

## Budget Update

July 17, 2024

1:04 p.m.

Present: Commissioner Brummer, Commissioner Pollock, Commissioner Swope, County Manager Ryan Barrett, Becky Butler, John Abplanalp, Josh Metcalf, Tina Hemphill

Guest(s): None

Recorder: Tammy Martin

**Public comment:** None

**Rate setting decisions and budget parameters:** Becky Butler said a major key point to address is the reserve fund balance. The SAO has placed a flag on Lewis County as well as a few others in Washington State. Becky is seeking general direction. Becky provided options, such as holding offices and departments to 2024 budget levels, implementing cuts ranging from 2 percent to 5 percent, telling offices and departments to absorb all increases to salaries and benefits, or setting a specific dollar amount.

Becky said it will be required to fund mandatory operating costs. Becky said in 2018 there was a road levy shift, and this could be an option for the BOCC to consider for 2025.

During the 2008 recession, significant sales tax drops of up to 30% in a given month lasted nearly 2 years. Becky said FTEs have not been added back to pre-recession levels. Becky discussed concerns regarding currently approved COLAs and CBA agreements for 2025. FPMLA is a paid incentive that has an impact to many offices and departments such as the Auditor's Office that currently has 1 person for accounts payable and 2 persons for payroll. Seniors and WSU are among non-mandated services that affect the general fund. Becky said there are mandatory services that cannot be cut.

Becky presented three options:

- Levy Shift from roads. This takes funding from roads and applies it to general fund. Josh said there was a redirection of obligation from the Reynolds Road project and the Ceres Hill Bridge.
- Bank capacity hasn't been used in the past, but it is an option. There also is a levy lid lift option. This affects property taxes and must be voted on by the public.
- Opioid funding is also an option for some positions. There will be close to \$2 million in funds being received through the end of 2024. It was asked if there were any deputy positions that can be funded with opioid funding.

It was also suggested for the consolidation of Department of Emergency Management and Fair/Parks and Recreation. The BOCC could consider not giving COLAs to no-rep positions for 2025.

Becky said reducing liabilities by surplus excess buildings have been looked at, but those funds will typically return back to the fund that purchased them.

Commissioner Pollock suggested looking at what is available with the banked capacity and Commissioner Swope suggested using as much funds available from ARPA as possible. Commissioner Brummer suggested using the bank capacity. Becky said there are no departments or offices with a revenue offset. Commissioner Pollock suggested a public safety tax to offset costs associated with the Lewis County Sheriff's Office (LCSO). Any sales tax increase associated with the LCSO has a portion that is specified by RCW and the remainder can be negotiated. If the 911 tax passes, this would be a large benefit for the Lewis County E911 costs.

Based off of internal rate information that was submitted, the impact to the general fund went down nearly \$300,000. 17% of fleet rates impact the general fund. IT is examining rates as well. It was suggested to cut ERR. The Milliman study showed a possible elimination of the unemployment rate for 2025 based on the current target reserves.

If the preliminary numbers come back higher than estimated, a 5-12% reduction from 2024 will be necessary.

The Board agreed to consider the options presented and the direction for the general fund. It was recommended holding the line to 2024 amounts with a reduction of interfund rates and there will be a reduction in departments of 5%.

The call letter will go out by Thursday for the Board to review and out to departments and offices on Monday. Becky said offices and departments will be asked to provide impact statements regarding what would be reduced to meet the limitation.

Commissioner Swope suggested reaching out to the Seniors to own their own buildings. Becky suggested setting up a meeting for discussion.

Meeting adjourned at 2:25 p.m.