

# **Whatcom County Council (Special)**

**COUNTY COURTHOUSE  
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## **Minutes - Final**

**Wednesday, October 30, 2024**

**9 AM**

**Hybrid Meeting - Council Chambers**

**2025-2026 WHATCOM COUNTY BUDGET REVIEW WORK SESSION - HYBRID  
MEETING (PARTICIPATE IN-PERSON, SEE REMOTE JOIN INSTRUCTIONS AT  
[www.whatcomcounty.us/joinvirtualcouncil](http://www.whatcomcounty.us/joinvirtualcouncil), OR CALL 360.778.5010)**

### **COUNCILMEMBERS**

Barry Buchanan  
Tyler Byrd  
Todd Donovan  
Ben Elenbaas  
Kaylee Galloway  
Jon Scanlon  
Mark Stremler

### **CLERK OF THE COUNCIL**

Cathy Halka, AICP, CMC

**Call To Order**

Council Chair Barry Buchanan called the meeting to order at 9:04 a.m. in a hybrid meeting.

**Roll Call**

**Present:** 6 - Barry Buchanan, Tyler Byrd, Todd Donovan, Kaylee Galloway, Jon Scanlon, and Mark Stremmler

**Absent:** 1 - Ben Elenbaas

**Announcements****Discussion**

AB2024-669 Discussion of the County Executive's recommended 2025-2026 Biennium Budget

The following people answered questions throughout the presentations:

- Satpal Sidhu, County Executive
- Brad Bennett, Administrative Services Department Finance
- Aly Pennucci, Executive's Office
- Kayla Schott-Bresler, Executive's Office

The following people briefed the Councilmembers on their respective department budgets and answered questions:

**WSU Extension**

Approximate Video Timestamp: 00:00:53

- Shawna Beese, WSU Extension

Beese read from a presentation (on file) and spoke about a return of over \$6,500 to the budget due to an overbilling found in an internal audit, an overview of their budget, their requested ASRs, and the fact that space rental accounts for the majority of their increased expenses.

She answered how they calculate the return of \$5 of value to the County (through grants and interdepartmental contracts) for every dollar the County spends, and she summarized their grant revenues.

**Auditor**

Approximate Video Timestamp: 00:06:51

- Stacy Henthorn, County Auditor

Henthorn spoke about the Auditor's Office's core services and the

department's ASRs, and answered questions. She answered whether Whatcom County has fire suppression in ballot boxes and stated it does. She answered how things are going with the election and with security, and stated things are going well. She spoke about the number of ballots being processed (potentially 166,000), how many have been received so far, and that she feels good about security.

### **Treasurer**

Approximate Video Timestamp: 00:16:50

- Steve Oliver, County Treasurer
- Karen Thomas, Treasurer's Office

Oliver spoke about what the Treasurer's Office does, the fact that 60 or 70 percent of their work is not for the County but for other public agencies or entities (over one hundred of them) which they provide services to, upcoming legislation that would allow the Treasurer's Office to recover the costs from those other entities instead of that burden being borne by the County's General Fund, and ASR #7111 ("Senior Investment Officer - Current Expense 001") which appears as a negative ASR since the cost related to the ASR is less than the amount of new revenue generated.

He spoke about a projected windfall of \$10 million in interest income for the General Fund at the end of 2024 and continued projected income for 2025 and 2026 of \$10 million and \$9 million respectively, the fact that it is a volatile source of income as the amount has been much less in prior years, how interest income that the investment pool generates is distributed out to its participants (the County, school districts, fire districts...), and discussions with the Legislature about allowing the County to potentially invest directly back into the community.

He spoke about using banked capacity and that there is no amount of available banked capacity that is going to solve the structural deficit in the General Fund. He stated the careful use of banked capacity has a place in finding a solution, but the most important piece is putting a strong commitment in place to rethink how county government does business and delivers services in the community. He stated this is also an opportunity for the Council and Administration to develop guidelines around the use of banked capacity and property tax increases in the future.

He spoke about the policy of maintaining a 15 percent fund balance, not just looking at it for debt issuance purposes, and his view that having a designated fund reserve is better than an undesignated fund balance. He

answered questions about fund balance.

Karen Thomas, Treasurer's Office, Sidhu, Oliver, and Bennett spoke and answered questions about the money in the investment pool that is generating interest, and Oliver answered questions about fund reserves and the Senior Investment Officer - Current Expense ASR.

Pennucci and Bennett responded to Oliver's comments. Pennucci stated the trajectory of the County's finances and the work ahead to stabilize the organization are the same things the Executive has been saying and committing to work on. She referred to the Executive Memo (on file) which describes different ways to approach fund balance, reserve policies, and having a separate appropriated reserve. Bennett spoke about controls for how the fund balance is appropriated, how when interest rates go up, activity in other revenue areas goes down, which means the interest is not really a windfall, that they require money for cash flow, that administrators of the County's large funds may need to do cash flow projections and invest their money like the districts do, and that Council can put restrictions on fund balances as opposed to putting the money in another fund, which works out better for managing cash flow.

Byrd and Oliver responded to Bennett's comments and Oliver answered who the entities are for whom the Treasurer's Office provides services.

#### Assessor

Approximate Video Timestamp: 1:14:17

- Rebecca Xczar, County Assessor

Xczar spoke about what the Assessor's Office does, the department's ASRs, and department accomplishments, and she answered a question about the decrease in charges for services (in the Assessor's revenue summary) between 2023 and 2024. She stated the only thing they are currently charging for is an application fee for current use programs and she is not sure why that amount dropped.

#### Public Works

Approximate Video Timestamp: 1:22:31

- Elizabeth Kosa, Public Works Department Director

Kosa read from a presentation (on file) and spoke about one requested FTE for a Natural Resources specialist for the noxious weed program, Public

works funds and how complicated and interrelated they are, their operating budgets and ASRs, and department challenges and accomplishments. She answered what service cuts were included in the budget, described those programs, and stated if the Council approves taking the banked capacity, Public Works would buy those back through the supplemental budget request process.

Pennucci spoke about the proposed cuts and stated that the budget that is in front of Council will include those items if the Council approves the banked capacity, and she described the budgeting process around those.

### **Planning and Development Services**

Approximate Video Timestamp: 1:46:55

- Mark Personius, Planning and Development Services Department Director

Personius read from a presentation (on file) and spoke about core services, department revenue and expenses, department structure and vacancies, proposed fee increases for the next biennium, and requested ASRs. He answered questions about vacant positions and stated they are discussing internally whether they should fill the assistant director position or reclassify that and the Permit Center planner position into other positions. He answered whether this budget will allow them to decrease the permit processing time or keep it the same, and stated having the provisions in place for an on-call consultant and having the budget-neutral contingent position budgeted helps them to not have to refund permit fees and lose revenue for the County.

- ✱ He and Schott-Bresler answered questions about creating a county-wide wetlands mitigation bank and whether that is in the plans.

### **Administrative Services**

Approximate Video Timestamp: 2:09:06

- Aly Pennucci, Executive's Office
- Rob Ney, Administrative Services Department Facilities
- Randy Rydel, Administrative Services Department Finance
- Satpal Sidhu, County Executive
- Melissa Keeley, Administrative Services Department Human Resources

Pennucci read from a presentation (on file) on the budgets by division and

investments in additional positions within each. Each division presented on their respective accomplishments, ASRs, and ongoing resource needs.

Facilities (2:12:10)

Ney presented and answered what the national standards for facilities staff (maintenance and custodial) are based on, and stated they are based on bodies per square foot.

Finance (2:21:26)

Rydel presented and answered whether the two new accounting FTEs to help departments with processing finance items are tied to any goals. He stated he is planning on setting some standards for that but does not have them established yet.

Satpal Sidhu, County Executive, responded to a comment by Scanlon about setting digitization goals and not doing so much on paper. He spoke about efficiencies that have been instituted since the COVID-19 pandemic but stated they did not have the time to look at the JD Edwards system and having more electronic paperwork.

Rydel spoke about a digital model he was using in the Public Works Department (his former position) and stated he hopes to be able to bring that into the Finance Department.

Human Resources (2:36:22)

Keeley presented and there were no questions.

Information Technology (2:44:48)

Rice presented and answered whether they have an internship or on-the-job training program to help fill their six vacancies, and stated most of the positions are mid-level. He answered whether they drafted an ASR for audio visual improvements in the chambers, and stated they did, and Council also approved a supplemental budget request earlier this year, so he is close to having a contract in place. He answered questions about the delay of that project, and an update on the inmate phone system project.

**Break**

Councilmembers took a break then Buchanan called the meeting to back to order at 1 p.m.

**Health and Community Services**

Approximate Video Timestamp: 3:03:50

- Erika Lautenbach, Health and Community Services Director
- Sabrina Houck, Health and Community Services Financial Services Manager

*Clerk's note:* Donovan joined the meeting at 1:08 p.m.

Houck and Lautenbach read from a presentation (on file) about the funding sources that make up their budget and expenditures by each of their dedicated funding sources. Houck answered whether the severe weather shelter would be funded in 2026 given the decrease in budgeted expenditures shown in the presentation. She then spoke about the figures for the Behavioral Health Fund and stated the expenditures are slightly off because they include the department's full ask for the fund, including the ASRs that were not approved. She stated the expense figure for Affordable and Supportive Housing is overstated in the presentation by \$1.4 million and the proposed amount for 2025 is actually closer to \$2 million. ASR 7375 was incorrectly put in their base budget and Council will see that correction as a technical adjustment that will be presented to them on November 6. There will also be a technical adjustment (reduction) of \$1 million for the 2025 amount for Affordable Housing, Behavioral Health Facilities because they were able to fund a contract this year for the YWCA.

Lautenbach presented on an overview of the department and FTE counts, department highlights in 2024, and their gaps and challenges.

Houck spoke about the stress on the Behavioral Health Fund, why the projected expenditures exceed the projected revenues causing a structural imbalance, and ASRs (including the Lifeline contract for jail health and reentry services) that were not approved so they could maintain a healthy fund balance. She spoke about additional stressors (including the Fentanyl Operations Plan and the Justice Project which do not have dedicated funding streams) that will be on the fund and she answered questions.

Kayla Schott-Bresler, Executive's Office, spoke about the unapproved ASR for the Jail Behavioral Health and Re-Entry Services (ASR #7343) and stated the Health Department can use their budget authority to execute that contract without coming back for an ASR if they are able to reprioritize or find additional outside revenue for something else that is in their base budget. She answered a question about the status of a motion of the Health Board which carried yesterday regarding providing funding and staffing levels necessary to complete the Community Health Assessment, and stated Director Lautenbach and the Executive's Office have been in conversation

since the meeting yesterday and are putting together a strategy on that. She answered whether Council will see more on that between now and November 6th when the budget could be introduced, and stated she does not think a budget adjustment would be necessary.

### **Parks**

Approximate Video Timestamp: 3:35:20

- Bennett Knox, Parks and Recreation Department Director

Knox read from a presentation (on file) on the department's mission, department staff, their budget by fund and requested ASRs, remaining deficiencies, and department accomplishments. He and Pennucci answered questions and discussed with Councilmembers how revenue comes both from Parks programs and fees but also the General Fund, funding for Canyon Lake this biennium, whether they are looking at the gaps in resources in North County, the fact that the County's hiring freeze will be kept in place through the budget discussions and is on a case by case basis, considering illegal trails and bringing in a multimodal trail planner to see if they can give more trail access, the status on the Bay to Baker trail and work on grants and with the community on that, and the criteria for implementing user fees for one facility over another.

### **Executive and Non-Departmental**

Approximate Video Timestamp: 4:05:25

- Aly Pennucci, Executive's Office
- Kayla Schott-Bresler, Executive's Office
- Mike Hilley, Emergency Medical Services (EMS) Manager
- Satpal Sidhu, County Executive

Pennucci and Schott-Bresler read from a presentation (on file) on executive and non-departmental budgets, and they and the other speakers answered questions. They discussed with Councilmembers that it will take two years before the Medical Examiner as a department will be reflected in the County's budget though the process of creating a department would not take that long, the funding source for broadband, a structural imbalance in the Emergency Medical Services (EMS) fund that needs to be discussed further, what the cost for EMS captain (in ASR #7514) covers, the fact that EMS has not budgeted for using Medications for Opioid Use Disorder (MOUD) in the field but that it should not be too costly to implement it, how the community paramedics program could be a part of that, sources of EMS revenue and how it is distributed, the use of third party providers for



ALS and whether that could be expanded, how many people are being diverted from the ER and how they get around the financial incentive to take someone to the hospital, and the fact that 60 percent of the revenue budget for EMS is the EMS levy and 40 percent is from non-levy sources.

Satpal Sidhu, County Executive, spoke about the budget process and addressing the structural deficiencies, and stated his office is proposing some fundamental adjustments to revenue and expenditure patterns and are making a serious attempt to prioritize core county services. One biennium, however, will not fix the structural gaps.

Kayla Schott-Bresler, Executive's Office, answered what the status is of the two vacant positions in the Executive's Office, and stated they are trying to lead by example, so the positions are frozen, and they will revisit that after the budget has passed.

Scanlon spoke about transparency in the budget process, getting a status of the fund reserves any time they get a supplemental budget request, and hearing more about budget goals from the departments.

### **Council**

Approximate Video Timestamp: 4:48:42

- Cathy Halka, Clerk of the Council

Halka read from a presentation (on file) about the role of the Council Office, a staff summary, and requested ASRs. She answered questions about the requested increases for public notices, Councilmember travel, and an ongoing Legislative Coordinator - Policy FTE. She answered whether AV upgrades for the chambers are included in IT's budget, and stated they are, and she answered questions about the Council Office's capacity to meet the demand for Councilmember research and legislation drafting requests.

### **Miscellaneous (and Council discussion)**

Approximate Video Timestamp: 4:57:19

- Aly Pennucci, Executive's Office
- Satpal Sidhu, County Executive
- Kayla Schott-Bresler, Executive's Office

Councilmembers discussed with the speakers what the fund balance will be with everything that has been approved so Councilmembers can see what they have to work with if they want to add anything, the fact that the

Executive's Office will update the Council on November 6 on the technical corrections and how (or if) those change the projected fund balance overall, that the weight of the budget ultimately goes on the public and that they will be impacted by either tax or level of service, whether they are looking at impacts on all the other funds that use sales tax and the fact that sales tax changes, how the stress on the Behavioral Health Fund might affect things the Council would like to prioritize, and the fact that a real-time financial system would make a difference in getting information and making projections.

Councilmembers and the speakers discussed prioritizing food banks and the Superior Court Clerk's office security, appreciation for Administrative Services and the Executive's Office in the budget process, determining the historic average of the fund balance before 2020 since that year saw an unusual infusion of money into the budget, the fact that the Local Assistance and Tribal Consistency Fund is figured in to the budget as revenue over the biennium and is a one-time pandemic payment that has not yet been spent, hearing from the public on the proposed budget, and a hope that the Charter review process will look at the delivery date of the budget to the Council and adjust it to something like September 30th.

**This agenda item was PRESENTED AND DISCUSSED.**

### Items Added by Revision

There were no agenda items added by revision.

### Other Business

There was no other business.

### Adjournment

The meeting adjourned at 3:28 p.m.

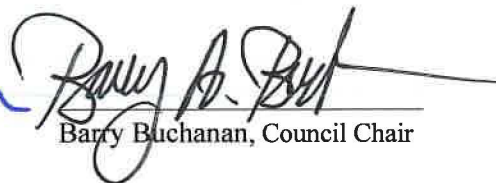
The County Council approved these minutes on November 19, 2024.

ATTEST:



Cathy Halka, Council Clerk

WHATCOM COUNTY COUNCIL  
WHATCOM COUNTY, WA



Barry Buchanan, Council Chair

Meeting Minutes prepared by Kristi Felbinger