

The Executive will formally transmit his recommended MBR budget adjustments on or before October 20th. This will include legislation to amend the proposed 2026 budget and associated legislation (e.g., project-based budgets for capital projects, legislation to adopted 2026 property tax levies).

Appendix 1: 2026 Proposed MBR Budget Adjustments (New Expenses, Expense Reductions, and New Revenues)

New Expenses across all funds

Department / Title of Request	2026 Request \$ Amount
Administrative Services	852,452
2026 Finance Extra Help	195,000
ADA Improvements to Courtroom 2, Dist Ct	30,000
Addit'l Funding Pt Robert-SO-Propane Costs	2,000
Addt'l Funding-Vehicle Fuel, Facilities Fleet	1,300
Addt'l Natural Gas Utility Funding-Cover Actual	50,000
Central Plaza/Public Defender 1st Floor Improvement	380,000
Contracted Pest Management Services	3,000
Increase in Equip Rental Budget for FM	2,500
Increase in Filter Costs	10,000
Increase in Janitorial Supply Costs	4,400
Increase in Paper Product Supply Costs	7,000
Increase Rep & Maint budget to cover EWRRRC	80,000
Lifecycle Replacement of Computers (TR&R)	-
Software Maintenance Costs	22,000
Software Purchase Costs	3,000
Technology Fee Revenue - General Fund Transfer	-
Wage Adjustment - GIS Administrator	12,252
Web ADA Compliance Services - Phase II	50,000
Assessor	37,595
Senior Exemption Online Portal	37,595
Council	104,900
Accessibility compliance (ADA Title II)	50,000
Contractor support for the JPOP	39,900
Courthouse After-hours Security	15,000
Administrative Services	852,452
Additional Office Supplies and Software	8,405
Reclass of Coordinator to Office Administrator	12,693
Office of Assigned Counsel - Temp Director	11,555
Executive	52,527
2025 approved reclassified vacancies continue in 2026	52,527
Juvenile	40,000
Detention Nursing Services	40,000
HCA Reentry	-
Non-Departmental	2,065,035
Boundary Review Board Increase	2,000
Establishing a new Risk Reserve Cost Center	700,000
Facilities Coordinator I - GF Transfer Out Comp	49,435

Department / Title of Request	2026 Request \$ Amount
Galbraith Mountain Emergency Response	50,000
General Fund Companion - Technology Fee Revenue	175,000
General Fund Companion - TR&R	200,000
GF Transfer Out - Companion for GIS Cost Increases	6,600
Indigent Burial - Medical Examiner	20,000
Transfer Out Community Priorities to Risk Reserve	500,000
Whatcom Racial Equity Commission support funding	50,000
What-Comm Dispatch Fees 2026	312,000
Parks & Recreation	773,081
EWRRC Building and Site Improvements	250,000
Maple Falls Roof Replacement - Direct Billing	8,500
Parks Holiday Pay Adjustment	9,081
Samish Park Pedestrian Bridge Replacement	150,000
Semiahmoo Sewer System Repair	348,000
Van Zandt Hall Renovation - Direct Billing	7,500
Planning & Development Services	300,000
Development Code Review and Update/Streamline	150,000
PDS Fee Study	150,000
Prosecuting Attorney	26,345
Axon Justice	26,345
Public Defender	68,000
Appeals (Transcript Costs)	32,000
Interpreter Costs	36,000
Public Works	369,471
Emulsion Tank Replacement	300,000
Ferry Tidelands Lease CPI-U adjustment	8,428
Lab analyses for SW monitoring in Lake Whatcom	17,000
Lake Whatcom NN Landscaping HOA Pilot Program	15,250
Lake Whatcom NNL Program contract w/ WCD	25,000
Road Companion- Ferry Tidelands Lease CPI-U adj	3,793
Sheriff	3,849,318
2026 WUECC expenses	-
Jail Food Services Increase	294,960
Jail Healthcare Services	3,554,358
Superior Court	291,922
Interpreter Services	25,000
JAVS Systems for Dept 3	183,000
Uniform Guardianship Act	40,000
Water Adjudication Staff Wages	43,922
Grand Total	8,863,299

Proposed Reductions

Department / Title of Request	2026 Proposed Reduction \$
Council	(126,054)
Council Internship Program	(15,000)
IPRTF – Advertising	(5,000)
Temp Leg Coord.	(106,054)
Health	(1,052,913)
Health & Com Svcs reductions to budget target	(1,052,913)
Non-Departmental	(95,100)
Indigent Burial - Non-Departmental	(5,000)
Leave Payout reduction	(90,000)
LEOFF Board meeting refreshments	(100)
Parks & Recreation	(197,920)
Mid Biennium Reduction - Administration	(30,190)
Mid Biennium Reduction - Park Facilities	(155,974)
Mid Biennium Reduction - Plantation Rifle Range	(11,756)
Planning & Development Services	(102,505)
Mid-Biennium Budget Reduction--FTE	(102,505)
Public Works	(3,196,662)
Eng Admin- Admin Secretary & Clerk IV FTE cuts	(195,235)
Eng Bridge & Hydraulics- Eng Tech I FTE cut	(90,585)
Eng Design/Const- Engineering Tech IV FTE cut	(115,891)
Eng Design/Const- Sr Survey Technician FTE cut	(136,638)
Eng Monitoring & Mitigation cost maintenance cuts	(110,000)
Eng Traffic- Engineering Tech IV FTE cut	(115,891)
Engineering B&H- Fish Passage Engineer FTE Freeze	(123,888)
Engineering Admin cost maintenance cuts	(6,500)
Engineering B&H cost maintenance cuts	(25,000)
Engineering Design/Const cost maintenance cuts	(22,000)
Engineering Development cost maintenance cuts	(1,800)
Engineering Traffic cost maintenance cuts	(5,930)
Extra Help cuts- Capital Program	(16,796)
Extra Help cuts- Eng Bridge & Hydraulics	(7,500)
Extra Help cuts- Eng Design/Construction	(10,000)
Extra Help cuts- EngTraffic	(12,000)
Extra Help cuts- Maintenance & Operations	(91,702)
Extra Help cuts- Maintenance & Operations NPDES	(7,169)
Extra Help cuts- Maintenance & Operations-Reimb	(7,947)
Ferry Van reduction	(25,000)
Financial Services Manager wage adjustment	(31,261)
M&O service reductions	(722,377)
Noxious Weed- 1 FTE cut	(116,537)

Department / Title of Request	2026 Proposed Reduction \$
Op Transfer Out Comp to 5202-Ferry Van reduction	(7,457)
Public Works Admin- Grand Administrator FTE cut	(121,670)
PW Admin Clerk/Receptionist FTE Freeze	(77,474)
PW Admin Real Estate Mgmt cost maintenance cuts	(500)
Road fund companion to SBR 5149- GIS Annual Maint	2,160
Ten M&O RMW & 1 ClerkIV FTE Freezes	(994,074)
Sheriff	(1,249,000)
2026 - Admin Budget Reduction	(294,147)
2026 Drug Task Force Budget Reduction	(26,070)
2026 FTO Program Budget Reduction	(13,709)
2026 Investigations Budget Reduction	(104,896)
2026 K-9 Program Budget Reduction	(4,275)
2026 Patrol Budget Reduction	(368,102)
2026 Pt Roberts Budget Reduction	(13,364)
2026 Records Budget Reduction	(40,829)
2026 Substations Budget Reduction	(6,500)
2026 SWAT Budget Reduction	(8,800)
2026 Traffic Budget Reduction	(17,363)
2026 Training Budget Reduction	(96,645)
2026 Volunteer Program Budget Reduction	(5,300)
Reduction in Jail Cost Center	(210,000)
Reduction in Minimum Security Jail Cost Center	(22,300)
Reduction in Staff Training Cost Center	(16,700)
Superior Court	(50,000)
Reduce Professional Services Budget- FRC	(20,000)
Reduction in Professional Services Budget- Pretrial	(30,000)
Grand Total	(6,070,154)

Appendix 2 – Proposed Charter Amendments – Fiscal Impacts

The following 12 amendments were proposed and approved by the Charter Review commission for consideration by the voters on the 2025 General Election ballot. Below is an initial exploration of what the fiscal impact of each amendment will be. It is by no means exhaustive – there can be several incidental costs or costs-savings not directly attributable to one specific decision, but this gives decision-makers a starting point for discussion on the potential fiscal impacts and how to plan for them.

For position specific costs, no consideration has been given to office space or equipment required to staff the position – only payroll impacts. There will be additional costs associated with an FTE increases.

In total, this initial exploration reveals that the fiscal impact of these amendments could range from about \$990,000 to \$1.86 million (noting again that this is just a preliminary analysis) – or put another way, annual expenses in the county budget could increase by that amount.

Approved Amendments

1. Authorizing Councilmembers to Hire Dedicated Aides

The Whatcom County Charter Review Commission has proposed an amendment to the Whatcom County Charter to add language authorizing councilmembers to hire aides. This measure would amend Section 2.22 of the Whatcom County Charter to allow each councilmember to hire a dedicated legislative aide. It also allows multiple councilmembers to hire one joint aide if they choose.

Fiscal Note: The cost of these positions could vary depending on the size and scope of their responsibilities.

Assuming that this would provide for seven full-time legislative clerks, at the lower end of the wage range, **this would be an estimated impact of \$853,000.**

Assuming that this would provide for seven half-time legislative clerks, at the lower end of the wage range, **this would be an estimated impact of \$500,000.**

Potential cost-savings would include combining these roles/responsibilities with current positions within the office which may be able to off-set some of those costs.

2. Establishing a Whatcom County Office of the Ombuds

The Whatcom County Charter Review Commission has proposed an amendment to the Whatcom County Charter to create the office of the Whatcom County Ombuds. This measure would amend Article 2 of the Whatcom County Charter to require the County Council to establish an Office of the Ombuds. The Ombuds would receive and investigate complaints and inquiries about county government. The Council would be required to provide the office necessary funding and power to fulfill its duties. The office would start work no later than January 1st, 2027. In 2030, the Whatcom County Council would have the ability to eliminate this office.

Fiscal Note: The cost of this position could vary depending on the skills and experience of the person hired. Using the Snohomish Office of Public Advocate as a model, and assuming a staff of one person, **this would be an estimated impact of \$193,000**

3. Establishing Performance Audits

The Whatcom County Charter Review Commission has proposed an amendment to the Whatcom County Charter to establish a process for performance audits. This measure would amend Article 2 of the Whatcom County Charter to require the County Council establish a County Performance Auditing

Process to review, evaluate, and report on various aspects of County Government. This process would be conducted by an independent contractor. The process would commence no later than January 1, 2027 and be performed afterwards as needed. The County Executive would be required to make a report to Council about the implementation of recommendations from the performance audit.

Fiscal Note: The cost of an independent contractor conducting the audit could vary widely based on size and scope of that audit. Often performance audits are department or program specific, rather than County wide. Comparable contracts were difficult to locate, ranging from a Snohomish County audit that included the Executive and Council offices, to a system-wide audit of Multnomah County. **Estimated impact \$200,000-\$565,000.**

4. Clarifying the Power and Duties of Elected Officials

The Whatcom County Charter Review Commission has proposed an amendment to the Whatcom County Charter to clarify the powers and duties of county elected officials. This measure would amend Article 3 of the Whatcom County Charter to clarify the independence of the County Elected Offices from the office of the County Executive and to make more consistent the terminology used to describe those offices. This amendment clarifies the powers and duties of each elected office without changing those powers or duties.

Fiscal Note: No direct anticipated costs relating to this amendment.

5. Modifying the Redistricting Process

The Whatcom County Charter Review Commission has proposed an amendment to the Whatcom County Charter to modify the process of adjusting the boundaries of each district in the county as is required once every ten years. This measure would amend Article 4 of the Whatcom County Charter to clarify the powers and appointment process for the Chair of the Districting Committee, require the Committee to comply with State law on Redistricting, and adjust timelines to align with the availability of census data. The measure would also require that the Districting Committee hold a public hearing before adopting a redistricting plan.

Fiscal Note: While there may be some incidental costs with holding an additional public hearing and changing timelines, those would have a minimal impact on budget and could be accommodated. **No direct fiscal impact anticipated.**

6. Adjusting the Calculation of Signatures Required for a Referendum

The Whatcom County Charter Review Commission has proposed an amendment to the Whatcom County Charter to adjust the number of signatures required for the public to place a Referendum on the ballot. This measure would amend Charter Section 5.60 to require a proponent of a referendum to collect the signatures of registered voters in the County in an amount equal to fourteen percent of the most recent County Executive election. The current requirement is eight percent of the last gubernatorial election. Currently, based on the 2024 gubernatorial election and the 2023 county executive election, this would increase the required number of signatures from 10,917 to 11,187.

Fiscal Note: The increased number of signatures may require additional staff time from the County Auditor to check and verify that initiatives have qualified for the ballot, however the change could be accommodated with current staffing levels. **No direct fiscal impact anticipated.**

7. Prohibiting County Government from Interfering with Initiatives and Charter Amendments

The Whatcom County Charter Review Commission has proposed an amendment to the Whatcom County Charter to prohibit the County Government from taking official action in relation to an Initiative or a Charter Amendment. This measure would amend Articles 5 and 8 of the Whatcom County Charter to prohibit the County Council from acting to impede, alter, or prevent an initiative or Charter Amendment from being placed on the ballot and prohibit any County Official from expending county resources in support of or opposition to an Initiative or Charter Amendment. It would also prohibit the Council from delaying implementation of an initiative or Charter Amendment approved by voters.

Fiscal Note: The only potential impact of this measure may be reducing the need for legal review by the Prosecutor's office of initiatives or charter amendments for potential council action. As this situation is exceedingly rare, **no direct fiscal impact anticipated.**

8. Modifying the Budget Process

The Whatcom County Charter Review Commission has proposed an amendment to the Whatcom County Charter to modify the budget amendment process. This measure would amend Article 6 of the Whatcom County Charter to require the County Executive to publish budget preparation instructions via website 180 days before the end of the budget cycle, would require County Departments and the County Executive to submit budget related information earlier in the budget cycle, would require the Executive to provide budget information to the Council and would require the Executive to post other budget related information to a public website.

Fiscal Note: While this may incur additional overtime expenses to meet these deadlines, it is within the job responsibilities of the current staff, **no direct fiscal impact anticipated.**

9. Adding Accountability to Financial Reporting Requirements

The Whatcom County Charter Review Commission has proposed an amendment to the Whatcom County Charter to modify the financial reporting requirements of the County Executive. This measure would amend Section 6.41 of the Whatcom County Charter to prohibit supplemental appropriations if the Executive has not complied with mandatory financial reporting requirements. Currently, the County Executive is required to submit a quarterly report to Council showing the relation between estimated income and expenses and actual income expenses. This amendment would prohibit the Council from approving supplemental appropriations, with certain exceptions, if that report is not made.

Fiscal Note: No direct fiscal impact anticipated.

10. Determining Initial Rules for the Charter Review Commission Meetings

The Whatcom County Charter Review Commission has proposed an amendment to the Whatcom County Charter to set the rules of procedure for the first Charter Review Commission Meeting. This measure would amend Charter Section 8.11 to require the commissioner who received the greatest number of votes in the Charter Review Commission election to set the procedural rules that will govern the first meeting of the commission until a permanent set of rules is adopted by the commission.

Fiscal Note: No direct fiscal impact anticipated.

11. Adjusting the Calculation of Signatures Required for a Charter Amendment

The Whatcom County Charter Review Commission has proposed an amendment to the Whatcom County Charter to adjust the number of signatures required for the public to place a Charter Amendment on the ballot. This measure would amend Charter Section 8.22 to require a proponent of a charter amendment to register with the Auditor an Initiative bearing the signatures of registered voters equal to twenty percent of the most recent County Executive election. The current requirement is

fifteen percent of the last gubernatorial election. Currently, based on the 2024 gubernatorial election and the 2023 county executive election, this would reduce the required number of signatures from 20,468 to 15,981.

Fiscal Note: Since this is a reduction in the amount of signatures that the County auditor would be required to verify, this could result in some potential cost savings on overtime labor costs, however for this change, those savings would be nominal at best. **No direct fiscal impact anticipated.**

12. Requiring Land Supply and Construction Cost Analysis

The Whatcom County Charter Review Commission has proposed an amendment to the Whatcom County Charter to require the Executive to publish an analysis of how land supply and constructions costs could be affected by new legislation. This measure would amend Article 9 of the Charter to require the Executive to publish a credible analysis of how land supply and constructions costs could be affected before the County amends any land use or construction section of the County Code.

Fiscal Note: The impact of this measure depends on the level of analysis desired. Considering that the Council amends land use code at more than half their meetings each year, this could be as minimal as a one-page staff review included in the legislative packet or may require more detailed analysis provided by an independent consultant(s).

For a staff review, an additional 0.5 to 1 FTE would be required **with a fiscal impact of 96,000 to 182,000.**

For an independent consultant, **fiscal impact could range from \$100,000 to \$250,000** depending on experience and amount of detail the analysis requires.

Appendix 3: Community Priorities Fund – Background and 2026 Proposal

The Community Priorities Fund was created in 2023 to account for the revenues and expenditures related to general fund savings during the pandemic period. The Executive's 2026 MBR Budget includes three proposals related to Community Priorities Fund expenditures:

- \$500,000 to an emergency risk reserve
- \$1,000,000 to accommodate one-time strategic priorities that would otherwise be unaffordable in the proposed budget (e.g. code modernization, fee study, etc.)
- \$3,500,000 to the Capital Reserve Fund

Background

The American Rescue Plan Act (ARPA) of 2021 provided \$350 billion to state, local, and Tribal governments as part of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program. The United States Department of the Treasury provided federal funds to jurisdictions through a non-competitive grant process. Whatcom County received \$44.5M as a result of this program.

During the pandemic era, the County invested in a range of priorities using ARPA and the Community Priorities Fund including:

- Childcare – over \$11M obligated for 32 childcare stabilization grants and the creation or preservation of over 1,000 childcare slots.
- Housing & Homeless Services – nearly \$12M obligated for winter shelter services and equipment, Way Station construction, eviction prevention, and capital construction. Preserved 145 apartments and created 185 new affordable homes.
- Food Security - over \$3M obligated
- Lummi Island Farebox - \$358,000
- Whatcom PUD's Point Roberts Broadband Project - \$350,000 obligated
- Birch Bay Library - \$315,000 obligated
- Addressing the court backlog & public health pandemic response and infrastructure – over \$10M obligated

The Council set the goal of spending \$25.7M or 58% of ARPA funding on childcare and housing. The Executive successfully obligated \$23.8M of this funding over three years.

Community Priorities Fund

When the Fund was created in 2023 the Council developed a high-level spending plan allocating this funding toward a range of activities. Most of that funding has been spent, with \$5M still available that was originally set aside for pandemic response, climate, and behavioral health with no specific commitments or contracts identified. This funding can be spent on any general fund eligible expenditure.

The Executive's Office recommends this funding be applied to one-time expenditures to accommodate strategic priorities in the 2026 budget, to create a risk reserve, and to set-aside the residual for upcoming critical capital facilities projects, such as the Sheriff's Office, Planning and Development Services Office, or morgue.

The Executive's 2026 MBR Budget includes three proposals related to Community Priorities Fund expenditures:

- \$500,000 to an emergency risk reserve , and to create a risk reserve to respond to unanticipated events, such as a major snow event or natural disaster, and could help mitigate the impact of potential wage increases in 2026 that are currently unknown
- \$1,000,000 to accommodate one-time strategic priorities that would otherwise be unaffordable in the proposed budget (e.g. code modernization, fee study, etc.)
- \$3,500,000 to the Capital Reserve Fund

If these transfers are approved, \$1.5M will remain in the Community Priorities Fund, which is currently reserved for a Search and Rescue lease.

Additional Detail on One-Time Priorities

\$1M of the Community Priorities Fund would be used to support proposed one-time MBR budget adjustments. This one-time funding would help cover the following expenses that would otherwise necessitate further budget cuts in 2026 to fund:

- Computer Replacements - \$200,000
- Permitting Software Maintenance - \$175,000
- JAVS System for Superior Court Department 3 - \$183,000
- Development Code Review and Modernization - \$150,000
- Planning & Development Services Fee Study - \$150,000
- Countywide Accessibility Compliance (ADA Title II) - \$50,000
- Galbraith Mountain Emergency Response - \$50,000
- Whatcom Racial Equity Commission- \$50,000
- Justice Project Oversight and Planning Committee Facilitator - \$39,900

Next Steps

The Executive will bring forward the above outlined adjustments in the proposed budget. If Councilmembers have questions regarding pandemic-era revenues and expenditures or this proposed budget action, please contact Kayla Schott-Bresler, Deputy Executive.