

Good morning Commissioners, Ryan Barrett, County Manager, providing the staff report relating to Resolution #25-341, which, by passing, would adopt the 2026 Budget

Copies of the Resolutions are available at the front of the room, as well as a sign-up sheet for public comment.

- Thank the Elected Officials, Directors, Administrators, the Commissioners, county staff and the public who provided input for all their efforts in putting this Budget together.
- Thank the Citizens Budget Committee that joined us this year as we worked through the budget process. These volunteers devoted many hours of their time and provided the Commissioners and the Budget department with valuable input.

The Budget, as adopted today, is a plan for next year's spending. Budgeting is a continual process, whether that be planning, monitoring, or amending. The county budget is ever-changing and will be amended and reviewed regularly.

The BOCC held individual budget meetings, all open to the public, with elected officials and department directors. This budget Hearing was preceded by several other budget work sessions, including an evening presentation to the public on November 12th.

## **COMMENTS FROM COUNTY MANAGER**

**We will now present the 2026 proposed final Budget recommended for approval.**

### **Budget Summary:**

This Hearing was noticed in the Chronicle on November 20<sup>th</sup> and 27<sup>th</sup> and in the East County Journal on November 26<sup>th</sup>.

RCW Chapter 36.40 provides requirements for the budget process for counties. The preliminary Budget was submitted to the BOCC on September 9th, 2025.

Budget meetings with offices and departments were held in September, and October, and workshops were held in November to assist the board in decision-making.

## Overall All-Funds Budget

- Total revenues: \$182,369,719
- Total expenditures: \$190,743,180
- Structural deficit covered by prior-year fund balance: \$8.37 million
  - ≈ \$5 million for Roads capital projects (outlined in the adopted STIP)
  - ≈ \$1.8 million from the General Fund
  - Remainder (~\$1.57 million) capital projects budgeted in the CIP are included in your packet as attachment B.
- The \$8.3 million use of fund balance represents revenues collected in prior years.

Overall the budget is 10.9% lower than the adjusted 2025 budget (mainly because some large one-time capital or grant-funded projects were completed in 2025).

## General Fund (Current Expense) Only

- Revenues: \$48,680,673
- Expenditures: \$50,499,113
- → Planned use of fund balance: \$1.8 million

This represents a 2.4% increase in General Fund spending over the 2025 adjusted budget.

Summary of the key changes between the 2026 Preliminary General Fund Budget and the Final Budget:

### The total net increase from Prelim to Final is \$2.2 million

#### Breakdown of the major drivers:

- Insurance premiums: +\$1.2 million (55% of the total increase) – the single largest factor
- Annual SaaS fees for the new tax system: increased (\$310,000)
- Indigent defense costs: increased \$236,000, although costs could be higher as we implement new caseload standards and case weighting as mandated by the Supreme Court
- General Fund support for Vader Utility and Middle Fork Utility: increased by \$336,970

#### Staffing:

- No additional Full-Time Equivalents (FTEs) were added to the General Fund for 2026.

In short, the \$2.2 million growth in the final 2026 General Fund budget is driven almost entirely by unavoidable or previously committed cost increases (especially insurance and the new tax system), with no expansion in staffing.

#### Fund Balance:

The **estimated** 2026 ending fund balance based on the proposed Budget before you today is \$13.8 million. ***This is a projection, as the actual final revenues and expenditures for 2025 year-end will not be posted until February of next year and have a direct impact on the 2026 beginning fund balance estimates. In addition, revenues and expenditures fluctuate in any given year based on position vacancies (which often reduce expenditures), unanticipated costs (which often increase expenditures), and economic conditions (which can either increase or decrease revenues), among other unknown factors.***

**This Budget does not include COLAs or benefit changes that are being negotiated with the county's 14 labor groups. These cost increases will be considered in the 1<sup>st</sup> quarter of 2026.**

**This Resolution includes additional actions:**

- 1- Budget appropriations for departments under the BOCC salaries and benefits are provided in direct correlation to staffing levels and may not be transferred to other budget line items without the approval of the Board of County Commissioners and;
- 2- The adoption of a Capital Facilities Project List as recommended by the CFP Committee.
- 3- Adopts the internal Service Fund Rates and Risk Rates for 2026
- 4- Diverts 1% of sales and use tax to the technology fund to plan for future replacements
- 5- Diverts 2.5% of sales and use tax to the Capital Maintenance and Repair Fund for capital projects

This concludes the staff report, are there any questions?

**Recommendation:** The recommendation is to adopt the 2026 Final Budget

---

## ESTABLISHING THE 2026 LEVY

Resolution #25-342 is establishing the 2026 Levy for both the General and Road Funds.

1. This Resolution proposes to increase the county's 2026 General property tax levy by 0% of the amount of the 2025 general property tax levy as directed by the BOCC; and

The estimated General property tax levy is an increase over the actual levy amount from the previous year in the amount of \$0.00, which is a percentage increase of 0% from the previous year.

2. This Resolution also proposes to increase the county's 2026 Road property tax levy by 0% of the amount of the 2025 general property tax levy as directed by the BOCC;

The estimated Road property tax levy is an increase over the actual levy amount from the previous year in the amount of \$0.00, which is a percentage increase of 0% from the previous year.

*This is **exclusive of additional amounts** if any, that may be allowed under the **new construction**, increase in assessed value due to construction of wind turbine facilities, improvements to property and state assessed property provisions of RCW 84.55.010 and as provided in RCW 84.55.070, **the refund provisions of Chapters 84.68 and 84.69 RCW**; and allowed above the 1% limitation.*

This Resolution sets the Budget for the County's General levy at **\$16,700,000** and the County Road levy at **\$15,500,000**. **These amounts include the estimated amounts from the Assessor for New Construction and Refunds for the General and Road Levy**

**County General is broken down as follows:**

- **General – \$15,912,436**
- **Veterans Relief Fund - \$350,029**
- **Social Services Developmental Disabilities - \$437,535**

Any unused General and Road property tax levy capacity for the 2026 tax year is reserved for future levy as provided by RCW 84.55.092.

**Recommendation:** The recommendation is to approve the 2026 Property Tax Budget and Levy for both the General and the Road Funds.