



Board of County Commissioners

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TO: Elected Officials, Department Directors and Administrators

FROM: County Manager Erik Martin 

DATE: August 9, 2021

SUBJECT: 2022 Budget Call Letter

In accordance with the requirements set forth in RCW 36.40, this memorandum is the official notice for all elected offices and departments of Lewis County to prepare and **submit their budget requests for 2022 no later than September 13th of this year.**

The primary goal in the budget process is to strike a balance between maintaining the fiscal health of the county and continuing to provide high-quality, effective programs and services. The County does this by following best practices for budgeting to maintain fiscal stability and focus county efforts on the essential functions of government to ensure the best use of public funds. The Board of County Commissioners (BOCC) relies upon each elected official and department head to do their best to meet these goals when preparing a preliminary budget for the coming year.

As we plan and develop the 2022 budget through December, we ask that you focus on the following, as you are working on your budget:

- Evaluate programs and services and review all revenue sources.
- Evaluate new ways to provide services including new technology that would enhance services for our residents and create more efficient processes.
- Continue to look for grant funding opportunities.
- Plan for future retirements with succession planning while identifying our future leaders.

COVID-19 RESPONSE TO RECOVERY

The COVID-19 pandemic impacted almost every area of county government, whether in direct response or through service impacts due to teleworking and mitigation efforts. The economic crisis, caused by actions taken to prevent the spread of the virus, initially resulted in increased unemployment in Lewis County, impacted businesses and slowed down construction activity in early 2020. However, Lewis County was able to rebound and is on the path to economic recovery. The unemployment rate has continued to improve, sales tax has come in well above expectations and construction activities continue to increase regardless of the labor shortages, increase in costs and demand on the supply chain.

EXPENDITURE LIMITATION

All General Fund offices and departments will have an expenditure limitation. The limitation will be based on your 2021 adopted budget less any one-time 2021 expenditures plus any known and approved increases that will occur in 2022 including the increase costs from the salary study placement and approved COLA for 2022 as well as any professional services contract increases previously approved. For budget preparation, a detailed overview of the limitation is available in the budget instructions.

If your office or department believes additional resources are required in order to meet the needs of your customers, a budget increase form will be provided. With this form, **please submit a written explanation of the need and how it can be addressed with the requested resources**. Also, please provide any historical information and an analysis of alternative solutions, including why this request is the best solution in terms of efficiencies and quality of service. For new programs or projects, include the beginning and ending times and all expected outcomes.

ESTIMATED YEAR-END REVIEW

Year-end projections in Munis are critical to decisions made by the BOCC. Overestimated expenditures and/or revenue could result in unnecessary reductions or delay necessary budget actions needed to maintain an appropriate level of reserves. Underestimating, likewise, may also be problematic. So please pay close attention to year-end projections and be as accurate as possible.

BUDGET MEETINGS

Budget meetings will only be required of those offices and departments requesting an increase in budget appropriation. Please be prepared to discuss all requests for additional resources during budget meetings with the BOCC and Citizens Budget Committee. Budget meetings are scheduled for October 6th and 18th, and we will coordinate with you on those dates in the coming weeks. Once all budget meetings are completed, all requests for increases will be considered as the BOCC weighs those requests against the overall budget forecast.

GENERAL FUND REVENUE (2020 VS 2021)

For 2021, as of the end of June, sales and use tax collection is up approximately 55% over 2020, and timber revenue is anticipated to exceed the anticipated 2020 budget (although history has shown these early projections can change drastically before year-end). The General Fund revenue as a whole is up an estimated \$800,000 from June 2020. Overall revenue has increased over last year, and we anticipate this trend to continue for the remainder of the year and into next year largely due to new construction activities, the infusion of federal recovery funds and the proposed federal infrastructure package.

AMERICAN RESCUE PLAN ACT (ARPA) - STATE AND LOCAL FISCAL RECOVERY FUNDS

The American Rescue Plan Act (ARPA) signed into law on March 11, 2021, provides \$350 billion in emergency funding for eligible state, local, territorial, and Tribal governments. The U.S. Treasury has distributed Fiscal Recovery Funds to local governments and states over the last two months. Lewis County will receive \$15.6 million, of which half (\$7.8 million) was received in May of this year. These recovery funds can be used for:

- Supporting the Public Health Response
- Replacing Public Sector Revenue Loss
- Investing in Water and Sewer Infrastructure
- Addressing the Negative Economic Impacts
- Providing Premium Pay for Essential Workers
- Investing in Broadband Infrastructure

I encourage all of the elected and directors to review the ARPA eligible funding categories and provide feedback to me, Becky Butler and the BOCC on projects or programs that could be funded with these one-time recovery funds.

STRATEGIC PLANNING

Lewis County adopted a five-year strategic plan "Vision 2025". The Strategic Planning Advisory Committee identified five factors that residents believe need to be emphasized to improve the quality of life in Lewis County. These equally important factors are:

- Economic Development
- Housing & Proactive Growth
- Public Health & Social Services
- Fiscal Sustainability & Organizational Efficiency
- Public Safety

The Lewis County BOCC will incorporate those strategic directives when planning for the future, including the allocation of ARPA funds through 2024. This process will engage the citizens and employees of Lewis County. These short-term and long-term budget priorities and goals will guide Lewis County leadership through future financial difficulties and financial growth. Details of the Vision 2025 Strategic Plan can be found on the Lewis County website. As we move forward with accomplishing the initiatives outlined in the plan future, progress reports on each strategic directive will also be available at:

<https://lewiscountywa.gov/offices/commissioners/lewis-county-strategic-plan-2020-2025/>

CLOSING

In 2020, we witnessed resiliency, compassion and community strength during a time no one could have prepared for. Without the adaptability and dedication of all our employees during this trying time, we would not have been successful in making sure our residents had continuation of services. The COVID-19 pandemic and associated impacts (direct and indirect) have shown us that we are capable of making change quickly and effectively while maintaining service levels. We are proud of our employees' accomplishments as they faced significant challenges here at work, while managing many challenges in their personal lives with concerns around how this pandemic would impact their own families. I have said it before and will say again, the employees of Lewis County are our biggest asset and without their dedication to public service, we will not be successful in our mission and would not have been successful over the past year and half making our way through this ever-changing environment.

Let me know how I can help you! You may contact me at ext. 2697, via email at erik.martin@lewiscountywa.gov or on my cell, 360-556-9093, at any time to discuss any ideas, questions, or concerns you may have.

THANK YOU FOR YOUR SERVICE TO LEWIS COUNTY

