

## **Budget Update**

**October 6, 2020**

**3:10 p.m.**

Present: Commissioner Stamper, Commissioner Fund, Commissioner Jackson (via Zoom), County Manager Erik Martin, Becky Butler, Scott Tinney, Jonathan Meyer, Tailor Albright, Lara McRea

Guests: Frank Corbin, Laura Berg, Paul Crowson, Claudia Yaw

Recorder: Rieva Lester

### **Electeds' salaries**

Becky Butler said approving the Salary Commission's recommendations regarding increasing electeds' salaries would total roughly \$13,500 for the remainder of the year and would total roughly \$78,000 for the full year.

She and Commissioner Fund discussed economic trends. Commissioner Fund noted that she previously had stated that she wanted to postpone the decision about the Salary Commission's recommendations until the county had a clearer picture of the budget, especially considering the unknown impacts of COVID-19.

Commissioner Fund made a motion to approve the Salary Commission's recommendations for electeds' salaries retroactive to Oct. 1, 2020, or the first legal date.

Commissioner Stamper seconded.

Motion passed 2-1, with Commissioner Stamper and Commissioner Fund voting in favor and Commissioner Jackson voting against the motion.

Scott Tinney and Jonathan Meyer left at 3:21 p.m.

### **Preliminary 2021 budget review**

Becky reviewed the 2021 preliminary budget. She said the 2021 preliminary budget for the General Fund projects a beginning fund balance of approximately \$11 million. She said revenues are projected at \$38.2 million and expenditures are estimated to total \$41.7 million, which includes operating transfers. She said that would require a \$3.5 million of reserves, which would leave an estimated fund balance of \$7.5 million. Becky noted that likely would change due to unanticipated revenue and unexpended funds linked to cost savings and vacancies.

Becky noted that the county cannot increase its property tax levy more than 1 percent in any given year and that the county is limited to the lesser of 1 percent or the rate of inflation per RCW 84.55. However, she said, RCW 84.55.0101 states that if inflation falls below 1 percent, the county may adopt a

resolution of “substantial need” allowing an increase to the levy (or bank the excess capacity) up to the full 1 percent. As of Aug. 27, 2020, she said, the rate of inflation on the implicit price deflator (IPD) for personal consumption expenditures over the past 12 months was 0.60152%. She said the BOCC will need to make a decision on the 2021 levy and decide whether to declare substantial need during its Dec. 7 budget hearing.

Becky said the 2021 preliminary expenditure budget for all other funds – which includes Special Revenue, Debt Service, Capital Acquisition and Capital Maintenance, Enterprise (Airports and Utilities) and Internal Service Funds – is \$78,199,250, which marks a 9.3 percent decrease from the 2020 adopted budget of \$86,173,287. Becky said the decrease is largely due to changes in road construction capital projects and completion of the capital improvement project at the South Lewis County Airport in 2020.

Becky said department heads and electeds have submitted budget increase requests totaling \$1 million. She said the commissioners will review those requests during their upcoming all-budget meetings.

Becky said the Government Finance Officers Association (GFOA) recommends maintaining reserves to cover at least two months of expenditures.

Becky noted that the county is on track to use \$481,615 from reserves for 2020, a sharp decrease from the \$2,644,017 estimate. She said and Erik Martin noted that Lewis County budgets conservatively and that it often looks like the county may use a large amount of reserves but that the county often uses less reserves than estimated.

Commissioner Jackson said he’d like to discuss removing the Prosecuting Attorney from the Salary Commission review process in the future.

Commissioner Stamper said Bob Weidner has indicated that Secure Rural Schools (SRS) and Payments in Lieu of Taxes (PILT) funding have been secured for 2021.

Becky said lodging taxes have not decreased as feared. She said motor vehicle fuel is tax down roughly \$388,000, which could affect roads.

Becky said the public informational meeting regarding the budget will be Nov. 12.

Becky said she will discuss community impact grants and utility assistance with the commissioners on Oct. 8.

Commissioner Stamper said he would like to have the commissioners provide final approval for Coronavirus Relief Funding.

Commissioner Jackson said it has been announced that Lowe’s is building its distribution center at the Benaroya site.

Erik said JP Anderson has indicated that Mathematica can help with contact tracing at no charge to the county.

Meeting adjourned at 4:04 p.m.