

2020 Annual Budget County Manager Recommendations

Council Work Session

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October 30, 2019 at 9:00 am

Public Service Center Training Room, 1300 Franklin Street, 6th Floor



Work Session outline

- Current challenges and General Fund overview
- 2020 Annual Budget process
- Overview of requests from departments and offices
- County manager recommendations
- 2020 property tax levy options



Current Challenges and General Fund Overview



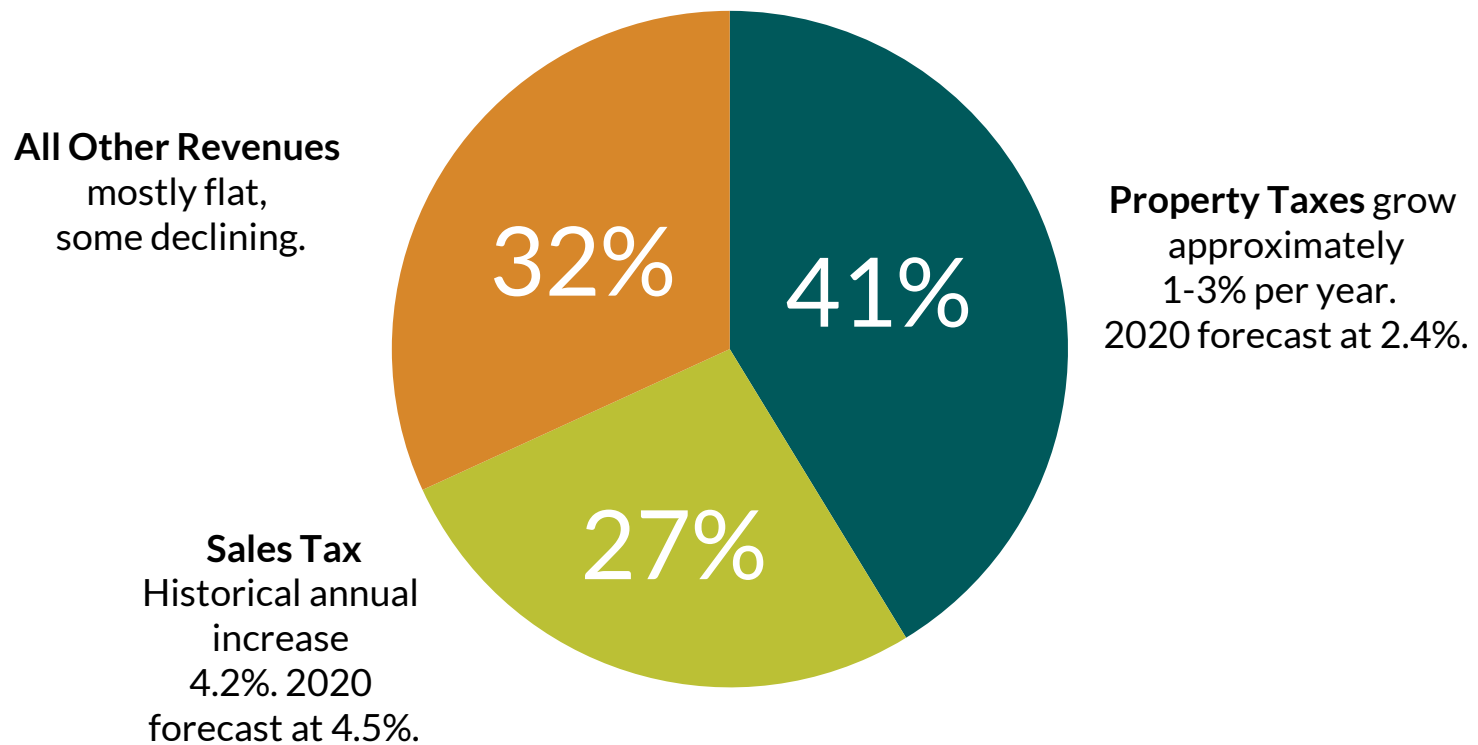
Current challenges

- Rising cost for ongoing salaries and benefits outpacing revenue growth.
- Many areas pressured by an increase in demand for services, new mandates and rising costs.
- County faces costs of aging technology, infrastructure replacement and major maintenance.
- Cost of providing services increases as inflation and population grow.
- Real Estate Excise Tax 1 dollars are depleted putting additional strain on the General Fund for capital projects. Fund balance will need to be rebuilt over several years before new items can be funded.

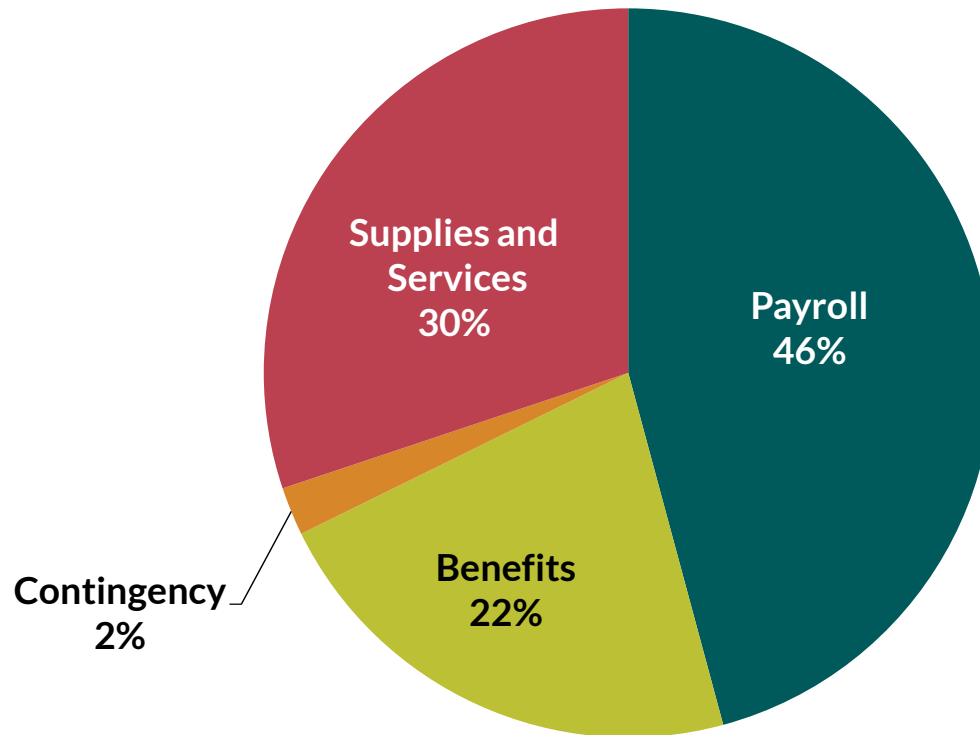


General Fund *baseline revenues*

■ Property Tax ■ Sales Tax ■ All Other Revenues



General Fund *baseline expenses*



Salaries & Benefits
make up
70% of expenses
in the General Fund.



General Fund six-year baseline budget forecast

baseline budget only – does not include recommended packages

Revenue assumptions:

- Healthy economy with steady growth and no recession.
- New construction continues at current levels. Recent economic data suggests that the growth is slowing and there may be another recession although estimated impact isn't certain.
- Property tax growth in 2020 at 2.4% and 2.2% starting in 2021.
- Sales tax growth in 2020 at 4.5% and 4.2% per year (historical trend rate) starting in 2021. Washington State Department of Revenue is forecasting lower sales tax growth for 2020 at 2.7%.
- Does not include 1% property tax levy, banked capacity option, or any other revenue decision packages for 2020.

Expense assumptions:

- Annual growth rate of 3.5% for payroll.
- Annual growth rate of 5% for benefits.
- Annual growth rate 3% for non-payroll costs
- Does not include any 2020 decision packages.



General Fund six-year baseline budget forecast (cont.)

baseline budget only – does not include recommended packages

	2020	2021	2022	2023	2024	2025
Estimated Beginning Fund Balance	\$ 31,209,774	\$ 32,607,094	\$ 31,412,144	\$ 27,507,652	\$ 20,771,217	\$ 11,075,078
Assignments / Obligations	\$ (2,320,693)	\$ (2,320,693)	\$ (2,320,693)	\$ (2,320,693)	\$ (2,320,693)	\$ (2,320,693)
Minimum Fund Balance*	\$ (26,250,000)	\$ (26,250,000)	\$ (26,250,000)	\$ (26,250,000)	\$ (26,250,000)	\$ (26,250,000)
Revenue	\$ 168,732,176	\$ 172,169,634	\$ 175,720,822	\$ 179,389,844	\$ 183,180,959	\$ 187,098,591
Expenses	\$ (167,334,856)	\$ (173,364,584)	\$ (179,625,314)	\$ (186,126,279)	\$ (192,877,098)	\$ (199,887,794)
Projected Ending Available Fund Balance (before recommendations)	\$ 4,036,401	\$ 2,841,451	\$ (1,063,041)	\$ (7,799,476)	\$ (17,495,615)	\$ (30,284,819)

*Fund Balance should be an estimated minimum of \$26.2 million in 2020 per policy.
Required Minimum Fund Balance is anticipated to increase annually.

Forecast is subject to change as new data is received by the Budget Office.



2020 Budget Process



2020 Budget *development process*

County Manager budget planning meetings	January 2019 – May 2019
Baseline Reports distributed to departments/offices	Monday, July 1, 2019
Department/Office submissions due.....	Monday, August 5, 2019
Budget reports ready for Department/Office meetings	Monday, September 2, 2019
County Manager preliminary report review.....	Friday, September 6, 2019
County Manager Department/Office meetings.....	September 16 - 24, 2019
Department/Office requests published (all submit)	Tuesday, October 1, 2019*
County Manager develops recommendations	Friday, October 11, 2019
Work Session.....	Wednesday, October 30, 2019
Recommended budget published/hearing request	Tuesday, November 5, 2019*
2020 Budget Hearing (elected testimony)	Monday, November 25, 2019 (day)
2020 Budget Hearing (public testimony)	Tuesday, November 26, 2019 (day)
2020 Budget Hearing (public testimony)	Wednesday, November 27, 2019 (day, if needed)
Line item detail available on website	Monday, December 16, 2019

**Indicates statutory deadline per RCW 36.40*



2020 Budget *focus and guiding principles*

- Look for additional efficiencies and cost savings to steer the county's financial outlook to a more fiscally resilient and sustainable future.
- Address ongoing critical baseline budget shortfalls for facilities, indigent defense, and general liability.
- Maintain maximum financial flexibility to react to changing circumstances.
- Follow the current plan for fund balance stability.



2020 Budget *new funding requests*

A total of 161 decision packages were received by the Budget Office.

Requests were primarily related to:

- Software and cybersecurity needs
- Critical law and justice safety needs
- Maintaining service levels/meeting increased workload demands
- Infrastructure upkeep and replacement
- Revenue forecast updates
- Recognizing items with no impact on fund balance: grants, contractual reimbursement, technical adjustments

The impact of all decision packages submitted is a total increase in expenditures of \$175,633,840 and a total revenue increase of \$43,992,061 for a net decrease in fund balance of \$131,641,779.



2020 Budget *new funding requests, continued*

- County manager met with all departments and elected officials to discuss new budget requests in September.
- Regardless of recommendation status, all requests are presented to the council for consideration.
- Council can amend the county manager's recommended budget during final public hearing.



Types of Requests

- **Previously approved by Council** = decision package is a necessary follow up to implement budget changes occurring as a consequence of a staff report previously approved by the Council.
- **Budget Neutral** = decision packages recognizing revenues and associated expenses that were not previously approved by the Council and do not require county funding commitment, such as budget neutral grants, contractual reimbursements or technical adjustments that are not expected to have a material impact on fund balance.
- **Budget Intervention** = these are decision packages that were submitted in response to efforts to find additional efficiencies and additional cost savings as part of the 2020 budget development process.
- **Carryforward** = these are decision packages which carry forward budget appropriation approved for specific projects as part of the 2019 Budget into the 2020 Annual Budget.
- **New request** = all other decision packages that impact fund balance, e.g. requests for new funding, reductions in existing funding, revenue forecast updates, grants that require new local match dollars, etc.



County Manager Recommendations



County Manager recommendations

The recommended budget is fiscally conservative and prioritizes limited funds with a focus on:

- *Preserving adequate reserves.*
- *New requests that benefit multiple or all departments/offices.*
- *Protecting critical and mandated functions.*
- *Addressing ongoing baseline budget shortfall areas such as facilities, indigent defense and general liability.*

Out of the **161** decision packages submitted:

- **108** are recommended
- **53** are not recommended



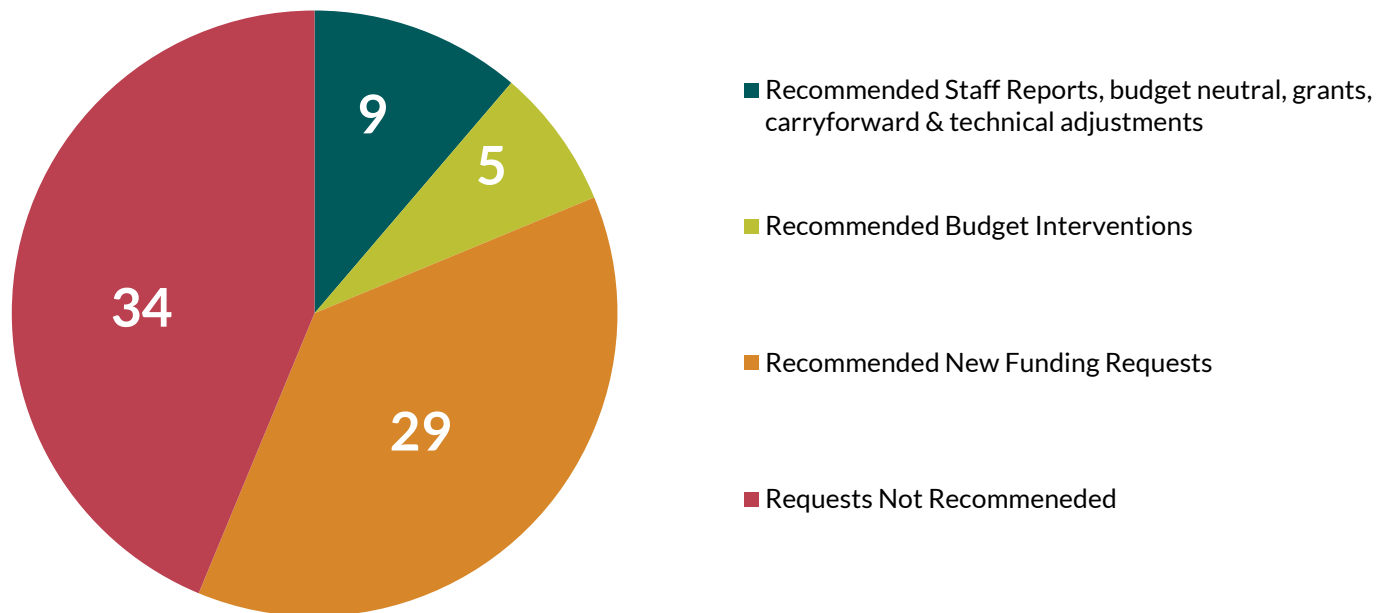
General Fund



General Fund recommendations

A total of **77** General Fund decision packages were submitted. **43** are recommended; **34** are not recommended.

Breakdown of General Fund Package Types



General Fund recommended requests

Package	Type	Duration	2020 GF Impact	2021 GF Impact	Short Description
ASO-01-20AD	New request	One-time	\$ (75,520)	\$ (76,925)	Add 1.0 FTE Residential Appraiser
AUD-02-20AD	Budget Intervention	Ongoing	\$ 600,000	\$ 600,000	Increased Revenue Auto Licensing Fees
BCC-01-20AD	New request	One-time	\$ (700,000)	\$ -	Multi-campus space planning incl. law & justice
BCC-02-20AD	New request	Ongoing	\$ (129,700)	\$ (129,700)	Increase in State Auditor Rates
BCC-03-20AD	Previously approved by Council	One-time	\$ (25,000)	\$ -	Community Support for Columbia River Economic Dev.
BCC-04-20AD	New request	Ongoing	\$ (23,658)	\$ (23,658)	Community Support for Southwest Clean Air Agency
BCC-05-20AD	New request	Ongoing	\$ (7,885)	\$ (7,885)	Association and Dues Increases
BGT-01-20AD	Budget neutral	Ongoing	\$ -	\$ -	Create New Program For the Internal Services
BGT-02-20AD	New request	One-time	\$ (232,169)	\$ -	Update Fleet Allocations for 2020
BGT-03-20AD	Budget Intervention	Ongoing	\$ 639,370	\$ 639,370	Increase General Fund Property Taxes by 1.0%
BGT-04-20AD	New request	Ongoing	\$ (4,641)	\$ (4,641)	Debt fund payment schedule update
BGT-05-20AD	New request	Ongoing	\$ (66,000)	\$ (66,000)	Increase Sales tax to Local Revitalization Fund
BGT-07-20AD	New request	Ongoing	\$ 705,565	\$ 705,565	Update Indirect Cost Allocations
BGT-08-20AD	Budget Intervention	One-time	\$ 472,456	\$ -	Deep Dive Project Budget Impacts
BGT-08-20AD	Budget Intervention	Ongoing	\$ 166,450	\$ 166,450	Deep Dive Project Budget Impacts
BGT-10-20AD	Budget neutral	Ongoing	\$ -	\$ -	Move budget to cover sales tax on Questica project
BGT-12-20AD	Budget Intervention	Ongoing	\$ 621,315	\$ 621,315	Increase General Fund Property Taxes by 1.979%
BGT-90-20AD	New request	One-time	\$ -	\$ -	Ongoing impacts of 2019 fall supplemental
BGT-90-20AD	New request	Ongoing	\$ 562,824	\$ 562,824	Ongoing impacts of 2019 fall supplemental
BOE-01-20AD	New request	One-time	\$ (15,650)	\$ -	Board of Equalization 2020 budget Increase
COM-01-20AD	New request	Ongoing	\$ (239,496)	\$ (239,496)	Com Dev Dept Indirect Cost Allocation Plan (IDCAP)
COM-02-20AD	New request	One-time	\$ (5,000)	\$ -	2020 Land Management permitting system operations
COP-01-20AD	Budget neutral	One-time	\$ 44,500	\$ 174,500	Buildable Lands and Shoreline Grants 2019-2021
COS-02-20AD	New request	Ongoing	\$ (179,275)	\$ (179,275)	Contract Increase for Indigent Defense Attorneys
COS-09-20AD	New request	Ongoing	\$ (700,000)	\$ (700,000)	Indigent Defense



General Fund recommended requests (cont.)

Package	Type	Duration	2020 GF Impact	2021 GF Impact	Short Description
FAC-06-20AD	New request	One-time	\$ (1,175,791)	\$ -	2020 Facility Projects
FAC-09-20AD	New request	One-time	\$ (1,212,334)	\$ -	Facilities Operating Deficit
FAC-09-20AD	New request	Ongoing	\$ (1,000,000)	\$ (1,000,000)	Facilities Operating Deficit
HRS-01-20AD	New request	Ongoing	\$ 59,824	\$ 59,824	Reallocation of Positions
ITS-01-20AD	New request	Ongoing	\$ (214,760)	\$ (214,760)	Workday Annual Support Cost Adjustment
ITS-02-20AD	New request	One-time	\$ (218,679)	\$ -	Rimini Street Support Costs
ITS-03-20AD	New request	Ongoing	\$ (10,158)	\$ (10,158)	Ongoing increases in vendor support agreements
ITS-04-20AD	New request	Ongoing	\$ (8,286)	\$ (8,452)	Software Support Cost Increases - PACS
ITS-06-20AD	New request	Ongoing	\$ (84,512)	\$ (84,512)	Increase in Office 365 licensing
JUV-03-20AD	Budget neutral	One-time	\$ -	\$ -	Juvenile Detention Alternatives Grant 2019-2020
PAT-01-20AD	New request	One-time	\$ (550,000)	\$ -	Prosecutor's Case Management System
PAT-01-20AD	New request	Ongoing	\$ -	\$ (185,000)	Prosecutor's Case Management System
PBH-02-20AD	Budget Intervention	Ongoing	\$ (30,554)	\$ 140,538	EPH fee schedule update, GF transfer to MEs Office
PWK-07-20AD	New request	Ongoing	\$ -	\$ -	Floodplain Program Funding - Community
PWK-40-20AD	CarryForward	One-time	\$ -	\$ -	Carry-Forward for Railroad Bridges 12 and 20
PWK-51-20AD	Previously approved by Council	One-time	\$ -	\$ -	Railroad Roadbed Rehabilitation Grant
PWK-58-20AD	New request	Ongoing	\$ 711,500	\$ 711,500	Revenue Forecast Update
SHR-21-20AD	New request	One-time	\$ (60,000)	\$ -	Improve safety and security for Evidence/Logistics
SHR-24-20AD	New request	Ongoing	\$ (1,200,000)	\$ -	Fully Budget Overtime Expense
SUP-05-20AD	Budget neutral	One-time	\$ -	\$ -	Convert Temp Superior Court Commissioner to 0.4FTE
SUP-05-20AD	Budget neutral	Ongoing	\$ -	\$ -	Convert Temp Superior Court Commissioner to 0.4FTE
SUP-06-20AD	New request	One-time	\$ (34,150)	\$ (34,150)	Year 2 of Courtroom Recorders Project
TRS-01-20AD	New request	One-time	\$ (400,000)	\$ -	Integrate Workday with the County's Tax System

\$ (4,019,414) \$ 1,417,274



General Fund new requests: *not recommended*

Package	Type	Duration	2020 GF Impact	2021 GF Impact	Short Description
CLK-01-20AD	New request	Ongoing	\$ (61,998)	\$ (63,106)	Judicial Proceeding Specialist for 11th Judge
CLK-02-20AD	New request	Ongoing	\$ (57,445)	\$ (53,633)	Court Assistant II for 11th Judge
CLK-05-20AD	New request	Ongoing	\$ (59,697)	\$ (60,639)	Accounting Assistant II
ITS-05-20AD	New request	Ongoing	\$ (56,812)	\$ (56,812)	Planned network infrastructure replacements
ITS-07-20AD	New request	One-time	\$ (93,600)	\$ -	Temporary Staffing Support
PWK-55-20AD	New request	One-time	\$ -	\$ -	Vegetation Management Replacement Equipment
PWK-57-20AD	Budget neutral	Ongoing	\$ -	\$ -	Weed Control Technicians for Vegetation Management
SHR-01-20AD	New request	Ongoing	\$ (150,000)	\$ (150,000)	Lease 18,000sf of secure equipment storage
SHR-02-20AD	New request	Ongoing	\$ (100,000)	\$ (100,000)	Begin reserving for replacement of two BearCats
SHR-03-20AD	New request	Ongoing	\$ (700,000)	\$ (725,000)	Implement Body-cam Program - Ongoing Costs
SHR-04-20AD	New request	Ongoing	\$ (100,000)	\$ (100,000)	Begin Reserving to Replace Critical Equipment
SHR-05-20AD	New request	One-time	\$ (500,000)	\$ -	Implement Body-cam Program - Initial Costs
SHR-06-20AD	New request	One-time	\$ (60,000,000)	\$ -	Law Enforcement Precinct Facility
SHR-07-20AD	New request	One-time	\$ (150,000)	\$ -	Body Scanner for Jail
SHR-07-20AD	New request	Ongoing	\$ 150,000	\$ 150,000	Body Scanner for Jail
SHR-08-20AD	New request	Ongoing	\$ -	\$ -	Begin reserving for replacement of Body Scanner
SHR-09-20AD	New request	One-time	\$ (200,000)	\$ -	Mail Scanner for Jail
SHR-10-20AD	New request	Ongoing	\$ (35,000)	\$ (35,000)	Begin reserving for replacement of Mail Scanner
SHR-11-20AD	New request	Ongoing	\$ (471,018)	\$ (515,656)	Compliance with WA Opioid Law
SHR-12-20AD	New request	Ongoing	\$ (56,797)	\$ (77,727)	Supervisor Position for Kitchen
SHR-13-20AD	New request	Ongoing	\$ (2,071,288)	\$ (2,071,288)	Eliminate DOC Offender Housing Contract
SHR-14-20AD	New request	Ongoing	\$ (850,000)	\$ (850,000)	Plan for Food Preparation Alternatives
SHR-15-20AD	New request	One-time	\$ (1,150)	\$ -	Add Management Analyst for Jail Data
SHR-15-20AD	New request	Ongoing	\$ (82,497)	\$ (112,455)	Add Management Analyst for Jail Data



General Fund new requests: *not recommended* (cont.)

Package	Type	Duration	2020 GF Impact	2021 GF Impact	Short Description
SHR-16-20AD	New request	Ongoing	\$ (45,419)	\$ -	Project Position for Identification Unit
SHR-17-20AD	New request	One-time	\$ (47,250)	\$ -	Add 15 Required Jail Records Positions
SHR-17-20AD	New request	Ongoing	\$ (682,750)	\$ (950,000)	Add 15 Required Jail Records Positions
SHR-18-20AD	New request	One-time	\$ (39,200)	\$ -	Add 8 staff to various Records-related functions
SHR-18-20AD	New request	Ongoing	\$ (388,800)	\$ (540,000)	Add 8 staff to various Records-related functions
SHR-19-20AD	New request	One-time	\$ (450,000)	\$ -	Replacement of existing fleet of Tasers
SHR-20-20AD	New request	Ongoing	\$ (100,000)	\$ (100,000)	Begin reserving for replacement of 300+ Tasers
SHR-22-20AD	New request	Ongoing	\$ (1,000,000)	\$ (1,000,000)	Begin reserving to replace critical systems
SHR-23-20AD	New request	One-time	\$ (2,300)	\$ -	Compliance with new firearms law I-1639
SHR-23-20AD	New request	Ongoing	\$ (91,634)	\$ (124,038)	Compliance with new firearms law I-1639
SHR-25-20AD	New request	Ongoing	\$ (415,000)	\$ (842,350)	Funding for Inflationary Cost Increases
SUP-01-20AD	New request	One-time	\$ (8,563)	\$ (10,196)	Add 11th Judicial Department
SUP-01-20AD	New request	Ongoing	\$ (77,082)	\$ (158,356)	Add 11th Judicial Department
SUP-02-20AD	New request	Ongoing	\$ (75,000)	\$ (75,000)	Reinstate Use of Trial Court Improvement Funds
SUP-03-20AD	New request	Ongoing	\$ (10,000)	\$ (10,000)	Reinstate Judicial Training Funds
SUP-04-20AD	New request	Ongoing	\$ (128,000)	\$ (128,000)	Increase CASA Program General Funds

\$ (69,208,299) \$ (8,759,257)



General Fund *recommended requests* *net impact on fund balance*

General Fund requests amount to a net decrease in fund balance of \$4.02 million for 2020.

Available fund balance (millions)	2020
Estimated beginning	28.89
Revenue budget	168.73
Expense budget	-167.33
2020 adopt requests – recommended	-4.02
Projected ending	26.27
<i>Reserve amount (per policy)</i>	<i>-26.25</i>
<i>Projected available fund balance</i>	0.02



General Fund recommended requests - impacts

six-year forecast (includes 1% and banked capacity property tax options for 2020)

	2020	2021	2022	2023	2024	2025
Estimated Beginning Fund Balance	\$ 31,209,774	\$ 28,587,680	\$ 28,810,004	\$ 26,322,786	\$ 21,003,625	\$ 12,724,760
Assignments / Obligations	\$ (2,320,693)	\$ (2,320,693)	\$ (2,320,693)	\$ (2,320,693)	\$ (2,320,693)	\$ (2,320,693)
Minimum Fund Balance*	\$ (26,250,000)	\$ (26,250,000)	\$ (26,250,000)	\$ (26,250,000)	\$ (26,250,000)	\$ (26,250,000)
Revenue	\$ 168,732,176	\$ 172,169,634	\$ 175,720,822	\$ 179,389,844	\$ 183,180,959	\$ 187,098,591
Expenses	\$ (167,334,856)	\$ (173,364,584)	\$ (179,625,314)	\$ (186,126,279)	\$ (192,877,098)	\$ (199,887,794)
Recommended Decision Packages Impact	\$ (4,019,414)	\$ 1,417,274	\$ 1,417,274	\$ 1,417,274	\$ 1,417,274	\$ 1,417,274
Projected Ending Available Fund Balance	\$ 16,987	\$ 239,311	\$ (2,247,907)	\$ (7,567,068)	\$ (15,845,933)	\$ (27,217,863)

*Fund Balance should be an estimated minimum of \$26.2 million in 2020 per policy.
Required Minimum Fund Balance is anticipated to increase annually.

Forecast is subject to change as new information is received by the Budget Office.



Road Fund



Road Fund *recommended requests*

Road Fund requests amount to a net decrease in fund balance of \$17.7 million for 2020.

Available fund balance (millions)	2020
Estimated beginning	11.1
Revenue budget	76.9
Expense budget	-55.9
2020 adopt requests – recommended	-17.7
Projected ending	14.4

The Road Fund Balance Reserve Policy is being developed and will be presented to the Council in 2020.



Road Fund *recommended requests*

Requesting Department/office	Package	Short description	Ongoing	One-time	Total
Budget Office	BGT-02-20AD	Update Fleet Allocations for 2020		\$ 2,936,645	\$ 2,936,645
Budget Office	BGT-04-20AD	Debt fund payment schedule update	\$ 10,205		\$ 10,205
Budget Office	BGT-07-20AD	Update Indirect Cost Allocations	\$ (148,652)		\$ (148,652)
Budget Office	BGT-09-20AD	Increase Road Fund Property Taxes by 1%	\$ 414,768		\$ 414,768
Budget Office	BGT-90-20AD	Ongoing impacts of 2019 fall supplemental	\$ 144,288		\$ 144,288
Community Development	COM-02-20AD	2020 Land Management permitting system operations		\$ (5,000)	\$ (5,000)
Facilities	FAC-08-20AD	Facilities Carryforward Projects		\$ (1,116,931)	\$ (1,116,931)
Geographic Information Systems	GIS-01-20AD	2020 Aerial Photography Acquisition		\$ (20,000)	\$ (20,000)
Information Technology	ITS-06-20AD	Increase in Office 365 licensing	\$ (14,017)		\$ (14,017)
Public Works	PWK-01-20AD	Annual Construction Program		\$ (19,350,610)	\$ (19,350,610)
Public Works	PWK-06-20AD	Traffic Impact Fees Budget Update		\$ 1,477,000	\$ 1,477,000
Public Works	PWK-07-20AD	Floodplain Program Funding - Community	\$ 6,000		\$ 6,000
Public Works	PWK-16-20AD	Purchase Automated Flagger Assisting Device (AFAD)		\$ -	-
Public Works	PWK-29-20AD	Move Budget for Stormwater Capital Plan		\$ 300,000	\$ 300,000
Public Works	PWK-32-20AD	Fleet Fuel Tracking System	\$ (3,600)	\$ (20,000)	\$ (23,600)



Road Fund *recommended requests, continued*

Requesting Department/office	Package	Short description	Ongoing	One-time	Total
Public Works	PWK-48-20AD	Park Construction Direct Charge of Staff Time		\$ 650,000	\$ 650,000
Public Works	PWK-58-20AD	Revenue Forecast Update	\$ (7,137,000)	\$ 4,163,000	\$ 2,974,000
			\$ (6,728,008)	\$ (10,985,896)	\$ (17,713,904)



Road Fund requests: *not recommended*

Requesting Department/office	Package	Short description	Ongoing	One-time	Total
Information Technology	ITS-05-20AD	Planned network infrastructure replacements	\$ (8,486)		\$ (8,486)
Public Works	PWK-02-20AD	Add Senior Management Analyst for Public Works	\$ -		\$ -
Public Works	PWK-08-20AD	Add FTE and One-Ton Truck for Median Maintenance	\$ -		\$ -
Public Works	PWK-09-20AD	Establish a Bridge Maintenance Program	\$ -	\$ -	\$ -
Public Works	PWK-10-20AD	Establish a Culvert Program	\$ -		\$ -
Public Works	PWK-11-20AD	Purchase a Mini-Excavator, Truck & Tilt Trailer	\$ -	\$ -	\$ -
Public Works	PWK-13-20AD	Purchase a Motorized Wheel Barrel (Buggy)	\$ -	\$ -	\$ -
Public Works	PWK-14-20AD	Purchase a TV Truck	\$ -	\$ -	\$ -
Public Works	PWK-15-20AD	Purchase Vactor	\$ -	\$ -	\$ -
Public Works	PWK-18-20AD	Neighborhood Circulation Plan Framework		\$ (100,000)	\$ (100,000)
Public Works	PWK-19-20AD	Neighborhood Traffic Program	\$ (50,000)		\$ (50,000)
Public Works	PWK-24-20AD	Target Zero Plan		\$ (100,000)	\$ (100,000)
Public Works	PWK-25-20AD	Transportation System Plan		\$ (250,000)	\$ (250,000)
Public Works	PWK-56-20AD	Vegetation Management Spray Truck Upgrade		\$ (75,000)	\$ (75,000)
			\$ (58,486)	\$ (525,000)	\$ (583,486)



Building Fund



Building Fund *recommended requests*

Building Fund requests amount to a net fund balance decrease of \$0.4 million for 2020.

Available fund balance (millions)	2020
Estimated beginning	7.4
Revenue budget	12.9
Expense budget	-14.7
2020 adopt requests – recommended	-0.4
Projected ending fund balance	5.2
<i>Reserve amount (per policy)</i>	-4.3
<i>Projected available fund balance</i>	0.9



Building Fund *recommended requests*

Requesting department/office	Package	Short description	Ongoing	One-time	Total
Budget Office	BGT-02-20AD	Update Fleet Allocations for 2020		\$ 4,742	\$ 4,742
Budget Office	BGT-07-20AD	Update Indirect Cost Allocations	\$ (281,935)		\$ (281,935)
Community Development	COM-01-20AD	Com Dev Dept Indirect Cost Allocation Plan (IDCAP)	\$ 239,496		\$ 239,496
Community Development	COM-02-20AD	2020 Land Management permitting system operations		\$ (374,000)	\$ (374,000)
Geographic Information Systems	GIS-01-20AD	2020 Aerial Photography Acquisition		\$ (10,000)	\$ (10,000)
Information Technology	ITS-06-20AD	Increase in Office 365 licensing	\$ (10,272)		\$ (10,272)
			\$ (52,711)	\$ (379,258)	\$ (431,969)



Building Fund *requests: not recommended*

Requesting department/office	Package	Short description	Ongoing	One-time	Total
Information Technology	ITS-05-20AD	Planned network infrastructure replacements	\$ (6,261)		\$ (6,261)
			\$ (6,261)	\$ (0.00)	\$ (6,261)



REET I Fund



Real Estate Excise Tax REET 1 (first quarter of 1 percent)

Real Estate Excise Tax, REET 1, dollars are depleted. Fund balance will need to rebuilt for several years before new items can be funded.

Available fund balance (millions)	2020
Estimated beginning	1.5
Revenue budget	6.8
Expense budget	-4.7
2020 adopt requests – recommended*	-2.3
Projected ending	1.3

**The recommended impact relates to existing capital projects that are anticipated to be completed in 2020.*

The REET 1 Fund does not have a formal reserve policy. The DRAFT policy recommends a minimum fund balance of \$3M in order to meet the next year’s debt obligations. Cash flow projections are being closely monitored in order to meet the needs of current capital project expenses.



REET I Fund *recommended requests*

Requesting department/office	Package	Short description	Ongoing	One-time	Total
Budget Office	BGT-04-20AD	Debt fund payment schedule update	\$ (10,734)		\$ (10,734)
Facilities	FAC-08-20AD	Facilities Carryforward Projects		\$ (2,267,593)	\$ (2,267,593)
Facilities	FAC-12-20AD	Jail Security Project Contingency and Alternate		\$ -	\$ -
			\$ (10,734)	\$ (2,267,593)	\$ (2,278,327)



REET 2 Fund



Real Estate Excise Tax *recommended requests* REET 2 (second quarter of 1 percent)

Real Estate Excise Tax, REET 2, requests amount to a net fund balance decrease of \$11 million for 2020.

Available fund balance (millions)	2020
Estimated beginning	15.7
Revenue budget	5.8
Expense budget	-1.5
2020 adopt requests - recommended	-11.0
Projected ending	9.0

The REET 2 Fund does not have a formal reserve policy. The DRAFT policy recommends a minimum fund balance of \$1.5M in order to meet the next year's debt obligations of \$.5M and maintain the annual \$1M transfer to REET 1 per RCW 82.46.035.



REET 2 Fund requests: *recommended*

Requesting Department	Package number	Short description	Ongoing	One-time	Total
Budget Office	BGT-04-20AD	Debt fund payment schedule update	\$ (1,562)		\$ (1,562)
Budget Office	BGT-90-20AD	Ongoing impacts of 2019 fall supplemental		\$ (25,000)	\$ (25,000)
Facilities	FAC-08-20AD	Facilities Carryforward Projects		\$ (123,496)	\$ (123,496)
Facilities	FAC-12-20AD	Jail Security Project Contingency and Alternate		\$ (325,000)	\$ (325,000)
Public Works	PWK-39-20AD	Carry-Forward for Parks Development		\$ (1,309,000)	\$ (1,309,000)
Public Works	PWK-40-20AD	Carry-Forward for Railroad Bridges 12 and 20		\$ (1,450,000)	\$ (1,450,000)
Public Works	PWK-41-20AD	Carry Forward REET 2 for Parks Capital Repairs		\$ (600,000)	\$ (600,000)
Public Works	PWK-45-20AD	Harmony Sports Complex Safety Improvements REET 2		\$ (1,500,000)	\$ (1,500,000)
Public Works	PWK-47-20AD	Kozy Kamp Neighborhood Park Construction Funds		\$ (950,000)	\$ (950,000)
Public Works	PWK-53-20AD	REET 2 for Parks Capital Repairs		\$ (576,000)	\$ (576,000)
Public Works	PWK-58-20AD	Revenue Forecast Update		\$ (4,142,000)	\$ (4,142,000)
			\$ (1,562)	\$ (11,000,496)	\$ (11,002,058)



REET 2 Fund requests: *not recommended*

Requesting Department	Package number	Short description	Total One-Time
Public Works	PWK-52-20AD	REET 2 for Cougar Creek Trail	\$ (150,000)
			\$ (150,000)



Mental Health Sales Tax Fund



Mental Health Sales Tax Fund *recommended requests*

Mental Health Sales Tax Fund requests amount to a net fund balance decrease of \$2.3 million for 2020.

Available fund balance (millions)	2020
Estimated beginning	10.3
Revenue budget	9.6
Expense budget	-7.3
2020 adopt requests – recommended	-2.3
Projected ending fund balance	10.3
<i>Reserve amount (per policy)</i>	-4.9
<i>Projected available fund balance</i>	5.4



Mental Health Sales Tax Fund *recommended requests*

Requesting Department	Package number	Short description	Ongoing	One-Time	Total
Budget Office	BGT-02-20AD	Update Fleet Allocations for 2020		\$ 31,870	\$ 31,870
Budget Office	BGT-07-20AD	Update Indirect Cost Allocations	\$ 3,134		\$ 3,314
Budget Office	BGT-11-20AD	Mental Health Sales Tax 2020 External RFP Funding		\$ (1,320,000)	\$ (1,320,000)
Clerk's Office	CLK-03-20AD	Judicial Proceeding Spec. for Specialty Courts		\$ (60,422)	\$ (60,422)
Clerk's Office	CLK-04-20AD	Court Assistant II		\$ (57,955)	\$ (57,955)
Community Services	COS-01-20AD	Hospital Readmission Reduction Project	\$ (84,364)		\$ (84,364)
Community Services	COS-05-20AD	Indigent Defense MH Sales Tax Technical Adjustment	\$ -		\$ -
Community Services	COS-07-20AD	Mental health sales tax annual report, 2020 / 2021		\$ (200,000)	\$ (200,000)
Community Services	COS-08-20AD	Indigent Defense MH Therapeutic Courts Support		\$ (100,000)	\$ (100,000)
District Court	DST-01-20AD	Budget Increase Therapeutic Specialty Courts	\$ (96,955)		\$ (96,955)
District Court	DST-02-20AD	Community Court - Mental Health Tax request	\$ (74,933)		\$ (74,933)
Information Technology	ITS-06-20AD	Increase in Office 365 licensing	\$ (30)		\$ (30)
Juvenile	JUV-01-20AD	Request 1 FTE Clinical Psychologist in Detention	\$ (114,033)		\$ (114,033)
Juvenile	JUV-02-20AD	Juvenile Associate Detention Alternative Position	\$ (36,632)		\$ (36,632)
Public Health	PBH-07-20AD	Nurse-Family Partnership program leveraging funds	\$ (154,750)		\$ (154,750)
Superior Court	SUP-07-20AD	1.0 FTE Recovery Support Specialist 1033 Funds	\$ (22,789)		\$ (22,789)
			\$ (581,352)	\$ (1,706,507)	\$ (2,287,859)



Property tax levies

Overview of process and options



Property tax

The council adopts levies supporting the budget and each year considers the following property tax levies:

- General Fund, including subordinate levies: Veterans, Mental Health and Developmental Disabilities
- Road Fund
- Conservation Futures
- The Greater Clark Parks District levy is considered separately when the council convenes as the GCPD board.
- Property tax is stable, grows with new construction and possible 1 percent annual increase.
- Current baseline forecast includes growth from new construction at ~2% higher than the prior year based on preliminary data.



2020 Property tax options

		2020 Choices Revenue Impact		
Levy	2019 Choice	0%	1%	Banked Capacity
General Fund	1%	\$ 0	\$ 639,370	\$ 1,260,684
Road Fund	1%	\$ 0	\$ 414,768	\$ 1,701,965
Conservation Futures	0%	\$ 0	\$ 25,437	\$ 296,770
Parks	0%	\$ 0	\$ 35,764	\$ 98,547

		2020 Choices Impact on Median* Household		
Levy	2019 Impact	0%	1%	Banked Capacity
General Fund	\$ 3.41	\$ 0	\$ 3.48	\$ 6.90
Road Fund	\$ 4.66	\$ 0	\$ 4.75	\$ 19.48
Conservation Futures	\$ 0	\$ 0	\$ 0.13	\$ 1.54
Parks	\$ 0	\$ 0	\$ 0.61	\$ 1.56

* 2019 Median Household Price of \$360,000 per RMLS data posted May 2019
 Current year property taxes act upon the value of the property as it was in the prior year.



History on property tax increases

General Fund

- County Council has foregone the 1% increase in 5 of the past 8 years.
 - The cumulative impact is \$18.2 million dollars less levied for the general fund.
 - The impact compounds, and is now at \$3.3 million dollars less levied annually.

Road Fund

- County Council has foregone the 1% increase in 8 of the past 10 years.
 - The cumulative impact is \$20.5 million dollars less levied for road fund activities.
 - The impact compounds, and is now at \$3.5 million dollars less levied annually for road fund activities.
- The Road Diversion has been in place at \$4.5 million since 2009.
 - To date, \$49.5 million has been diverted from road fund activities from this diversion amount.
 - For context, the 2019 Annual Construction Program is \$46.4 million.
 - Currently the diversion pays for a portion of Sheriff patrols in unincorporated Clark County.



2020 Property tax from new construction

Levy	2020 New Construction
General Fund	\$ 1,550,478
Road Fund	\$ 893,553
Conservation Futures	\$ 59,798
Parks	\$ 84,114

In addition to potential property tax increases presented in the previous slide, new construction is forecasted to bring in tax revenue in the amounts above, which are included in baseline forecasts.



2020 Property tax: General Fund subordinate levies

- Levy amount for mental health and developmental disabilities may be based on a flat rate of \$0.0125 per \$1,000 of assessed value, or it may be increased or reduced in same proportion as the prior year's certified county general levy.
- Veterans standard minimum rate is \$0.01125 and maximum is \$0.27 per \$1,000 of assessed value. Rate can be below minimum if Veterans Assistance Fund has sufficient fund balance , or levy amount may be increased or reduced in same proportion as the prior year's certified county general levy.



2020 subordinate levy options: Mental Health, Developmental Disabilities, Veterans Assistance

Levy	2019 Choice	2019 Amount	2020 Minimum Rate	2020, Same change as GF		
				GF 0%	GF 1%	GF Bnkd Cap
Mental Health	Proportional	\$ 746,615	\$ 851,813 0.0125	\$ 765,709 0.0112	\$ 773,176 0.0113	\$ 780,482 0.0115
Dev. Disabilities	Proportional	\$ 746,615	\$ 851,813 0.0125	\$ 765,709 0.0112	\$ 773,176 0.0113	\$ 780,482 0.0115
Veteran's Assistance*	Proportional	\$ 671,952	\$ 766,632 0.01125	\$ 689,138 0.0101	\$ 695,858 0.0102	\$ 702,433 0.0103

* In lieu of a levy increase, a 2017 readopt decision package established an annual ongoing transfer of \$118,468 from the General Fund to the Veteran's Assistance Fund to support the program and for increasing needs for housing assistance.



Next steps

- Questions/discussion
- Council feedback
- Next steps

Recommended budget published/hearing request Tuesday, November 5, 2019*
2020 Budget Hearing (elected testimony) Monday, November 25, 2019 (day)
2020 Budget Hearing (public testimony) Tuesday, November 26, 2019 (day)
2020 Budget Hearing (public testimony) Wednesday, November 27, 2019 (day, if needed)
Line item detail available on website Monday, December 16, 2019

**Indicates statutory deadline per RCW 36.40*

