



Skagit County Board of Commissioners

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2025 Preliminary Budget

November 14, 2024

We want to thank Elected Officials, Department Heads, and staff for their work preparing and presenting 2025 preliminary budget requests. We are proud that our leaders came together once again and supported a budget that balances resources and recognizes the need for long-term planning, and strategic, informed decision making.

We aim to be transparent with residents and employees about how the county is allocating funds in the coming year. All residents are touched in one way or another by the work of Skagit County, and it's important to understand how the County is working to build a sustainable foundation for a safe, healthy, and welcoming community.

2025 Preliminary Budget Highlights

Change remains constant for local county government. Increases in our 2025 budget reflect a response to inflationary pressures while ensuring the continuity of our County's necessary resources to address the ongoing needs of our citizens and the delivery of public services. For fiscal year 2025 we know that we face an uncertain budget future with the state, coinciding with the end of federal recovery dollars and new mandates. With minimal sustainable growth in revenues, to reach the desired level of services while making progress towards implementing the County's strategic goals, the budget focuses on maintaining essential services, workforce recruitment and retention, public safety, maintaining healthy reserves, strategic plan investments and full cost reimbursement.

General Fund Highlights

We present a preliminary expense budget of \$338.7 million, including \$85.5 million of General Fund expense and revenues of \$73.4 million. This includes the spending of approximately \$12.1 million in reserves which leaves a projected ending fund balance of nearly \$20 million which includes our targeted 2 months of reserves or \$14.2 million and funding for one-time projects.

The General Fund expense budget of \$85,464,209 reflects an increase of 4.8% from the 2024 modified budget. The revenue budget of \$73,389,817 includes a one percent property tax increase (\$297,645), estimated collections from new construction (\$295,800), and a sales tax projection that is flat with the 2024 projection. The one percent property tax increase will cost the owner of a \$520,000 home between \$6.27 and \$12.62 per year, depending on their location.

New 2025 General Fund Investments (\$1,068,035):

- \$359,262 - Retained ARPA funded CRT (Crisis Response Team) Deputies
- \$ 20,000 - Added forestry investment to WSU contract
- \$205,216 - Retained ARPA funded District Court and Superior Court Commissioners
- \$200,279 - Added an Admin Lieutenant for Skagit County Sheriff's Office
- \$168,215 - Added an Assistant Director for the Department of Human Resources and Risk Management

- \$115,413 - Added a Project Manager for Central Services (Partially funded outside of the General Fund)

We will continue to be proactive and implement strategies going forward that foster cost optimization and value optimization. Our financial practices will continue to maintain stable fund balances to protect our community. We are committed to our employees and community, and our goal is to continue that tradition.

Covid-19 Recovery

Fiscal year 2024 marks the discontinuation of time limited State and Federal revenue to respond to and address the impacts of the Covid-19 pandemic for our community. Like many counties statewide, although the State has made significant Foundational Public Health Service investments at the local level, the public health system is challenged with the decrease of Covid-19 specific funding that supported expansion. The Public Health system is balancing resources to maintain critical infrastructure built during the pandemic to better respond to future public health emergencies, and at the same time redistributing resources given the discontinuation of Covid specific funding.

Similarly, Skagit County obligated \$25,096,557 American Rescue Plan Act (ARPA) funding from the U.S. Department of the Treasury over the last three years to fund various projects, community services, and essential services impacted by the Covid-19 pandemic. County departments and community partners worked diligently over the past three years to ensure the effective investment of ARPA funds that supported the Board's directives to direct resources to communities, businesses and essential government services most impacted by the Covid-19 pandemic. As we returned to a sense of normalcy after the pandemic, current ARPA funded staff, projects and services no longer have a dedicated funding source to replace ARPA, yet the needs of people we serve have not decreased and the demand for services has increased in many areas. We have relied on the strategic plan to inform our spending decisions during this transition. In lieu of across-the-board budget cuts, we asked departments to analyze needs and program performance and adapt service delivery where possible.

New County investments will support the continuation of the following previously ARPA funded resources for fiscal year 2025:

- Superior Court Commissioner (general fund)
- District Court Commissioner (general fund)
- DEM Planner (general fund)
- Two CRT (Crisis Response Team) Deputies (behavioral health sales tax)
- North Star Initiative (behavioral health sales tax)
- Public Health Office and Service Center (general fund and grants)
- Broadband Support (general fund)
- Department of Emergency Management equipment, training, and planning (general fund)
- Continuation of Balanced Scorecard and Strategic Plan Implementation (general fund)

Proposed Revised Standards for Indigent Defense and Caseload Limits

The State is currently contemplating the Council on Public Defense's proposed indigent defense caseload standards, which if implemented would decrease attorney caseloads and require an increase in support staff for attorneys. The proposal was vetted by the Washington State Bar Association and currently is under review by the Washington State Supreme Court. As the Board of County Commissioners, we understand providing indigent criminal defendants with access to effective legal counsel is critical to due process. We understand the need and desire to decrease attorney caseloads and increase support staff for attorneys, yet without significant funding assistance, it is unclear how any county will be able to implement the proposed standards. We will also be challenged with acquiring adequate staff

given the shortage of both public defenders and prosecutors in Washington. If workforce growth and indigent defense funding does not keep pace with the steep decrease in caseload standards, defendants will go without representation and courts will be unable to fulfill their constitutional mandate of serving justice. Skagit County alone is projected to spend more next year on public defense than Washington State spends on all counties combined as the percentage of state funding of public defense dwindles.

We are working with the Washington State Association of Counties and other County leaders to advocate for appropriate funding and for a more comprehensive review of case data to determine appropriate service levels and timelines. If adopted as recommended by the Washington State Bar Association, the first phase of implementation in 2025 will have a minimal impact on Skagit County as our current staffing levels meet the proposed new standards. However, beginning in 2026, the proposed standards would exponentially increase County costs for public defense, prosecution, and the courts as additional personnel would need to be funded. We have recommended moving forward gradually and deliberately and will work with County leaders and legislators in 2025 to determine the path forward for 2026.

Strategic Plan Investments

For 2025 we will continue with the implementation of our county's ten-year strategic plan. Together with the Key Focus Area (KFA) Workgroups, County employees and leaders continue to update the plan annually to truly connect the work of our overarching goals and initiatives with resources and community needs.

Our strategic plan provides framework to guide County offices and departments in planning for the future. The annual operating budget continues to align investments to support our workforce, critical infrastructure, the health of our community, emergency preparedness and response, technology, cyber-security and the preservation of natural resources.

Our operating and capital budgets help Skagit County achieve several strategic priorities, a few of which are highlighted below.

KFA 1: Strong and Engaged Workforce and Supportive Workplace Culture

County staff remain our most vital asset. We know that our employees invest time, energy, talents, and the very best of themselves into the success of our County. We remain committed to our workforce, as they are the core of nearly all accomplishments. We will continue our commitment to growing a supportive workplace culture in 2025 by investing in professional development and engagement opportunities to foster belonging and satisfaction. 2025 workforce investments include:

- 3% cost of living wage increases for non-represented employees. (Represented employees' wages and benefits are according to their respective bargaining agreements.)
- Funding for training and professional development for our workforce such as conferences, professional certification, and training programs.
- Implementation of a countywide performance evaluation program and training plan.
- Continuation of County Connects and expanded opportunities for belonging.
- The 3rd Annual All Staff Summer Picnic.
- Department Head and Elected Official Retreat.

KFA 2: Critical Infrastructure

The 2025 budget prioritizes funding for building, road, transportation, and technology infrastructure to promote access, safety, sustainability and operational efficiencies.

- **Capital Projects** - Many County buildings are aging and not designed to meet the current needs of employees and the community. The 2025 budget continues to invest in sizeable capital expenditures to assure adequate, accessible, and safe space for employees and the public. Priority 2025 projects include the relocation of the Prosecuting Attorney's Office, continued planning for the creation of a new courthouse, and the opening of the Skagit STAR Center which adds 48 behavioral health beds (16 beds acute detox, 16 beds mental health Stabilization, 16 beds co-occurring in patient treatment) with direct law enforcement drop off.
- **Public Works Infrastructure** - Although revenue from the road fund has not kept up with the current needs for our roads and transportation networks, leadership continues to make changes to prioritize road fund investments and find alternative solutions for investments that may have an alternate funding source. For 2025 we decided to end the Road Levy Shift for two CRT (Crisis Response Team) deputies and use general funds in lieu of road funds for those positions. Although the road fund was an allowable source of funding for the deputies, we are making intentional decisions to preserve vital transportation infrastructure. Additionally, in 2025 County leaders and stakeholders will work together to evaluate the best path forward for assuring sustainable ferry service to Guemes Island.
- **Stewardship of Technology Assets** – The investment in technology infrastructure for 2025 includes ongoing maintenance, operations and replacements needed for safe and secure technology. Skagit County will enhance security capabilities to address sophisticated threats to common systems and endpoints. We will also invest in completing the spatial data accuracy improvement project and updating networking infrastructure to industry standards.

KFA 3: Behavioral Health and Homelessness

Behavioral health and homelessness impact a variety of County departments and services, and more importantly people we care about in our community are suffering. With this budget, we are poised to build upon historic progress we've made, taking new steps to address the complex issues of behavioral health and homelessness at a systems level. Investments are targeted to strengthen the network and coordination of services, building a community of recovery that supports all people thriving.

- **North Star Initiative** - 2025 investments prioritize the expansion of North Star infrastructure, with plans to build expanded opportunities for partnerships and community engagement. North Star is a public partnership, uniting the Cities and County to address our communities' toughest issues by pooling resources, creating cross-jurisdictional alignment, sharing decision making and streamlining essential community services to tackle homelessness and behavioral health. Moving from funding more urgent services, North Star is working on building a coordinated network to move people from crisis to recovery.
- **Behavioral Health and Homeless Funding Model and Prioritization Project** – Behavioral health and homeless service resources have not kept up with service needs, and the impact of fragmented funding and systems of care is negatively impacting health outcomes for our community. In 2025, we are investing in a robust analysis of local behavioral health and homeless service investments, with the creation of a structured funding and allocations model that yields high impact investments with performance standards. The project will be designed to inform conversation and policy direction of limited local funds and provide opportunities for new investments that fill critical system gaps.
- **Julota** - Julota (Just Love On Them Always) is a shared care coordination software system that helps first responders and outreach teams improve their coordination, care and outcomes for people in crisis. 2025 investments will expand partner integration so that we can broaden effective communication and data sharing between parties. Julota automates collaboration between emergency responders, practitioners and case workers. Skagit County is a hub, connected by partners (spokes) to help our community better address behavioral health and emergency interventions.

- **Crisis Response Team Program** – 2025 increases investment into the County operated Crisis Response Team (CRT) program that is jointly operated by the Skagit County Sheriff’s Office and Public Health. The 2025 budget includes funding for a Sergeant, 4 deputies and 5 clinicians to provide direct 911 response, crisis intervention, outreach to target populations, and follow up for individuals with complex behavioral health and medical needs. The program will work with Skagit 911 to explore housing a clinician at dispatch, as well as piloting the program in the City of Anacortes to create a system wide model that fills critical gaps.
- **1115 Medicaid Jail Reentry Waiver** – Skagit County will join cohort 2 of the Medicaid Section 1115 Waivers for Reentry, which will cover Medicaid-eligible adults and youths who are incarcerated for a targeted set of services, including physical and behavioral health assessments, care coordination and medication for up to 90 days. The waiver will be difficult to implement, with many technical challenges, but will allow county jail systems to bill Medicaid for inmate health services for the first time. Participation is intended to improve health care coverage for justice involved individuals and provide funding for reentry programs that can improve access to quality services and improved health outcomes.

KFA 4: Health, Housing and Community Safety

Addresses the wellbeing of community members by increasing affordable housing, living wage jobs and improving public safety and overall wellbeing.

- **Affordable and Workforce Housing** - We agree with community concerns that we continue to be in a housing crisis due to a lack of affordable housing impacting those at all income levels. We are committed to leading efforts to work with our partners to support the development of affordable housing for our community and workforce. Through North Star we are working with our cities to be competitive for developers who share our community’s vision and values, and federal and state funding. Recognizing that the region’s housing shortage has hampered the ability to recruit and retain employers, in connection with North Star, a group of city planners and developers have developed strategies for accelerating housing production and provided recommendations for deployment of economic development funds for workforce housing. Skagit County has set aside a portion of economic development funding to support the development of housing affordable to people at or below 80% AMI (area median income). Allowable uses for the funds include property acquisition, infrastructure, direct construction and pre-development costs. Requests for Proposal will be released during 2025.
- **Opioid Funding** - The 2022 Opioid Distributor Settlement and the 2023 Opioid Manufacturers/Pharmacies Settlement will bring approximately \$6 million to Skagit County and the cities of Mount Vernon, Burlington, Anacortes, and Sedro-Woolley over the next 17 years. The pharmacy payments will be made for a period of 7-15 years, with one large upfront provider payment. There has also been a Mallinckrodt settlement that will flow through the State Department of Health to counties. Skagit County has not yet spent any settlement funds, and we are not aware of any spending by the cities. The North Star Leadership Team, which includes Mayors from each of the four cities and the three County Commissioners, are currently discussing uses and how collaborative funding would benefit our community. There has been general agreement that investments should be balanced between urgent service and vital conditions, and the team has been particularly interested in supporting prevention activities.
- **Public Safety** - Public safety continues to be a strategic priority because it directly impacts the well-being and quality of life of the people we serve. Skagit County and our City partners are working together with the State to create a funding model to support the stability and sustainability of our local drug task force.

KFA 5: Sustainable and Resilient County Government

Skagit County is seeking new ways to improve, become more proactive and adapt to change. Investments for 2025 will focus on increasing transparency by providing increased accessibility to information, government services and

engagement. Investments are planned to increase the County's ability to respond to and recover from any type of disaster or event. Skagit County is committed to the preservation of natural resources lands and the natural environment.

- **Effective County Government** – A new goal has been added to KFA 5 to improve and enhance our internal business processes. In 2025 we will begin planning for several process improvement projects, working cross-departmentally to identify challenges and strategies for streamlining day-to-day business processes that could be performed more effectively and efficiently. The ultimate goal of transforming internal processes is to improve service delivery for the public and create efficiencies to manage demand and optimize resources.
- **Fleet Vehicle Management** – As part of the 2025 budget process, the Commissioners have evaluated the size and use of our fleet to evaluate opportunities for cost reduction and sustainability. Maintenance and replacement of our fleet vehicles is a significant cost to our organization. To leverage resources, the Commissioners will be moving towards a consolidated model, with limiting take home vehicles to county employees that have a primary responsibility to respond to emergency situations that require immediate response to protect life or property.
- **Customer Service** – The 2025 budget includes the redesign of the Skagit County website so that both internal and external facing pages are functional, accessible, and ADA compliant.
- **Financial Transparency** – The 2025 budget includes the implementation of new financial software that will improve usability and provide public facing financial data for transparency.
- **Emergency Preparedness and Response** – The 2025 budget includes investments in equipment, technology, training, and public education to improve the functionality of the Emergency Operations Center and strengthen the coordination and value for municipal partnerships.
- **Natural Resources** – Departments will continue to partner with each other and local stakeholders to explore legislative and policy solutions and develop an integrated plan to provide responsible stewardship and sustainability of our natural resources and environment.

In closing, we would like to recognize the outstanding employees working for Skagit County. We thank everyone for the excellent service you provide every day and for making this a better community.

Sincerely,

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



Peter Browning, Chair



Lisa Janicki, Commissioner



Ron Wesen, Commissioner