

**Address from the
Snohomish County Executive**

Dave Somers

Recommended Budget for 2017

September 23, 2016

Thank you for being here today.

I'm honored to present my first budget as Snohomish County Executive.

But, first, I'd like to thank those County Council members who are here today. Also, I'd like to thank the other elected officials, department directors, and staff who worked hard to help us craft this budget. I greatly value your partnership.

Snohomish County government touches on some of the most important issues facing our community. From keeping the public safe, to providing housing for a rapidly growing population, to protecting our environment, to expanding our transportation system: County government is not distant and abstract, but right here in the communities we serve, working hard to make life better for our residents in practical and achievable ways.

As Jefferson once described it, "the government closest to the people serves the people best."

I believe my budget recommendation for 2017 is fair, innovative, and reform-minded. Most importantly, my budget is balanced. I think it's a budget that fulfills our basic responsibilities, provides essential public services, and invests in the future of Snohomish County.

I support an open budget process like the one that Bob Drewel championed during my first term on the County Council. We talked to everyone, listened to their priorities, and made decisions based on the needs of the county and the availability of resources.

I am fully committed to this kind of open, transparent budget process. I hope county leaders welcomed our budget discussions. We have worked hard throughout the year to continuously share information with my fellow elected officials, department directors, and the media to make sure everyone knew not only what we knew but also how we would proceed. The budget process is not a game or a venue for

scoring political points. Rather, it is a tool we use to act on our priorities today and help prepare Snohomish County for the future. I look forward to improving on the process next year with your input and assistance.

I set a few important new goals for the 2017 budget. Specifically to:

1. Launch reform of county government.
2. Save public funds.
3. Target investments in infrastructure and innovation.
4. Prioritize high impact economic development.

My budget will achieve those goals.

In the 2017 budget we have also increased our fund balance, making progress on an important long-term target. By this time next year, we hope to be preparing a budget that will allow us to reach our goal of 11% in 2018. The fund balance is important because it gives us a buffer when there are swings in the economy. Also, our fund balance gives us liquidity throughout the year, not only to deal with unforeseen contingencies but also to pay our bills.

To tell the story of 2017's budget, however, we need to go back about ten years. As everyone in this room knows, when the Great Recession hit, Snohomish County was not spared. In fact, we were hit hard. Unemployment rose, sales fell, and property values plummeted. Many of our friends and neighbors suffered terrible financial losses. The economy tanked about as far as it can without failing completely.

As a result of these financial losses, Snohomish County saw its budget squeezed to the limits. From 2007's adopted budget until our proposed 2017 budget, our number of employees has been significantly reduced. In 2007, the height of the last economic upturn, we had 1,642 employees supported by the general fund. For the 2017 budget, we are proposing 1,501. That's a loss of 141 employees in ten years, even as our county population has grown by tens of thousands of people.

Let me take our Department of Planning and Development Services as just one example. PDS ensures that Snohomish County grows wisely and sustainably. They also have an important role to play in ensuring we are protecting our environment. In other words, they are a critical part of ensuring our core responsibilities are being met.

During the recession, PDS lost over 50% of its workforce. Just think about that. Five out of every ten professionals who worked in PDS lost their jobs. Imagine the institutional memory and expertise that walked out the door. And PDS was not alone. Across most of the county, departments were thinned to the point of tearing. People lost careers. Many continue to struggle today from the aftereffects of the recession. Also as a result, our county government is much leaner.

Many thanks should go to the hard working employees of Snohomish County. For those who had to do more work with less help, thank you. Your resilience and dedication inspires us. Because you believe in the work, you are able to accomplish much in a very tough environment.

Some aspects of those dark days of the recession are still with us: our budgets remain tight, while our needs and ambitions are high.

The 2017 budget highlights the county's critical needs and our necessary priorities.

I know that there are frustrated elected officials and department directors who each had good ideas for new programs. While their cases for more resources were sensible, and in most cases the needs undeniable, the reality remains that we have limited resources.

Some examples:

Clearly, the heroin epidemic is hitting our community, region, and nation hard. It has increased the need for public safety and human service programs to address the complex issues inherent in the epidemic, but we won't be able to do everything we would like to address it. The public has spoken, and we simply don't have the money.

Our courthouse is aging and is in many ways deficient. Some would like to build a brand new courthouse across the street, but we simply don't have the money. Instead, we will renovate the current courthouse to improve safety, increase accessibility, and make the building more resilient. In the process, we will save more than \$80 million over the costs of a new courthouse.

Some would like to expand our workforce back to our pre-recession numbers, but we simply don't have the money. To balance the budget, we needed to reduce the number of General Fund employees. In addition, we are asking the Council for authority to implement a "Restricted Hiring Process" should we miss our budget goals. The Restricted Hiring Process will allow for greater scrutiny over any human resource needs across the county, giving us an additional cost-saving and budget-balancing tool.

Some, including me, would like to fix all of our broken elevators, leaking pipes, and tattered roofs tomorrow, but we simply don't have the money. But we will prioritize those infrastructure needs that are essential and work towards a long-term solution.

What I have done is set an overriding priority: Direct investment to ensure Snohomish County is prepared for the future, while being sensible stewards of the public purse today.

Our county budget is not a simple document. The challenge is that there is a built-in discrepancy between the increasing cost of doing business and the lagging resources available. Our expenses automatically increase by 4-5% or more every year because of escalating costs such as salaries, health care benefits, and other expenses. At the same time, our revenues only go up by at most about 3% in good years. This is the systemic funding gap for all county governments, including ours.

We have some long term challenges but also some very exciting opportunities!

My recommended budget for 2017 invests in the future of Snohomish County, preparing for the growth we know is coming.

For far too many years, Snohomish County government has routinely deferred maintenance on our buildings and postponed necessary technology investments. We have fallen well behind our peers and are at risk of not being able to accomplish our core responsibilities. In fact, the recent Meng study showed that we have a \$75 million backlog of critical maintenance and repair for existing buildings and infrastructure.

We have reached a point today where we must make some targeted investments in infrastructure and technology. We can't afford **not** to take care of the basics.

On the technology front, we need to move away from a model of in-person service to one of on-line access. Instead of standing in lines, we want the public to access information and services from their desktop, laptop, or mobile devices. By being innovative, we can catch up to the expectations of our public. By investing now, we will be prepared for the challenges ahead.

While I know there is always the temptation to raid these funds to add more personnel, this would be unwise and unsustainable. We've given into the temptation before and cannot afford to do so any longer.

These targeted investments in infrastructure, both capital and technology, are the first steps in getting us back on the right path. We will need to build on these steps each and every year to get us to where we need to be. We are committed to fixing these fundamental elements of Snohomish County government. That is an investment in our future.

This budget invests in the STEP Initiative [Service, Technology, Excellence Program], an effort to improve service, deploy technology, and maintain excellence. STEP is Snohomish County's program to adapt LEAN management principles to our reform efforts. STEP will allow us to become more efficient by implementing innovation and process improvement across our departments. The STEP Initiative also provides an opportunity to empower our employees, to identify opportunities for greater efficiency, and to improve customer service. That is an investment in our future.

This budget also invests in a review of the structure of county government. We are doing a top to bottom analysis of our departments to see where opportunities for mergers and consolidation might exist. We believe we can find opportunities to lower overhead and management costs, while removing silos, and improving customer experience. We believe we can do this without layoffs, relying on natural attrition and systemic cost savings. That is an investment in our future.

Finally, we must make a priority of economic development. There will be an additional 200,000 people moving to Snohomish County in the next twenty years. These people will need jobs and housing and transportation options. We must plan now for this growth or risk being left behind.

As you may know, I have launched an Economic Development Initiative to focus the county's efforts on this critical area of work. We have identified nine high priority areas of economic development and appointed a liaison for each area. These "sector leads" will be our eyes and ears in the community, providing one point of contact within Snohomish County government for each area. We have already heard from some of our partners about how much more accessible this makes the county. We plan to

put significant effort into our economic development activities, since this is one area of county government that can help with the critical priority of job creation. That is an investment in our future.

This budget also invests in Senior Centers. Earlier this year, we learned that many senior centers across the county would be facing significant budget cuts from other contributors. Our seniors rely on these centers for many important functions. For this crucial program, we have made a modest investment to ensure our seniors do not lose these essential programs. That is an investment in our future.

I believe strongly in partnerships and regional collaboration. That is one of the fundamentals for moving our region forward. One example of this is the establishment of our new Public Safety and Human Services Alliance. By working with cities, law enforcement agencies, and the non-profit and private sectors, Snohomish County can begin to bend the curve toward a safer, healthier, and more prosperous future. These regional partnerships are an investment in our future.

I believe I have delivered a budget that will help us reform county government, save public funds, invest in innovation, and prioritize economic development.

I hope you will join me in making 2017 another productive and safe year for all the residents of Snohomish County.

As the budget process now shifts to the County Council, I will do all I can to support their efforts to pass a balanced and sensible budget.

As we plan for the future, I look forward to a constructive partnership with the Council and all of our regional partners.

Thank you.