December 11, 2018

Mason County Commissioners
Chair Randy Neatherlin
Commissioner Terri Drexler
Commissioner Kevin Shutty

Dear Commissioners,

The Mason County Citizens Advisory Budget Committee was created by the Board of County Commissioners (BOCC) and consisted of five citizens from diverse public and private disciplines offering a broad spectrum of experience. It was tasked to review existing circumstances and develop recommendations to the County Commissioners on:

1) Budget priorities based on mandates;
2) How to close the funding gap between expenditures and revenues;
3) Examine and evaluate new revenue sources and new revenue options and provide recommendations on what to pursue;
4) Define and recommend alternative budgeting methods, i.e. zero based, line item authority and biennial;
5) Define opportunities to better manage expenditures and revenue growth;
6) Establish recommendations for a county-wide sustainable budget.

This committee looked at how the revenue for the county is generated.

The graph below identifies the amounts and percentages for the 2019 Adopted Budget:

![Pie chart showing revenue sources and percentages](image)

- **Taxes, $21,024,566**: 59%
- **Permits, Fines, Other Resources, $4,832,026**: 13%
- **Charges for Goods & Services, $4,887,417**: 14%
- **Fed, State, Local Grants, $4,873,621**: 14%
The committee also looked at how the property tax payments are distributed. The graph below shows what percentage of your tax payments are paid to what group:

- County, 10%
- Education, 56%
- Fire, 14%
- Hospital, 8%
- Roads, 12%

The County's 10% portion supports the Current Expenses of the county; which funds all county

Elected Official's Services:

<table>
<thead>
<tr>
<th>Elected Official</th>
<th>Services</th>
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<tbody>
<tr>
<td>Assessor</td>
<td>Auditor</td>
<td>Auditor</td>
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<tr>
<td>Clerk</td>
<td>Commissioners</td>
<td>Coroner</td>
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<td>District Court</td>
<td>Prosecutor</td>
<td>Sheriff</td>
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<td>Jail</td>
<td>Superior Court</td>
<td>Juvenile Services</td>
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<td>Treasurer</td>
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And all Departmental Services:

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<tr>
<th>Services</th>
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<tbody>
<tr>
<td>Public Defenders</td>
<td>Human Resources</td>
<td>Community Development</td>
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<td>Support Services</td>
<td>Budget</td>
<td>Emergency Management</td>
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<td>Risk Management</td>
<td>Facilities and Grounds</td>
<td>Courthouse Security</td>
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<td>WSU Extension</td>
<td>Parks and Trails</td>
<td>Portions of Public Health</td>
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<tr>
<td>Information Technology</td>
<td>Equipment and Vehicles</td>
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For 2019 the Current Expense expenditures are allocated as follows:

- Environmental Services, $2,199,602, 6%
- Criminal Justice & Public Safety, $17,501,360, 49%
- Social, Cultural and Capital, $2,031,782, 6%
- General Government, $13,885,308, 39%

This committee also examined all departmental functions including the responsibilities they have from legislative requirements (mandates), what funding sources were available to support the mandates and understand what the gap was between funded, under-funded and unfunded mandates. The committee met with each elected official and department head to discuss, in depth, their budgets, operations, staffing levels and needs, and shortfalls. It was very evident that the problem the county is facing is expenditures, driven by market conditions, are rising much faster than the county has the ability to increase revenues that support the expenditures.

Proposition 747 limits the ability of the county to raise property taxes to no more than 1% and Retail Sales Tax was set by voter approval. Annual property taxes can increase, by the language in Proposition 747 by only $200,000. The difficulty today is that the regional employment market has salaries growing at about two percent plus (2%+) annually. If the county were to give its employees a two percent (2%) salary increase it would cost about $920,000. This gap created by the divergent revenue vs. expenditure stream cannot be managed without continually reducing staffing. This cannot be resolved by county government without the assistance of the citizens. It is understandable that no one wants to pay additional taxes. Without adequate resources, county government will need to continue either:

1. Continue reducing staff or
2. Reduce hours open to the public

Both of these options will result in reduction of services to the public.
County staff presented to the committee numerous reports showing various methods of increasing revenue funding sources and new revenue streams that are not currently utilized. The reports included the requirements to implement various funding sources, such as:

- Unilateral action taken by County Commission to shift resources from one fund to another: A Levy Shift or Diversion
- County Commission action to present to the citizens a proposition requesting voter approval to authorize an addition to revenues of the current expense fund: A Single or Multi-year Levy Lid Lift
- Other citizen action that the County Commission can support.

This committee recognizes that the current state of county expenditures is as minimal as it can possibly be. There was extensive review of all expenditures within all phases of operations and nowhere did we find overspending or unnecessary expenditures. As a matter of fact, all of the department budgets are below a reasonable level of funding. Some are at critical levels where they are unable to maintain required mandates with current funding levels. After the review of the current budget, it is apparent to this committee the only solution to this problem is to increase funding to the Criminal Justice and Public Safety component of county government by utilizing those funding sources that are restricted to Criminal Justice and Public Safety. Mason County citizens are the resources that can change the shortfall. Without change the county will continue to have expenses increase at a pace greater than revenues.

This committee carefully reviewed all the information presented by the Elected Officials, Department Heads and county staff and came to the conclusion that the Criminal Justice and Public Safety system had the greatest need for additional funding and, as such, should receive highest priority in increased revenue opportunities. The committee unanimously makes the following recommendations in order of priority.

1) Support a citizen-led initiative to pursue a voter approved multi-year “Lid Lift” to the maximum amount allowable. The lid lift could be used for Criminal Justice and Public Safety needs and could be specified in the initiative as to how the funds could be spent.

2) Review and increase fees for services, annually.

3) Pursue and increase all grants and partnerships where and when available.
This Committee recommends to the Board of County Commissioners the following to be utilized when, or, as necessary.

1) Support and/or lead an initiative to pursue a voter approved, county-wide, Metropolitan Park District with a more cohesive and cogent focus. This could reduce unfunded service expenses from the county current expense fund that could be used to supplement and expand Criminal Justice and Public Safety.

2) Recognize the need for expanded jail facilities,
   a. Fund the construction cost of a new jail facility with a voter approved Criminal Justice levy of $.50 per thousand of assessed property value for six years
   b. Initiate a three-tenths of a percent (.3%) sales tax increase to be used for inmate outsourcing and ultimately, with the increased capacity offered by a new jail facility, the increased staffing needs for that facility.

3) Seek recommendations from juvenile professionals regarding outsourcing the current Juvenile Detention services to Kitsap County for north end citizens and to Thurston County for south end citizens.

4) Provide opportunities for its employees to work more efficiently by continuing to move forward with increasing more productive, citizen centric, electronic advancements that improve, simplify and expand services to the citizens of Mason County by using electronic services and LEAN practices to improve service quality, eliminate waste, eliminate inefficiency and reduce total costs.

5) Implement a county wide policy to limit or restrict use of comp-time reducing the exposure to the cost of overtime. This could reduce the exposure of increased accrued leave liability in future years

The committee did not come to consensus on a recommendation for an alternative budgeting process.

This committee feels that Mason County must provide to its citizens a safe and secure place to live and county government must continue to address the needs of the community by providing adequate services.

Without immediate attention by the citizens of Mason County and allowing, via voter approval, county government to increase tax revenues, county government will have no choice but to continue reducing staff, services and hours of operation.

Mason County Citizens Advisory Budget Committee

Jim Sims – Vice Chair
Jeff Carey
Tamra Ingwaldson
Astrid Pearson
Cheryl Williams