



# Snohomish County

## 2023 Budget Instructions

June 2022

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## I. Introduction

As we begin preparation of the county's budget for 2023, we want to provide the county's taxpayers, residents, elected officials, department directors, and county staff with information regarding the framework used by the Executive Office and the County Council to make budget decisions. The Executive's Recommended Budget will be delivered to the County Council in late September. This introduction outlines the basic assumptions that serve as the foundation for the recommended budget and shares our thought process on the preferred approach to dealing with our continuing budgetary challenges.

As departments develop their FY2023 budget, they are asked to review and consider all of their budget requests in relation to the County's Mission, Vision and Values.

### Snohomish County Mission, Vision and Values

#### **Mission**

*Our mission is to meet opportunities and needs of Snohomish County's residents efficiently, equitably, creatively, and collaboratively.*

- *As a provider, we are easy to work with and deliver efficient, quality services.*
- *As a collaborator, we work with regional partners to expand our effectiveness.*
- *As a steward, we support natural conservation and economic prosperity through innovation.*

#### **Vision**

*Our vision is:*

- *Safe, prosperous, and resilient communities*
- *Economic sustainability through innovation*
- *Healthy and preserved natural areas, forests, and waters*
- *County government that is accessible and serves everyone equitably*
- *A model for communities everywhere*

#### **Values**

*Our values are:*

- *Excellent Service*
- *Efficient, common-sense government*
- *Diversity, equity, and inclusion*
- *Innovative solutions*
- *Healthy forests, green spaces, agricultural lands, and waters*

*We do our work with honesty, transparency, respect, empathy, and teamwork.*

The 2023 proforma General Fund budget will load all authorized FTEs that existed as of May 23, 2022, while unfunded vacant FTEs in the 2022 adopted budget will continue as unfunded in the proforma. Departments may, of course, request funding for these positions, prioritized with all other department requested changes.

Your General Fund proforma budget will continue to include any previous commitments (e.g., increased revenue assumptions and/or budget reductions) that were included in previous adopted budgets. It is critical that departments identify and propose opportunities for cost savings as they review their business plans and prepare their budget submittals.

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Budgets for services provided outside the General Fund should be based on a thorough analysis of the respective fund's five-year plan and the ability to support program requests on an ongoing basis while continuing to meet targeted fund balance levels. The Executive will utilize these five-year plans to review the feasibility of any proposed service increases or reductions.

On May 9<sup>th</sup> the Office of Recovery and Resilience (ORR) sent an email explaining the process to submit projects that utilize American Rescue Plan Act (ARPA) funds from the US Treasury. Should you have an ARPA project, please use that process and NOT the regular County budget process through Budget Development Tool database (BDT). Should your project get approved, you will be notified by ORR and Finance/Budget will contact you on next steps associated with requesting appropriations. Only ARPA projects that go through the ORR's process will be considered for ARPA funds. The previously authorized Law and Justice Covid backlog resources will be included in Nondepartmental similar to the 2022 approach. Law and Justice departments do not need to re-request these resources.

We look forward to working closely with you throughout this budget process.

## II. 2023 Budget process

Departments will find their BDT loaded with their **2023** proforma budget. The proforma will be equal to the department's 2022 adopted budget, adjusted for step changes for non-management exempt employees, updated for benefit and internal service rates, and adjusted to remove one-time revenues and expenditures that were included in the 2022 budget. Unfunded positions in the 2022 budget will be continue as unfunded in the 2023 proforma budget.

Departments will have the opportunity to provide justification, if they choose, for proforma budget amounts in the "comment" field of the DAC. Any change to the proforma budget amounts will be submitted through a priority package.

Salary and benefit amounts are system calculated and will be included in the proforma budget according to the position data extracted from Highline in late May. Vacant unfunded positions in the 2022 Adopted Budget will be loaded without funding in the 2023 proforma. Any changes to positions must be included in a priority package and will be reviewed as an increase or decrease to the proforma budget. This process is further explained in the BDT instruction manual and the FTE section of these instructions.

### How Priority Packages Work

- 1) All increases or decreases to the proforma budget must be included in priority packages: Priority packages will be used to explain any increase or decrease to the proforma budget and will be developed in the same manner as in previous years. Packages may include changes, modifications or reductions to current activities, and new activities.
- 2) Changes in dedicated revenues (grants/contracts, etc.): Departments will initiate priority packages to reflect changes in revenues and expenditures for dedicated grants or contracts. These packages will adjust the revenue (increase/decrease) and adjust the appropriate expenditures by the same amount.
- 3) Length of priority packages: The total BDT submission for each priority package (including text responding to the description and justification sections) may not be longer than three pages. If you need additional pages, you can divide the request into more than one priority package.
- 4) General Fund **cannot** be used to supplant existing funding: If a service is currently being funded by a source other than the General Fund, and if that source is still available, it will not be funded from the General Fund in 2023. The purpose of this rule is to avoid creating capacity in other funds (and from other sources) at the expense of the already stretched General Fund.
- 5) Mission, Vision, and Values: If you have a priority package that corresponds with the County's Mission, Vision and Values statement, including on equity, please explain in the narrative section how and why your priority package advances the County's goals and why your priority package should receive special consideration.
- 6) Revenues: See the 2023 Revenue section for an explanation of how base revenues are calculated. If a portion of revenue included in the base budget is specifically committed to a priority package, identify the amount and account code for that revenue in the priority package. This is critical for three reasons:
  - a) It indicates that the priority package has a (partial) funding source.
  - b) If the package is not funded, we will need to reduce the corresponding revenues.

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- c) Be certain to explain why the funding is solely committed for that purpose. For example, if a grant included in the base is used to fund the package, naming the grantor and the conditions in the description is critical information.
- 7) Bargaining unit impacts: Please clarify in your priority packages where there may be an impact upon bargaining units related to changes in what is done or who does it. This will be routed to Human Resources so we can get feedback on how the changes might be addressed.
- 8) Reclassifications may be requested through the budget process: Human Resources reviews will continue to be the mechanism for determining specific changes in classifications after budget authorization. Departments should utilize a priority package to describe requested changes and proposed funding to support reclassifications on an ongoing basis. For reclassifications of AFSCME represented personnel, please see Article 17 in the AFSCME master.
  - a) Budget-authorized reclass funding will be placed in a personnel cost contingency line item to reserve the funding, pending Human Resource review.
  - b) After the budget is adopted, Human Resources will review all requests that were funded in the adopted budget utilizing standards and processes for reclassification consistent with past practice.
- 9) **This budget continues to apply the principle that when specific program revenue (i.e., grants or contracts) resources are reduced, related program expenditures will also be reduced.** A General Fund program that will lose existing revenue should reduce that revenue and the related expenditures in a priority package. The department can request authority to make those expenditures in a separate priority package.

### Countywide Preloaded Charges

Certain charges are preloaded into the BDT database. These preloaded charges include:

- 1) Indirect charges to Non-General Fund departments. Indirect charges include central services such as: Finance Operations, State Auditor, Civil PA, Purchasing, Executive, and Council. Programs that claim exemption from indirect cost charges must provide documentation (legal requirements or other justification) that preclude them from being charged. Please provide this justification to Brian Haseleu.
- 2) The space rent charge includes maintenance, utilities, property management, facilities administration, and planning, and the debt service component for the 2001 Campus Redevelopment Initiative (CRI). The General Fund payment of this debt service is in Nondepartmental, rather than in individual departments.
- 3) Interfund parking charges are rolled forward from the 2022 Budget and may include both garage parking charges and parking validation. Employee commuter trip reduction (CTR) program participation costs are uploaded based on actual data as of March 2022. If you anticipate the amount of monthly parking and/or CTR employee participation to change in 2023, include the amount of the change in your budget request.
- 4) Department of Information Technology (IT) has updated their rate model for 2023. Technology charges include maintenance and repair, IT operating costs, routine equipment replacement, and office services such as mail processing and telecommunications services. Charges for direct billed services such as print/copying, and postage are not included and must be separately budgeted by departments. Please see the IT supplemental information for additional details. IT rates will also include the Operational Excellence (STEP) program in 2023.

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- 5) Mobile device service costs (smart phones, tablets & air cards) are rolled forward from 2022 to 2023. Departments will be responsible to request revisions to their proforma as appropriate.
- 6) Insurance charges, including the Interfund County Premium, Worker's Compensation and Unemployment Insurance, are preloaded as in previous years. These rates are experience-based fee charges to departments and are allocated based on a 4-year average percentage of County-incurred costs. Insurance rates reflect actuarially estimated losses in the County's self-insured risk program, worker's compensation claims, unemployment claims, as well as cost of outside insurance policies, Prosecuting Attorney's fees, and the Risk Management division costs.
- 7) Public Records Office charges.
- 8) Countywide security charges.
- 9) Employee training.
- 10) Deferred Comp matching amounts are preloaded and are based on the previous years' experience.

Additional detailed information on these charges is available from the departments that developed the fees/allocations.

Do **not** modify these preloaded budgeted costs during your budget development process. Note that preloaded costs may change during the budget development process since IT, Facilities Management, and insurance programs are subject to the same budget review cycles as all other County departments.

Some central charges are not funded through countywide charges and have not been preloaded, such as debt service payments for enterprise and internal service funds. These must be entered into priority packages.

### **Annexation Adjustments**

Currently there are no anticipated annexations that will impact the 2023 Budget.

### **ER&R Charges**

Vehicle and equipment charges (ER&R) will be rolled forward from 2022 to 2023. ER&R will provide detailed rate information to all departments. Changes to update your rates need to be made in priority packages (Note: this is different than preloaded rates as described above). Departments will be responsible to request changes to their rates as appropriate.

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### FTEs, Salaries and Benefits

Position data is uploaded from Highline directly into the BDT.

- 1) This FTE data is based on the Highline Payroll system pulled in late May and updated with departmental feedback. The position job classification and salary scale data uploaded to the BDT reflects the authorized position level, which may be different from the job class and scale of the employee assigned to the position. Positions are to be budgeted at the authorized position level as reflected in Highline. **Departments are responsible for ensuring that their employee data is accurate.**
- 2) Some of the Collective Bargaining Agreements at the County are currently under negotiation. To address any potential changes, Finance staff will make the necessary adjustments in the Nondepartmental General Fund level during the Executive recommendation phase of the budget. For non-general fund departments, please contact your budget analyst for the appropriate adjustments to make during the request phase.
- 3) Regular Salaries have been updated using current authorized positions to reflect step changes (except employees falling under the Management Exempt category) that are scheduled for review during the remainder of 2022 and through 2023 based on the Step Review Date entered in Highline. Vacant positions default to step one.
- 4) Personnel Benefits have been updated based upon our projected 2023 benefit expense levels. As in past years, the BDT system calculates the Regular Salary object 1011 and Personnel Benefits object 2013 DAC amounts from the Highline upload and data entered into the priority package New Position/Allocated Position worksheets. These amounts cannot be manually adjusted.
- 5) Any change in position or DAC must be made in a priority package. Positions may be assigned to multiple DACs, but only one priority package.

### Pension Liabilities

The Governmental Accounting Standards Board (GASB) requires unfunded pension liability amounts be reported in proprietary funds (business enterprise and internal service funds). This decreases fund balance in these fund types. Please be assured that there is no impact to current liquidity nor does the standard affect the amount employers pay to provide pension benefits. The standard only affects how pension costs are accounted for and reported in financial statements. This effect needs to be footnoted during the preparation of five-year plans for these funds. There will be no fund rate changes for these funds at this time as a result of this accounting requirement. Please contact your Analyst if assistance is needed preparing your five-year plan.

### 2023 Revenue

**Departments are responsible for all revenue elements in the budget submittals.** Each department must review and update the revenue projections that are included in their department's revenue budget.

Please recognize that we rely upon you to provide **reasonable** estimates of revenue. If departments are very conservative in their revenue projections, we may need to reduce the size of our budget unnecessarily. If departments are too optimistic in making estimates, the County may need to make reductions in appropriations during 2023. This is one of the most difficult components of your 2023 budget, and we ask that you devote sufficient time and attention to your projections and requested budget revenue levels. If you need assistance with revenue projections, please contact your budget analyst.



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- 1) **Base Revenue Adjustments** are made in the same manner as they were in prior years – proforma revenue line items are included with your budget. Please review them, and if they need to be adjusted, please do so and note in the BDT the basis for the adjustment. The proforma revenue budget you receive will match 2022 adopted budget levels. **All base revenue elements require careful review and adjustment, if necessary.**
- 2) **New Revenue** is the addition of **new** monies pledged for specific programmatic purposes. Typically, this new revenue requires a corresponding increase of expenditures. These new revenues should be included in the relevant priority package within the New Revenue section of the BDT and **NOT** as part of your base revenues.
- 3) When **Specific Programmed Revenues** are reduced, related program expenditures **must** also be reduced. A General Fund department that will lose programmed revenue will reduce that revenue **and** the related expenditures in a single priority package. The department can re-request authority to make those expenditures in a separate priority package. For example, if the County has been receiving a grant to perform a specific service, and the revenues go away, the appropriation authority to provide the service must also be deleted.

### Capital

**Other Capital:** The County’s accounting policy requires that equipment purchases having a minimum value of \$5,000 per unit and a useful life beyond one year be capitalized.

- 1) All capital purchases that do not meet the definition of CIP Capital, and are valued from \$5,000 - \$50,000 per unit, are considered “other capital”.
- 2) All equipment purchases valued at less than \$5,000 per unit are considered normal operating expenses.
- 3) To request an item that meets the definition of “other capital” please complete a regular priority package form included in the BDT database.

**CIP Capital:** The County is required to forecast various capital expenditures that will be included in the annual six-year Capital Improvement Plan (CIP). The 2023-28 CIP development is incorporated into the operating budget development process. Capital expenditures (that meet the definition of CIP Capital) approved in the 2023 budget will be appropriated in the 2023 budget and will also be reflected in the six-year CIP. Forecasts beyond 2023 that are included in the CIP do not constitute budgetary approval but are used as tools for long-range planning.

CIP Capital includes:

- 1) All construction and capital facilities projects, including planning, design and right of way costs, and remodels, regardless of amount.
- 2) Land and property acquisitions, including planning, design and right of way costs, regardless of amount.
- 3) Major machinery and equipment acquisition valued at a **minimum of \$50,000 per unit.**
- 4) All expenditures funded by REET, regardless of amount. These expenditures may also fall within categories (1), (2) and (3) above. You do not need to fill out a duplicate form for CIP capital that meets the definition of more than one category listed above.

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### Real Estate Excise Tax

Real Estate Excise Tax (REET) is a flexible source of capital funding. The County has committed all of REET I to long-term debt repayment. REET II has more restrictions on how it can be spent, and funding availability will be closely evaluated for 2023. If there are questions, please contact your budget analyst.

### Operating Transfers

Operating Transfers will be driven by the department that will be transferring out the funds to another department. Please communicate and coordinate between originating and destination departments, especially if your fund receives a transfer from another fund or department. All operating transfers must balance.

### Interfund Labor

Interfund labor charges will be driven by the department that is requesting the interfund labor. It is the responsibility of the department purchasing the service to coordinate with the provider of the interfund labor services to ensure the appropriate amounts are included for both sides of the transactions

### Narrative Update Requirements

The 2022 departmental and program narratives have been carried forward and loaded as your 2023 departmental and program narratives. **Please update as appropriate.**

### Organization Charts Requirements

Organization charts will be submitted separately from the BDT submission. These organization charts will be due August 29, 2022.

### Grant Work Plan

Any department that expects to apply for or receive grant funds during 2023 can submit a Grant Work Plan as part of the 2023 budget process. When a Grant Work Plan is adopted by Council, all documents – applications, contracts, and amendments – can be approved by the Executive as provided in Snohomish County Code 2.10.010 (28). This provision will typically reduce the amount of time required for a department to apply and contract for grants. Any department that wants to take advantage of this option needs to submit their Grant Work Plan to Finance by August 22, 2022. Please contact your department's budget analyst if you are interested in completing a Grant Work Plan for 2023. More information on the Grant Work Plan procedure and detailed instructions for completing a Grant Work Plan are located at: <https://snohomishcountywa.gov/367/Budget-Division>

### Department Work Plans

The Work Plans section of the BDT will be available on June 1, 2022. The instructions for entering information are available online through the web page hyperlink on your BDT Main Menu screen. If you are unable to complete the process by the June 30, 2022, deadline, the BDT will be open again in mid-July as read only. At that time, you will be able to enter Work Plan information. The Work Plans must be finalized by August 29, 2022. Contact Stephen de Salome` at x3809 for assistance with the Work Plans.

### III. BDT

#### **BDT Access**

Access to the BDT will be through Citrix, which is the same as last year. You will find an icon for “BDT” on your Citrix desktop. **BDT will be available in early June.** Instructions for using the BDT are included in your budget packet and are available online through the following link <https://www.snohomishcountywa.gov/367/Budget-Division>.

Because we are using Citrix, access to the 2022 Adopted BDT is not available within the 2023 BDT. You may access the 2022 Adopted BDT through <G:\Finance\Budget\22bdt.accdb>.

#### **BDT Assistance**

For assistance with the BDT, contact Cynthia Scheil at x3915 or Stephen de Salome` at x3809.

#### **BDT Changes**

You will be using BDT Version 2.22. We are continuing to make progress in updating our systems and tools.

#### **BDT Classes**

We have again created a series of short videos that can be watched and reviewed as needed this year. The videos can be found in <G:\Finance\Budget\BDT Training Videos>. We recommend that all users watch the short video “Video 1 Accessing BDT through Citrix.” For users that are new to BDT or need more than the videos cover, we are offering training through a Teams meeting per department. Please contact Cynthia Scheil to schedule.

#### IV. Due Date

**Your submission must be completed by June 30, 2022, 1:00pm. BDT access will be shut down at that time.**

When your budget is complete and you are ready to submit it to Finance, please e-mail your budget analyst notification that you are finished.

#### **REVIEW YOUR WORK!**

The budget development process requires department thoroughness. It is essential that you review each of your department's packages to catch errors prior to submission. These instructions include a checklist that can be used in reviewing your budget after completion but prior to submission, to assist you with quality control and accuracy. If elements critical to your department are not requested and funded, your department will need to move forward without them.

It is also critical that your priority package descriptions and justifications are complete. The packages must be simple, accurate, succinct, and complete. In most instances, it is worthwhile to draft your description and justification in *Word*, and later copy it into the BDT.

How many priority packages should your department submit? How broad should priority packages be? These questions will be answered in different ways by different departments. Packages should be large enough to be worthy of consideration but specific enough to focus on a given priority and set of outcomes. If you have a question regarding how your department should respond, check with your budget analyst. If Finance is uncertain on how to respond, Finance staff will consult with the Executive's office on potential approaches.

To assist you in putting together the best quality budget proposals possible, we have put together the following checklist as a guide in reviewing your budget and priority packages.

#### **Checklist for Reviewing your Budget**

- 1) RUN BDT SUMMARY REPORTS! They were built to aid departments and Finance to check and crosscheck accuracy of budget submittals. (make sure to Update Tables)
- 2) Run the summary BDT report comparing 2023 requested program budget to 2022 adopted budgets. Look at the changes. Is there anything missing? Are any costs or revenues doubled up? Are the results similar to what was anticipated? If not, why not?
- 3) Have you reviewed your base revenue?
- 4) Have you reviewed your FTEs? Do they reconcile with what you intended to submit?
- 5) Have you had someone who is not the priority package author read each package to assure the package makes sense? Do they feel it is a competitive proposal? Is the package compelling? Could a non-expert understand the package?
- 6) Have you presented every capital project that should be in the Capital Improvement Program (CIP) in a CIP priority package?
- 7) Have you coordinated operating transfers **and** interfund professional services/labor charges with other departments that are either receiving them from you, or sending to you?
- 8) Finally – If you have a question, or if you think something is wrong, please call your budget analyst. No one can better understand your questions, or to respond more quickly than your analyst.

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V. Schedule

2023 Department Calendar

DATE	DELIVERABLE
Mar/May	Update all BDT programming
<b>3-May</b>	<b>Position information available for Departmental review to make changes in Highline prior to final upload of data.</b>
13-May	Internal rate allocations (pre-loaded costs) loaded into BDT
23-May	Final position information dataset pulled from Highline
<b>June</b>	<b>Budget process &amp; BDT training</b>
<b>1-Jun</b>	<b>BDT available - all information loaded, Budget instructions available</b>
<b>June</b>	<b>Priority packages prepared for submittal by Departments</b>
<b>30-Jun</b>	<b>1:00pm Department priority packages due</b>
1-Jul	Begin Executive review/recommendation process
July	Meeting with Elected and Appointed Department Heads to review submittals
<b>7-Jul</b>	<b>Preliminary 5 year plans due to Finance</b>
July 12 thru Aug	Executive/Budget Team meetings twice per week reviewing submittals
8-12-Aug	Review revenue elements for recommended proposal. Finance and Council staff work together on revenue estimate.
<b>22-Aug</b>	<b>Grant Work Plan ECAFs, motions, &amp; plan documents due to Finance</b>
<b>29-Aug</b>	<b>Department Org Charts &amp; Work Plans due</b>
Aug 30 - Sep 2	Department Heads and Electeds briefing on Executive Recommended Budget and final department feedback window prior to finalizing
9-Sep	Final balancing of Executive Recommended budget
<b>12-Sep</b>	<b>5 year plans due to Finance</b>
<b>12-Sep</b>	<b>All ECAFs, ordinances, motions etc. due to Finance Dept.</b>
Sept 13-23	Budget book production and printing
Late Sept	Executive presentation of Recommended budget (speech date tbd)
Oct – Nov	Council Process
Nov	Estimated date of budget adoption hearing
Nov	Reconciliation of Council amendments with Council/Budget staff
Dec	Prepare budget for upload into Cayenta - to be available Jan 1, 2023
2023	Prepare final adopted CIP and budget books