

To:
The Citizens of Yakima County
Elected Officials and Department Directors

-2006 Budget Message-

Overview

The full document constitutes the formal 2006 Budget for Yakima County. The General Fund of Yakima County supports day to day operations of core County services – providing funding for law and justice, tax assessment and collection, elections, accounting, human resources, parks planning and others. Some of these services the public sees directly (law enforcement, parks, courts) while other functions serve the taxpayers indirectly (accounting, tax assessment and collection, human resources). Many services are required or mandated by the state or federal governments (Stormwater, Growth Management, Law and Justice); often there is little or no funding available to meet these mandates.

Over the past decade, the County has struggled to meet the growing demands in these areas with existing revenues. Unfunded state mandates, particularly in the law and justice areas, have strained our ability to meet greater service demands from an increasing population.

In addition, initiatives have impacted the County's ability to fund services. Initiative 695 (also called the Motor Vehicle Excise Tax initiative or MVET) has translated into over a \$4.1 million annual loss to the County's budget. Initiative 747 (property tax initiative) has resulted in a \$6.1 million annual reduction in the growth of property taxes. Together, the Yakima County budget has been constrained by over \$34.8 million since 2001. This revenue constraint, coupled with the growth in state mandates, has forced program cuts and changed how we develop the County's annual budget.

Budget Process

Departments in the General Fund were directed to take a 4% reduction from their 2005 Budget levels for the 2006 Budget. This required departments to absorb roll-up costs for salaries and benefits, fixed costs (Purchasing, Facilities, Liability Insurance and Technology Services) and other operational costs such as supplies, gasoline and other services.

Meanwhile, additional changes were made to non-mandated services. Commissioners asked the City of Union Gap to take over the ownership and responsibility for operations of the Ahtanum Youth Park, located within the city limits of Union Gap. Only \$100,000 in General Fund support will be provided for parks, which only funds the operation of the Ahtanum Youth Park for six months in 2006. It is anticipated the City of Union Gap will assume Ahtanum Youth Park in July 2006 and keep the park fully open. In 2006, Yakima County will contract with the Yakima Storage Basin Alliance to provide \$50,000 of support to the Black Rock Dam project for future economic development.

After final adoption of the 2006 Budget was complete, the County received an opinion letter from the State Attorney General detailing what constitutes supplanting of funding as it relates to the voter approved 3/10th's sales tax that began being collected during 2005. The new sales tax revenues are deposited in a separate fund outside of the General Fund but are allocated to the following departments: Sheriff, Prosecuting Attorney, Assigned Counsel, Clerk, District Court, Superior Court, and Youth Services. It is the opinion of the State Attorney General's Office that funding levels for 2006 cannot be less than the 2005 budgeted funding levels for these departments before the new sales tax can be allocated. Therefore, the 4% across the board reduction must be restored to each department that receives the new sales tax funding before the 3/10th's sales tax funding can be used. Commissioners plan to adjust the 2006 Budget just after the beginning of the year to meet this opinion.

On-Going Budget Strategy

Yakima County began the 2006 Budget process by identifying the community priorities for County government: public safety, law and justice, economic development, quality of life, public services, governmental services, and health and human services. The County will continue this process to break down these priorities into functional areas to help direct future spending of available resources. Currently, over 84% of the general revenues received by Yakima County are spent on public safety and law and justice.

The Board of County Commissioners adopted a new General Fund Reserve policy that will strive to maintain an appropriate total reserve to protect our financial standing in the bond market, protect cash flow and to respond to unforeseen emergencies. It has been determined for 2006 that a minimum total reserve of 12% is necessary to achieve these goals.

Commissioners have recently adopted new budget policy relating to reserve levels in the County's Liability Insurance fund, to provide for an adequate response to claims against the County. Additionally, Commissioners approved a "Flex Cost" policy to properly budget and maintain adequate reserves for line item budget costs volatile in nature and difficult to anticipate and/or predict. Commissioners also adopted a Carryout policy to encourage and reward elected officials and managers to budget and spend prudently.

The Board of County Commissioners will continue to seek innovative ways to increase revenues as traditional funding

sources decline. For example, Yakima County operates a jail bed rental program, which allows the County to sell available jail bed space to out-of-county jurisdictions. In 2006 we anticipate this program to generate over \$11.6million dollars in revenues, helping offset the cost of our local Corrections' program.

Yakima County elected officials and department heads are committed to providing the best possible service to the public. We will continue to explore ways of providing more information and involvement of the public in our decision making as we enter a new era of providing basic local service. We will continue to work with state and federal officials to ensure that adequate funding is provided to implement mandated services. Finally, we will continue to pursue new revenue sources and generate new cost efficiencies to fund services our taxpayers need. We invite you to join us in this process.

The Board of County Commissioners

Ronald F. Gamache, Chair

Jesse S. Palacios, Commissioner

Michael D. Leita, Commissioner