

**WHATCOM COUNTY  
EXECUTIVE'S OFFICE**

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311 Grand Avenue, Suite #108  
Bellingham, WA 98225-4082



**Satpal Singh Sidhu**  
County Executive

October 18, 2025

Whatcom County Council  
311 Grand Ave., Suite 105  
Bellingham, WA 98225

RE: Recommended Mid-Biennium Budget Review Adjustments

Dear Councilmembers,

I am pleased to transmit to you my proposed Mid-Biennium Budget Review (MBR) adjustments.

For the past eighteen months we have engaged in conversations with the Council about course corrections necessary to address the structural budget imbalance that emerged due to a confluence of factors – high inflation, rising personnel costs, and expanding community needs.

My recommendations for the 2026 budget result in a \$10.1 million increase in expenses across all funds. Targeted reductions mitigated the overall net increase and much of this increase is strategic capital projects in the dedicated Economic Development Investment Fund. The net General Fund increase is limited to \$1.8 million. For new expenses, we have prioritized unavoidable cost increases, critical operational needs and mandates, and investments that prevent future cost escalation. Most significantly, the County will see a \$3.9 million cost increase for jail health and food services.

On the revenue side, we anticipate a net increase of approximately \$610,000 in additional funds from new state allocations and licensing fee increases. The biennium budget adopted last year includes a 1% increase on County property taxes for all funds except the Healthy Children's Fund, and together those increases will generate approximate \$850,000 in revenue in the coming year.

We've discussed at length the situation with the EMS fund and how inflationary pressures have begun to quickly erode fund balance. On October 10, the EMS Oversight Board (EOB) held a special meeting to consider the fund's outlook over the final three years of the levy. The EOB passed a motion recommending that the County take the levy's full banked capacity (\$2.56 million), and I have incorporated that recommendation into my proposed adjustments.

When taken as a whole, we estimate that for the owner of a property valued at \$650,000, the proposed property tax adjustments would add \$39 per year in unincorporated and \$34 per year in incorporated areas, with the EMS levy increase accounting for approximately two-thirds of the increase.

I want to reiterate what my office has continually communicated to the Council – the reductions contemplated in these MBR adjustments do not address anticipated future cost escalations. They represent some of the last pieces of "low hanging fruit" in the County's base budget, and we are alerting the Council and our constituents that further impactful reductions will be necessary in the 2027-2028 budget process.

The new Council that convenes next year will face tough decisions with respect to new revenue options and potential service reductions. The Executive's office is committed to ensuring that these budget discussions are timely and transparent.

Deputy Executive Aly Pennucci led this budget process with a keen eye for both policy analysis and financial planning. I want to thank her, Deputy Executive Kayla Schott-Bresler and my team, as well as the entire Finance office, all department leaders and my fellow elected officials, for their efforts in this Mid-Biennium Review process.

Sincerely,



Satpal Singh Sidhu  
County Executive