



## AGENDA ITEM SUMMARY

(Must be submitted NLT 3PM Wednesday for next week agenda)

**Department: Finance**

**WORK SESSION**  **Meeting Date:** **10/11/2021**

**REGULAR AGENDA**  **Meeting Date:**

**Required originals approved and attached?**   
**Will be provided on:**

### Item summary:

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Call for Hearing | <input type="checkbox"/> Contract/Agreement/MOU - Contract # |   |
| <input type="checkbox"/> Resolution       | <input type="checkbox"/> Proclamation                        | <input checked="" type="checkbox"/> Budget Item |
| <input type="checkbox"/> Draft Ordinance  | <input type="checkbox"/> Final Ordinance                     | <input type="checkbox"/> Other Monthly Review   |

Documents exempt from public disclosure attached:

### EXECUTIVE SUMMARY:

As required by the Clallam County Charter, attached for review and discussion is the 2022 Recommended Budget for Clallam County. The submission of this Recommended budget is the first step in the budget adoption process, with the following key dates to follow:

- Monday, October 11<sup>th</sup>—CFO and the Administrator submit the Recommended Budget to the BOCC;
- October 13<sup>th</sup>-29<sup>th</sup>—BOCC, Administrator, CFO and Budget Director to meet with each department;
- Tuesday, October 26<sup>th</sup>— 11:45am Sequim Public Meeting to Present 2022 Recommended Budget—Sequim Chamber of Commerce;
- Monday, November 15<sup>th</sup>—CFO and the Administrator to submit the Proposed Final Budget to the BOCC;
- Tuesday, November 30<sup>th</sup>—Public Hearing at 10:30am to Certify County Property Tax Levy for 2022;
- Monday, December 6<sup>th</sup>—Small Action Item at end of BOCC Work Session for Certification of Property Tax Levy of Junior Taxing Districts;
- Tuesday, December 7<sup>th</sup>—Public Hearings at 10:30am and 6pm in the Board Room to adopt final budget by resolution.
- Tuesday, December 14<sup>th</sup>—Possible extension of hearing for the Board to adopt the final budget by resolution (if needed)

The following materials have been provided to accompany this summary:

- 2022 Recommended Budget Summary—All Funds;

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- General Fund 4 Year Comparison of 2022 Recommended Budget to Projected/Actual Results for 2021-2019;
- General Fund 4 Year Comparison of 2022 Recommended Budget to Adopted Budgets for 2021-2019;
- General Fund Breakdown Analysis of the Change in Operating Surplus/Deficit between the 2022 Recommended Budget Deficit and 2021 Forecasted Surplus;
- General Fund Bridge Analysis Summarizing the Changes Made between the 2022 Preliminary Budget and the Recommended Budget;
- 2022 Recommended Budget General Fund Revenue, Expenditure and Staffing Charts by Type and by Program;
- 2022 Budget Salary Worksheet Breakdown by Department/Fund; and
- 2022 Department Requests Over Base Recommended Budget, as marked to show which items we recommend for approval and which items are recommended for deferral;
- 2022 Budgeted Transfers between Funds; and
- 2022 Draft Capital Outlay Budget (which is NOT currently included in the Recommended Budget but is being provided in advance of the 5 Year Capital Plan discussion to be held on October 18<sup>th</sup>).

As noted in prior budget discussions, all departments have budgeted that all positions are assumed filled for the entire year in accordance with how policy currently requires us to budget, which has not historically mirrored the County's actual payroll spending trends where the County has underspent its personnel budgets in the General Fund between \$1.6 million and \$1.9 million each year due to open positions, turnover and retirements (further discussion below). This initial budget also reflects Recommended estimates for 2022 revenue which are partly dependent on the current revenue forecast assumptions for 2021, as well as many additional variables (any resurgent economic disruptions due to the COVID emergency, GDP growth and inflationary growth expectations based on most recent state economic forecasts, local economic conditions, continuance of supply of chain disruptions, changes in long term and short term interest rates, and other revenue guidance available thru MRSC and other sources, etc). Sales tax assumptions used in the 2022 Recommended budget have been tempered considerably from the 16%+ growth forecasted in 2021, but at a 5% assumed growth appear achievable given the current economic outlook, inflationary expectations, and are consistent with projected 2022 retail sales and state GDP growth projected for the state in their last economic forecast report. However, as our sales tax forecast for the remainder of 2021 may prove to be overly conservative, the sales tax revenue budget for 2022 will likely need to be revisited multiple times during the 2022 budget process.

Several changes have been made to the 2022 Preliminary Budget in arriving at the 2022 Recommended Budget. While outlined in more detail in the attached schedule called "Bridge Analysis Between Preliminary Budget & Recommended Budget", these changes at a high level include:

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- REVENUE CHANGES—increased \$1,762k, mostly due to an additional \$1,386k of PILT revenue the County expects to receive from additional PILT funding provided under the American Rescue Plan Act (“ARPA”), as well as several opportunities identified during budget meetings held with certain groups to increase preliminary 2022 budget revenue estimates based on trend/pacing in 2021 and prior years.
- EXPENDITURE CHANGES—increased \$1,938k, primarily driven by the inclusion of approximately \$1,146k of Department Requests as outlined in the attached schedule “2022 Department Requests Over Base Recommended Budget”. Other significant expenditures changes included fully incorporating the effect of Sheriff Deputy, Sergeants, Command Staff, and Corrections Officer pay changes and pay schedule restructuring resulting from the collective bargaining agreements entered into in 2021 and salary-study related increases implemented in 2021 (\$341k), increases in the General Fund’s share of risk management insurance pool coverages (\$109k) based on guidance received from the risk pool, the addition of a \$150k Blake Decision LFO refund placeholder in the Clerk’s budget; and inclusion of the ongoing SAAS (“software as a service”) license costs of the new DCD Tyler Permit Plan system (\$111k).

There are certain costs not yet fully incorporated into this Recommended budget pending further discussion with the departments and/or the BOCC or further analysis, including:

- Capital outlays—while a preliminary draft capital outlay plan 2022 has been included with the 2022 Recommended Budget materials, it has not been fully integrated into the Recommended Budget pending the outcome of discussions of the County’s update 5 Year Capital Plan covering 2022-2026 in a continued work session scheduled for 1PM on Monday, October 18<sup>th</sup>;
- True-Up of Indirect Charges by General Fund to Other Funds—the current budget does not reflect the final true up of indirect charges to be allocated by the General Fund to other funds. The impact of this true-up is not expected to be material to the 2022 General Fund budget.
- Other initiatives or changes in support funding the BOCC would like to incorporate into the budget.

## **GENERAL FUND BUDGET OVERVIEW**

At a high level, the 2022 Recommended Budget projects a beginning General Fund Balance of approximately \$15.953 million, Revenues totaling \$45.495 million, Expenditures (including Transfers Out to the Lower Dungeness and Dungeness Off-Channel Reservoir Capital Projects, HHS, Flood Control and other funds) of \$47.529 million, resulting in a budgeted use Reserves of (\$2.034) million, and leaving an ending General Fund Balance of \$13.919 million, representing an ending reserve level of 29% of total operating expenditures. Below are the revenue and expenditure highlights behind these results:

## **REVENUE BUDGET HIGHLIGHTS**

In this Recommended roll up of the 2022 budget, General Fund Revenues (excluding COVID-related reimbursements) are projected to total \$45,495k, representing a \$1,279k or 2.9% increase over 2021 projected revenue expected, and a \$4,372k or 10.6% increase over the 2021 originally adopted

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budget. When you further exclude Transfers In revenue (which consist mainly of cash flow neutral transfers from the Lower Dungeness and Dungeness Off-Channel Reservoir projects), General Fund Revenues are projected to increase \$1,579k or 3.8% from 2021 projected revenues.

In projecting revenues for 2022, while there are certain revenue streams that were significantly impacted by the COVID public health emergency in 2021 that are expected to partially or fully recover fully in 2022 (the most notable being revenues generated by the assumed resumption of the County Fair in 2022), certain of our revenue streams tied to retail sales activity are assumed to return to a more moderate level of growth (5%) as compared to the 16%+ growth projected currently in 2021 when we experienced a significant economic rebound as the COVID pandemic's effect on the economy began to subside.

While we see this economic recovery continuing into 2022, we do not believe it will be at the levels witnessed in 2021. Other revenue streams, particularly interest income, licensing and permits, and fines & penalties, are expected to decline in 2022 due to the impact of COVID on the interest rate environment that is expected to continue through 2022, a slowdown in building permit revenues from the 30%+ growth levels seen in 2021, and recent changes in RCW that will impact the County's ability to assess certain penalties and fines.

## **TAX REVENUES**

Tax revenues are projected to increase \$961k or 4.23%. Property taxes are projected to increase \$310k or 2.75% as we assumed the County takes its allowed for 1% annual levy growth limit, as adjusted for new construction assumed captured, as allowed for under statute. Sales-driven taxes (local retail, juvenile correction sales and use taxes and local criminal/public safety taxes) are projected to increase a combined \$498k or 5%, which again reflects our assumption that sales taxes grow at a more moderate rate as compared to the 20-30% growth seen in 2021. Timber excise tax is also projected to increase \$91k or 32% from 2021 projections based on a true-up adjustment assessed the County by the Department of Revenue in 2021 due to an error discovered in prior years' timber excise tax remittances.

## **LICENSES & PERMITS**

Licenses & Permits are currently projected to decrease \$120k or -10.2% from 2021 projections mainly due to an assumed decline in building permit revenues from the 30%+ growth since in 2021 that was being driven by high demand for permits prior to new building code requirements taking effect in mid-2021 as well as the robust building activity occurring in 2021.

## **INTERGOVERNMENTAL REVENUES**

Intergovernmental grant revenues are projected to decrease \$446k mainly due to a \$299k one-time state appropriate grant received in 2021 in support of law enforcement costs, and decreased grant revenues budgeted for HHS Environmental Quality, Juvenile Services, Superior Court and decreases in other areas, as offset by \$1,388k growth in Intergovernmental tax revenues from PILT, which is mainly due to additional PILT the County expects to receive from additional funding made available under ARPA, along with 3.3% growth assumed from non-ARPA funded PILT, PUD Privilege Tax, Criminal Justice, Marijuana and Liquor related excise taxes.

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## **CHARGES FOR GOODS & SERVICES**

Charges for Goods & Services are projected to increase \$746k or 9.8% in 2022 driven mainly due to recovery of certain COVID-impacted revenue streams, including the resumption of the County Fair (+\$205k), the commencement of a Mental Health Court within District Court 1 which will be funded through Hargrove funds paid to the General Fund by the HHS Chemical Dependency/Mental Health fund (+\$200k), and partial improvement in Sheriff Jail revenues derived from the provision of excess jail bed space to the State Department of Corrections which are expected to continue to be negatively impacted during 2021 and 2022 due to COVID jail capacity restrictions and DOC operational challenges (\$100k improvement over 2021 expected). We also expect continued growth in title-related filing and DOL licensing revenues in 2022.

## **FINES & PENALTIES**

Fines & Penalties are budgeted to decrease -\$134k or -13.8% over 2021, mainly due to a reduction in property tax penalties and certain indigent fines due to recent changes in RCW that restrict the County's ability to assess such fines in 2022.

## **MISCELLANEOUS REVENUE**

Miscellaneous Revenue, consisting mainly of interest income and parks camping fees, is projected to decrease \$145k or -7.1%, driven mainly by a \$365k drop in budgeted interest income driven by the collapse of 2-year CD and the LGIP investment pool interest rates in 2020 and continuing into 2021 due to the aggressive economic stimulus measures taken by the Federal Reserve at the onset of the COVID emergency in 2021, coupled with the remainder of the County's 2-year CD investment portfolio maturing in 2021 and 2022 and being reinvested at substantially lower interest rates. Interest rates are assumed to not begin to meaningfully recover until 2023. Partially offsetting this continued decline in interest income are higher expected revenues earned from sales of unclaimed property, modest campground revenue growth, and approximately \$91k in higher revenue from the resumption of the County Fair in 2022.

## **OTHER FINANCING SOURCES (TIMBER SALES)**

Other Financing Sources, consisting mainly of timber revenues to the General Fund, are budgeted to increase \$220k or 42% based on an August Recommended DNR timber harvest sales projection received for 2022, with the year-over-year increase being driven by the rise in timber prices for timber sales auctions that occurred in 2021 that will be harvested in 2022-2023, as well as spill over 2021 budgeted timber revenues to 2022 due to DNR delays in harvesting certain areas in 2021 due to road building and weather-related delays.

## **TRANSFERS IN**

Transfers In to the General Fund are projected to total \$1.84 million in 2022, consisting of \$1.5 million from the Lower Dungeness Floodplain Restoration project and \$300k related to the Dungeness Off-Channel Reservoir project. This represents a decrease of -\$300k over 2021, relating specifically to the Transfer In budgeted in 2021 related to the General Fund's provision of \$300k in bridge funding to HHS in support of the Serenity House bathroom remodel project required for Serenity House to open its expanded shelter space for which Serenity House may or may not receive grant

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funding to fund. These Transfers In are fully offset by corresponding changes in Transfers Out relating to the Lower Dungeness, Off-Channel Reservoir, and Serenity House HHS project, making these cash flow neutral events for the General Fund.

## **INTERGOVERNMENTAL—COVID REIMBURSEMENTS**

Consisting of our centrally administered COVID-related reimbursement grants including FEMA and CARES, this revenue category is budgeted to total \$100k in 2022, consisting of spill-over of 2021 anticipated reimbursements of FEMA COVID-related expenditures. This represents a decrease of \$875k from 2021 when the bulk of FEMA reimbursements for 2020 and 2021 are projected to be received, as well as \$529k related to the AOC CARES-funded JAVs courtroom technology project received in 2021.

## **EXPENDITURE BUDGET HIGHLIGHTS**

Turning to expenditures for the General Fund, our Recommended expenditure budget, excluding COVID-related costs) currently stands at \$47,529k, an increase of \$5,614k or 13.4% from our 2021 projected expenditures, and an increase of \$2,879k or 6.4% over the adopted 2021 budget.

## **SALARIES, WAGES & BENEFITS**

The largest driver of the increase over 2021 projected expenditures is in Payroll and Benefits costs. Representing approximately 72% of our total expenditure budget, Payroll and Benefits are up \$3,000k or 14.04% and \$1,176k or 13.42%, respectively, to the 2021 forecast. These increases are mainly due to the fact that the budget assumes all budgeted staff positions are filled for the entire year as required under current policy, which clearly was not the case in 2021 where due to retirements, voluntary terminations, delays in filling positions during the year, and the partial hiring freeze put in place beginning in March 2020 that continued through the first of quarter of 2021, the County had more open positions during 2021. This resulted in a projected budget underspend in payroll and benefits in 2021 of approximately \$1.95 million. Based on 3-year and 5-year historical average payroll/benefits budget underspend of \$1.88 million and \$1.67 million, respectively, we anticipate a similar level of personnel budget underspend, while not reflected in the current 2022 Recommended budget due to policy, is nevertheless achievable in 2022. If you adjust our 2022 personnel cost budget for this average \$1.67 million average budget underspend, our combined personnel costs in reality are expected to increase \$2.506 million or 8.3% in 2022 as compared to 2021.

This 8.3% increase in overall payroll/benefits costs is largely being driven by the full year impact of collective bargaining-related COLAs of 1% implemented in July 2021 and 2.5% in January 2022, the addition of accreditation pay and implementation of a 9-step restructured pay scale affecting our law enforcement deputies, sergeants and correction officer collective bargaining units, a \$50-per-month increase in County-paid health premium increases for most collective bargaining units, and the addition of longevity-based medical premium pay beginning in January 2022 as provided for in the collective bargaining agreements renewed in July 2021. Position step increases, promotions, salary-study-based adjustments for certain positions, the approval of new positions in 2021 (including the Mental Health Court Coordinator, Treasurer Fiscal Specialist II, and other positions), and the filling of positions held open during 2021 (including the HHS Deputy Director position) also contributed to the increase. Finally, the payroll cost increase in 2022 also reflects new FTEs requested by the following

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departments in the 2022 Department Requests Over Base Budget, including Auditor (+1.63 FTEs), BOCC Non Departmental (+1 FTE), Prosecuting Attorney Coroner (+1.5 FTEs), and WSU (+.5 FTE). These increases were partially offset by an approximate \$500k annualized decrease in DRS pension benefit costs paid by the County as a result of substantial decreases in employer-paid contribution rates assessed to the County by DRS beginning in July 2021 for multiple pension plans based on stronger than expected pension plan performance.

Overall, we have budgeted 9.7 more FTEs in 2022 as compared to the 2021 budget, with additions in Auditor (+1.63 FTE), BOCC Operations (+.7 FTE), BOCC—NonDepartmental (Finance) (+1.0 FTE), DCD Environmental Quality (+.25 FTE), DCD Permit Center (+1.0 FTE), DCD Long Range Planning (+.37 FTE), HHS Admin (+1.4 FTE), Sheriff Operations (+1.54 FTE), Prosecuting Attorney-Coroner (+1.5 FTE), District Court 1 (+1.0 FTE), and WSU Extension (+0.5 FTE) as offset by reductions in HHS Environmental Health (-.4 FTE), and DCD Admin (-.86 FTE). It is important to note that the Recommended budget does not factor in health insurance benefit rate increases, which will not be known until October and will be reflected in the Draft Budget.

## **SUPPLIES**

Supplies are projected to increase \$343k or 29.5% compared to 2021 non-COVID projected supplies costs, and increase \$263k or 21.1% compared to the 2021 adopted budget. This increase is mainly due to the new Tyler Permit Plan system annual SAAS license entered into in 2021 (\$111k), IT-recommended SRF requests recommended for approval across multiple departments as outlined in the "2022 Department Requests Over Base Recommended Budget" (\$122k), additional supply costs in support of new FTEs added to the budget, and due to the 2021 projected underspend to budget.

## **SERVICES**

Services in 2022 are projected to increase \$1,564k or 25.19% over 2021 projected non-COVID services, and increase \$1,248k or 19.1% compared to the 2021 original budget. These increases are mainly due to the following:

- Ending of the ER&R holiday for vehicle replacements implemented in 2021 as a precautionary cost savings measure (driving approx. \$244k of the increase mainly in Sheriff Ops and Parks/Facilities);
- Creation and operation of a Mental Health Court in District Court 1 (\$86k);
- Estimated Blake Decision LFO Refunds placeholder added (\$150k);
- Resumption of Assessor PACs software maintenance costs being funded by the General Fund rather than the Treasurer REET Technology fund (\$67k);
- A \$57k increase in DCD—Environmental Quality Salmon Recovery services;
- Higher IT infrastructure-related network monitoring services costs (\$34k) resulting from the County's IT infrastructure refresh project of 2020/2021;
- Additional Services recommended for funding as outlined in the "2022 Department Requests Over Base Recommended Budget", including:
  - Assessor (\$83k—primarily for the Eagleview High Resolution Oblique Imagery service);
  - IT (\$220k—consisting of \$186k for MS Office365 and \$34k for additional costs of maintaining high speed voice/data communications needed to support remote working/Zoom);

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- HR (\$27k—for expanding NEOGOV usage for onboarding/orientation, higher subscription costs, and increased online job posting advertising);
  - Prosecuting Attorney (\$81k—mainly relating to higher coroner services costs, certifications, and restoration of in-person training budget);
  - Superior Court (\$51k relating to securing additional conflict attorney, guardian ad litem services needed);
  - District Court 1—additional funding for conflict attorney for criminal cases (\$12k);
  - Park & Facilities—increase in building repair and maintenance budget to reflect higher costs being experienced as facilities age (\$17k); and
  - WSU—increase in contract salary of 4H Agent and WSU MOA increase (\$4k)
- These increases are partially offset by 2021 projected budget underspend in Services in multiple other areas, the most notable being lower Superior Court and Prosecuting Attorney expert witness, indigent defense and other services incurred in 2021 relating to the multi-homicide cases of late 2018/early 2019 that were slated to be tried in 2021, with all but one case pleading out resulting in substantial savings to the 2021 services budget.

## TRANSFERS OUT

Transfers Out are budgeted to total \$2.685 million, a \$398k or -13% decrease from 2021. This decrease is mainly due to a \$146k decrease in Transfers to HHS Operations due to the General Fund's provision of \$300k of bridge funding to HHS in support of the Serenity House bathroom remodel project required for Serenity House to open its expanded shelter space and to facilitate the County's shutdown of isolation shelter operated since April 2020, as offset by a \$154k increase in Transfer funding needed to cover 2 of the 4 new positions being added at HHS that are not grant funded. Also driving the decrease is a lack of Parks/Facilities and IT Capital Projects transfers being reflected in the 2022 Recommended Budget pending completion of the 5 Year Capital Plan update which will be incorporated in the Draft Budget, the initial funding of the Bullman Beach fund in 2021 (\$75k), and a \$61k decrease in Transfers to Flood Control. Partially offsetting these decreases is a \$17k increase in Transfer to the Local Crime Victim Comp fund relating to staff and other costs budgeted in support of the Dungeness Off-Channel Reservoir.

Transfers Out from the General Fund included in the 2022 Recommended budget include the following:

● Lower Dungeness Floodplain	\$1,500,000
● Dungeness Off-Channel Reservoir	300,000
● HHS Operations	768,915
● PW--Flood Control	46,351
● Local Crime Victim Comp	17,000
● Employee Healthcare	19,000
● Law Library	23,964
● PW--Solid Waste	4,000
● HHS Chemical Dependency/Mental Health	5,887

**TOTAL TRANSFERS OUT—2022** **\$2,685,117**

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## **CONCLUSION/TAKE-AWAYS**

Based on this Recommended revenue and expenditure budget, the budget reflects utilizing (\$2,034k) of General Fund reserves to fully fund the 2022 budget. However, as discussed previously and as outlined in the attached "Breakdown of Recommended Budget Deficit", based on historical average underspend to our personnel and benefits budgets of \$1.7 million, it is likely the Recommended budget deficit for 2022 is closer to (\$319k), as compared to 2021's projected surplus of \$1,326k (excluding COVID-related revenues/expenditures).

As will be discussed next, once estimated General Fund capital outlays of \$285k, related grants of \$20k, and transfers to the Parks/Facilities and IT Capital Project funds of \$1,018 are factored into the 2022 budget, the General Fund is projected to generate an operating deficit of (\$1,602k), which would leave an ending fund balance of \$14,351k for 2022, or a reserve of 31% of expenditures.

## **OTHER AREAS FOR FURTHER DISCUSSION**

- **CAPITAL REQUESTS**—consistent with the draft 5 Year Capital Plan and 2022 Proposed Capital Budget that will be presented to the BOCC at a continued work session scheduled for October 18, 2021, we are proposing a total \$16,027,330 of capital outlays for the 2022 budget, and deferring \$1,940,000 of requests identified in the 2022 capital plan. The recommended capital outlays are proposed to be funded through the following sources (source: "Proposed Capital Requests to Include in 2022 Budget" attachment):
  - Parks & Facilities Capital Projects Fund--\$2,385,000 (consisting of the first half of the EOC construction phase (\$2.1 million), of which \$1.176 million is funded through a Dept of Commerce Grant approved as part of the 2021-23 biennium that must be accepted by 6/30/2023 to guarantee the funds are available; also included are \$115k for PFF Unanticipated Projects, \$70k to fund a Building Facility Security and Safety Study, and \$100k for the painting of Camp David Jr); the capital outlays from this fund will require a Transfer from the General Fund of \$777k.
  - IT Capital Projects Fund--\$468,030 (mainly relating to fund the redesign and replacement of the County website—\$100k, upgrading the County's tape backup system to a VEEM-Network Data Back Up system which will reduce the County's disaster recovery time from 45-60 days to a few days--\$125k, implementation costs of the County's transition to MS Office 365--\$30k, and funding for recurring replacement cycle for PCs/laptops and UPS battery backup); the capital outlays from this fund will require a Transfer from the General Fund of \$239k.
  - REET 1--\$2,163,000 (consisting of \$1,728,000 of capital outlays, with major items including the continued replacement of the Courthouse VAV HVAC air system boxes (\$800k), a Fairgrounds Site and Security Lighting and Power Project (\$100k, which would be 50% grant funded); rebuilding of the Courthouse HVAC SF-1 system (\$100k), replacement of the PLC door controls at the Juvie facility to address a safety issue (\$200k), and to replace and expand the Courthouse Access Control Card Readers, Recording and Camera systems to enhance facility monitoring, security and address safety concerns. Also to be funded through REET are \$435k of transfers to the Carlsborg Deep

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Water Well (\$185k) and Carlsborg Sewer fund (\$250k) to fund completion of the Gupster Road sewer extension project approved in the 2021 budget);

- REET 2--\$2,331,319 (consisting of \$1,465k of capital outlays (including \$1,100k to Roads to fund 2022 road projects which includes an additional \$400k ask in 2022 to help fund the rebuild of Towne Road on the new Lower Dungeness Levy, installation of 3 electric car charging stations at the Courthouse (\$100k, of which \$68k is grant funded), and \$225k of carryover Courthouse irrigation/planter/sidewalk replacements), plus \$866k of transfers to the Clallam Bay Sekiu Sewer fund (\$718k) to fund a 5 year project to replace each of the systems five pump stations (\$470k), replace the drive bearings for the systems' remaining four biological contactors (\$80k), as well as subsidize this fund to fully cover its operating costs (\$168k));
- General Fund--\$285,400 (consisting primarily \$224k of Sheriff Operations/Jail/Emergency Services items (\$150k of which is for vehicle equipment for the scheduled replacement of 5 patrol vehicles, with remainder for ballistic vests replacements, patrol rifle upgrades, and server/software needs), Auditor (\$27k), and Prosecuting Attorney (\$35k). As noted earlier, Transfers from General Fund will be needed for the Parks & Facilities Capital fund (\$777k) and IT Capital Projects fund (\$239k) to fully fund the 2022 capital projects in these funds (these transfers of \$1,016k will be included in the 2020 Proposed Budget);
- Other Funds Capital Outlays
  - OPSCAN--\$175k
  - Operation Stonegarden--\$33k
  - Carlsborg Sewer--\$613k (including \$250k for the previously approved Gupster project (REET funded), and \$240k for the Savannah/Village Lane extension (proposed to use Opportunity Funds)
  - Clallam Bay Sekiu--\$2,150k (includes \$1.6 million DOE grant funded collection system rebuild project, \$470k to replace one of five pump stations (REET 2 transfer funded), and \$80k to replace all bearings on remaining four biological contactors (REET 2 transfer funded);
  - ER&R--\$2,205k, consisting of vehicle and equipment replacements for Roads of \$1.655 million and \$420k for General Fund;
  - ARPA--\$250k for Bipolar Ionization Air Purification System for County facilities to reduce airborne illness risks (BOCC approved usage of ARPA funds); and
  - Dungeness Off Channel Reservoir--\$3.7 million of next phase of Dungeness Off Channel Reservoir Project (100% grant funded through grants rec'd to date).

In summarizing the total recommended capital spend by the key strategic initiative or summary categories we grouped our 2022-2026 capital plans according to, the 2022 Administrator recommended budget proposes the following spending by key initiative/grouping:

- **EOC Relocation**--\$2,100,000
- **Courthouse/Juvenile Services Building Security**--\$370,000
- **Courthouse Facility Aging Infrastructure Initiatives**--\$840,000 (consisting of \$800k for VAV Air System Box replacements);
- **Disaster Recovery/Business Continuity**--\$137,000
- **IT Infrastructure Initiatives**, including:

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- **Applications--\$149,000**
- **Sewer System Repair/Replacement Initiatives--\$2,150,000** (relating to Clallam Bay/Sekiu collection overflow project which will be 100% funded through Ecology grant/loan (\$1.6 million), pump station replacement (\$470k), and biological contactor bearing replacement (\$80k))
- **Deep Water Well/Water Mitigation--\$3,950,000** (\$250k Carlsborg Water Mitigation, \$3.7 million Dungeness Off Channel Reservoir (100% grant funded)
- **Other Non-Recurring Capital Outlay—\$618,000** (fairgrounds security lighting project (\$100k), courthouse HVAC re-build (\$100k), Juvie replacement of PLC Door Controls (\$200k), Electric Car Charging Stations (\$100k, 68% grant funded)
- **Mandatory/Recurring/Regular Replacement--\$809,430**
- **Previously Approved Carry Over Capital Outlays—\$841,000**
- **Road Projects Supported Thru REET—\$1,100,000**
- **Non-Recurring Capital Fully Funded through Grants/Dedicated Funds (No General Fund/REET Funding Needed)—\$508,300**
- **ER&R Funded Capital Outlays--\$2,204,600**
- **ARPA Funded Capital Outlays--\$250,000** (building HVAC air purification system).

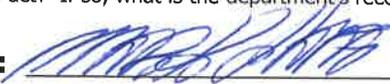
▪ **TOTAL--\$16,027,330**

- **DEPARTMENT REQUESTS FOR 2022**—as outlined in the attached "2022 Department Requests Over the Base Budget—Administrator Recommended Budget", a total of \$1,325,216 of the \$1,649,373 of additional General Fund spending requests are included in the Recommended Budget, with the remaining \$324,157 recommended for deferral. Of the Other Non-General Fund requests of \$595,370, we have recommended approval of \$474,670.

**Budgetary impact:** (Is there a monetary impact? If so, are funds for this already allocated or is a budget change necessary? If this is a contract and a budget change is necessary, the budget change form must be submitted with the item at work session and for the regular agenda) **If a budget action is required, has it been submitted and a copy attached?**

This is the Recommended rolled up budget for 2022. No budgetary impact until the final adopted budget is approved in December 2021.

**Recommended action:** (Does the Board need to act? If so, what is the department's recommendation?)

**County Official signature & print name:**  Mark Lane \_\_\_\_\_

**Name of Employee/Stakeholder attending meeting:** \_\_\_\_\_ Mark Lane \_\_\_\_\_

**Relevant Departments:** \_\_\_\_\_

**Date submitted:**

October 6, 2021

\* Work Session Meeting - Submit 1 single sided/not stapled copy      Agenda Item Summary Recommend Budget 2022 10112021.docx  
 \*\* Regular Meeting – Submit 1 single sided/not stapled copy and originals (1 or 3 copies)      Revised: 3-04-2019