

**WHATCOM COUNTY
EXECUTIVE'S OFFICE**

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



Satpal Singh Sidhu
County Executive

MEMO

Date: Oct 19, 2021
To: Whatcom County Council
From: County Executive Satpal Sidhu
RE: Mid-Biennium Adjustment

The County Administration is pleased to present our recommended mid-biennium budget adjustment for your consideration.

As you well remember, the pandemic brought great economic uncertainty as we treaded into uncharted territory. In 2020 as we put together the biennium budget, we expected significant impacts to our County's finances as the economy sharply contracted due to public health measures to control the pandemic. County Council was proactive and took the necessary precautions, cutting spending, tightening budgets and implementing employee furloughs to conserve resources. Thank you for your prudent fiscal policies which helped us remain on stable footing through the uncertainty.

Fortunately, our worst expectations were not confirmed and Whatcom County, along with our State and Nation, survived the economic downturn reasonably well. I credit the prompt actions taken by Federal Government in the form of economic stimulus to individuals and CARES Act funds to local governments.

Earlier this year, Whatcom County was allocated \$44.5 million under the American Rescue Plan Act (ARPA) as well as an additional \$17 million for rental and utility assistance. In the budget adjustment Additional Service Requests (ASRs), you will see the creation of new fund accounts outlining the ARPA fund allocation as suggested by the Council. I am seeking final allocation approval as part of this budget adjustment.

Currently we have a Capital Facilities fund, which is usually expended for maintenance, repairs and additions to the current facilities. County Administration is suggesting to open a new reserve fund called the County Buildings Fund under the Capital Facilities fund to serve as a vehicle to accrue funds annually for future new facility needs. Some such needs include new facilities for Planning & Development Services, Public Works, Sheriff's Office, a new justice and public safety facility, and a new 911 dispatch center. Such projects take time to develop and implement over a 20- to 30-year cycle, which is beyond the tenures of individual County Executives and Council Members. This will be of great benefit to future Councils and Executives, providing flexibility to undertake such projects with reserve funds available. We suggest that every year the budget lapse be allocated by the Council to this County Buildings Fund.

There are more than 100 ASRs being presented as mid-biennium adjustments to the County budget for FY 2022. Most of these ASR's are related to decisions already taken by the Council such as COLA, criminal justice backlog relief, return of frozen positions, affordable housing projects, COVID testing at the jail, and public health projects. Additionally, I am pleased to report that sales and property tax receipts in the General Fund came in \$4.8 million higher than anticipated during budget planning in 2020.

While the overall economic picture is brighter, it is important to recognize that the pandemic continues. Over the past three months we have seen a prolonged surge in hospitalizations and deaths unlike any to date. We cannot let up on our public health response, and you will find a number of ASRs related to continuing the Health Department's efforts to keep our community safe.

You will also see a request for expenditure authority for dedicated grant funding from the State for Foundational Public Health Services, which provides support for 5 new FTE and 4 current positions to support Communicable Disease services, Environmental Public Health programs, data and assessment, epidemiology, communications and administrative functions. Additionally, we are requesting resources to build capacity within the Health Department to support key childcare initiatives and ARPA distributions related to childcare capacity planning, partnerships and service expansion.

Housing security continues to be a significant issue throughout our community. The Health Department is coordinating the delivery of state and federal funds to expand shelter capacity, provide rent and utility assistance and increase case management capacity with the aim of reducing and preventing homelessness. The Council has consistently supported these efforts in the past and I hope you will approve the requested allocations for FY 2022.

Our Human Resources Department has faced a significantly increased workload due to the pandemic, particularly with respect to recruitment and employment for COVID response positions, interpretation and application of new federal and state leave laws and benefits, leave of absence administration due to COVID exposure/illness and school closures, pandemic-related contract amendments, telework policy revision and workplace safety compliance. I support the department's request for an additional FTE, returning a position lost during the Great Recession, to more effectively handle our organization's needs. We are also asking for budget authority to upgrade our recruitment software and move to electronic timesheets, a step that is long overdue.

Finally, I would like to bring to your attention my request to create a new position in the County Executive's Office to provide project management and administrative oversight for the County's strategic initiatives. As you know well, the pandemic has disrupted our community in many ways and exacerbated longstanding problems. The COVID-19 Community Health Impact Assessment identified some of the most acute: an emerging child care crisis; social, racial and economic disparities in school readiness; accelerated erosion of housing affordability; heightened expression of behavioral and mental health issues such as anxiety, depression, and substance use; and a sharp surge in homeless families with children.

Simultaneously, new funding streams have emerged to address both immediate COVID impacts (ARPA) and long-term issues (other state and federal programs for child care, housing, climate resilience, broadband, etc.). I believe it is important that my office increase its capacity to respond commensurately to emerging and longstanding needs and to meet the public's rising expectations for proactive problem-solving. I hope you will support the creation of this new position.

I appreciate your taking the time to review and consider our proposed mid-biennium budget adjustment. There were too many additional service requests to address them each specifically in this memo, so I hope that if you have any questions you will not hesitate to reach out to my office for clarification.