



Skagit County Board of Commissioners

Ron Wesen, First District

Peter Browning, Second District

Lisa Janicki, Third District

2022 Preliminary Budget

November 22, 2021

We want to thank Elected Officials, Department Heads, and staff for their work preparing and presenting 2022 preliminary budget requests. Skagit County is no longer the small, rural community it once was. Increasingly, regional, state, national and even global forces are bringing change to our community. Whether it be the COVID-19 pandemic, the threat of cyber-attacks, or sociopolitical change, County government faces increasing demands. For the second year in a row, we have proposed a budget heavily reliant on reserve spending in order to meet imperative service needs.

During the first six months of 2022, we will work with organizational stakeholders to update the County's strategic plan. We expect the 2023 budget process to be particularly challenging, and we are committed to using the updated strategic plan as our guide for where to prioritize investment. We ask for the active participation of Elected Officials, Department Heads, staff, and other stakeholders throughout this process. **Elected Officials and Department Heads should be prepared for a much leaner 2023 budget, based on the work achieved through the strategic planning process.**

2022 Budget Overview

We present a preliminary expense budget of \$269.6 million, including over \$66 million of General Fund expense and revenues of nearly \$56 million. This includes the spending of approximately \$10 million in reserves. Elected Officials and Department Heads submitted general fund budget requests of \$66.6 million.

The General Fund expense budget of \$66,437,137 reflects an increase of only 1.95% from the 2021 budget. The revenue budget of \$55,684,937 includes a one percent property tax increase (\$281,082), estimated collections from new construction (\$385,810), and a sales tax projection that is 14% less than the historic high revenue of 2021. The one percent property tax increase will cost the average homeowner between \$6.65 and \$12.89 per year, depending on their location. Revenue from the property tax increase will fund additional staffing to expedite the County's permitting process and respond to code enforcement complaints.

Following past precedent and sound governmental budgeting principles, we are committed to maintaining the GFOA recommended two months of reserves in the General Fund.

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. We are also relying on PILT funding to pay a portion of a new Search and Rescue Deputy, who will respond to situations stemming from recreational activities on public lands.

General Fund

We strove to limit the number of new general fund positions, programs, and projects in the 2022 budget. Yet, even with limiting new expenses, increasing costs of existing activities have required reserve spending. New expenses of note include reclassification of existing county employees, per policy and union contracts; new staffing to enhance operations of County-run parks; technology investments and security; and additional staffing to expedite the County's permitting process and respond to code enforcement complaints. We have also budgeted general funds to complete a total cost of compensation study and update the County's strategic plan.

Law and Justice

The requirements of the Law and Justice system continue to place increasing demands on the County's general fund, and this trend has been exacerbated by the addition of new requirements during the 2021 legislative session. We have provided adequate funding in the 2022 County budget to meet these requirements – funded partially through a one-time appropriation from the state legislature. Additionally, we continue to prioritize investments toward limiting the cycle of incarceration through the IMPACT program and therapeutic courts. Of particular note, the 2022 budget includes funding for body worn cameras for every commissioned officer under the Sheriff, as well as staffing to manage associated records.

American Rescue Plan Act

Congress's passage of the American Rescue Plan Act (ARPA) has significantly enhanced the County's ability to respond to the COVID-19 pandemic and its effects. Although the County has several years to allocate and spend this one-time resource, the 2022 budget includes immediate investments in public health response, addressing the COVID related court backlog, and dealing with the severe impacts the pandemic has had on children and youth. We are committed to allocating the remainder of ARPA funding on priorities directly connected to the COVID-19 pandemic, including public health, emergency management, social determinants of health, behavioral health, business and workforce support, broadband, and county organizational needs due to COVID-19.

Community Priorities

The County manages thirty-six special revenue funds, which it continually uses to fund community priorities such as housing and homelessness, road maintenance, tourism, veteran's relief – and much more. The 2022 budget reflects Department Head and Elected Official recommendations for stewarding and strategically investing these resources.

In keeping with our commitment to address the housing and homelessness challenges in Skagit County, the 2022 budget includes a one-time allocation of \$1M in Real Estate Excise Tax for new affordable housing projects.

As our built environment develops, our responsibility for protecting the natural environment is heightened. We remain committed to our environmental programs and partnerships, such as the Clean Samish Initiative, and have provided additional funding in 2022 for education and outreach on clean water and drainage utility issues.

Personnel

We always wish to invest in the County's number one asset – its workforce. We recognize the cost of goods and services has increased significantly – and hopefully temporarily – this past year. The County must balance wage rates with its extremely limited ability to raise general fund revenue and increasing service demands. We must be competitive to recruit and retain high-quality employees in this market, while ensuring we have the budget to provide adequate levels of staffing. In an effort to balance these goals, the preliminary budget provides:

- A 4% general wage adjustment for non-represented employees. Represented employees' collective bargaining agreements are still being negotiated.
- Funding for a total cost of compensation study, which will look at the County's methodology for running salary comps; review position descriptions; and provide recommendations. The scope of work for this study is still being defined.
- Continued support of maintaining a healthy workforce by providing Medical, Dental, Vision, life/AD&D, Long-term Disability and an Employee Assistance Program. As stewards of taxpayer dollars, we have increased premiums for county employees to achieve a cost share of eighty/twenty split between County and employee paid medical expenses. We are able to offer some benefit enhancements alongside this rate increase.

We look forward to working with our dedicated team of public servants to support and better our community in the year ahead.

Sincerely,

**BOARD OF COUNTY COMMISSIONERS
SKAGIT COUNTY, WASHINGTON**



Lisa Janicki, Chair

Peter Browning, Commissioner

Ron Wesen, Commissioner