



King County

Ron Sims

King County Executive

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KING COUNTY COUNCIL

December 11, 2003

The Honorable Cynthia Sullivan
Chair, King County Council
Room 1200
COURTHOUSE

Dear Councilmember Sullivan,

I have signed the 2004 Budget Ordinance as passed by the King County Council, with the exception of a partial veto of proviso language in three sections of the ordinance. The Council adopted budget largely reflects my Proposed Budget which I transmitted to the Council in October. It is the third consecutive year we have addressed major challenges facing the Current Expense fund and it is important to remember that these challenges will continue to be the focal point of our budget.

I would like to take this opportunity to acknowledge and thank you as the Chair of the County Council and the other members of the County Council for your fine work on a difficult budget. I particularly want to thank Councilmember Larry Phillips and Councilmember Jane Hague for their leadership in producing a balanced and fiscally prudent budget. This demanding budget was completed through a bipartisan effort and adopted by a 13-0 vote.

As I proposed, and the Council adopted, this 2004 budget is different from previous budgets in fundamental ways. This budget implements the recommendations of the Budget Advisory Task Force. Last November, I asked Bob Wallace and John Warner to co-chair a Budget Advisory Task Force comprised of former governors and county executives, John Spellman and Booth Gardner, and other local leaders. The Task Force made very clear that the fundamental problem facing the County's Current Expense fund is that expenditures are growing at 5-6% per year while revenues are growing at about 2% per year. As the Task Force Report stated, "*...as currently structured and funded, King County's general government services are not sustainable.*"

The Budget Advisory Task Force recommended King County undertake several initiatives aimed at reducing expenditures over the next few years and take steps to move out of urban local service delivery consistent with our long-term regional land-use vision. The Adopted 2004



Budget establishes a \$10 million Annexation Incentive Reserve and earmarks other monies to provide both cities and the residents in these urban unincorporated areas the means to at least partially finance the transition to city rule. These monies are intended to facilitate annexation of the remaining urban unincorporated areas. This annexation strategy will take several years to accomplish. We have initiated dialogue with residents of unincorporated areas and work has already begun with cities to refine the basis on which these annexation negotiations will occur.

The adopted budget incorporates significant new revenues without imposing a general tax increase. Through a combination of specific voter-approved actions, innovative asset management, and continued aggressive pricing of fees for service, this budget includes new Current Expense fund revenues that have mitigated the need for service cuts in 2004 without imposing a general tax increase, and will provide greatly needed stability to two service areas that have been particularly hard hit in recent budget years: parks and human services.

I am pleased that the Council supported my proposal for the County's solid waste utility to begin paying rent for use of the Cedar Hills Landfill, an asset owned by the County's general fund. I also want to thank the Council for passing the Solid Waste Omnibus ordinance which will provide the cost savings needed to permit the payment of the rent costs. This action has the added advantage of eliminating the current subsidy to the private haulers and will stabilize rates for the next several years. There is now a twenty-five year revenue stream to the Current Expense fund in the form of an annual rent payment of \$7 million, that is dedicated to the support of discretionary regional human services and health services that would otherwise be eliminated in the face of on-going budget cuts.

Veto of Provisos

I have vetoed several provisos in the 2004 Adopted Budget for the reasons described below:

Parks and Recreation

Section 86 Parks and Recreation: Page 42, lines 928 - 944

Proviso Short Title: Locations for Tent City IV

Of this appropriation, \$50,000 shall not be expended until after the executive has certified to the council that at least three suitable, county-owned or controlled sites have been proposed to SHARE/WHEEL as locations for Tent City IV and the executive has transmitted to the council any necessary proposed legislation to authorize use of the site or sites. These sites shall be located in the county outside of the city of Seattle, be within half a mile of a bus stop, shall have an open space for camping that is at least half the size of a football field and shall be close to the facility of a supportive community or faith-based organization, which may include, but is not limited to, churches. Consideration could be given to negotiating an agreement with the state of Washington to use the North Rehabilitation Facility site after the county completes demolition of the facility. Additionally, neighborhood outreach needs to be a major consideration, as should coordination with United Way's "Committee to End Homelessness Now."

The report required to be submitted by this proviso must be filed in the form of 15 copies with the clerk of the council, who will retain the original and will forward copies to each councilmember and the lead staff of the law, justice and human services committee or its successor.

The first vetoed proviso is located in the Parks and Recreation division. This is the proviso which requires that the Executive propose three sites as locations for Tent City4. As I explained in my November 18, 2003 memo to Councilmember Phillips, I understand the desire to find a suitable location for a new Tent City4. I am unconvinced that Tent City is the best direction for County efforts to end homelessness. While it does provide an alternative to the streets, I feel strongly that people should be in stable housing and that is my focus. I agree that we must continue to maximize all available resources – federal, state and county funds – to create emergency shelter, transitional housing and support, and long term affordable housing that helps individuals and families achieve the stability to find or keep jobs and get back on their feet. We are continuing to explore partnerships with faith communities, housing developers, and community groups to create a range of permanent housing specifically to help low-income individuals and families. We will also explore federal McKinney and other homeless service grants to look for ways to increase our short-term emergency shelter beds. I am dedicated to our ongoing effort to address homelessness in King County and to seek viable solutions to these issues.

King County's public park lands are simply not an appropriate or, potentially, a legal alternative for this temporary housing proposal. The King County Code limits the length of stay in County parks in *section 7.12.160 Camping occupancy policy*. In addition to the code restrictions on camping occupancy, many of King County's park properties have been purchased in whole or in part with state and federal recreation grants or County bond proceeds, which prohibit uses inconsistent with public enjoyment of the property as recreation or open space land. There are several other concerns such as security issues, the impact of potential nighttime noise, concerns of our employee groups, liability issues, as well as possible impact on insurance rates in the future. We all need to understand the implications of each of these issues prior to implementing a new County function. For all of these reasons, I am vetoing this proviso.

Solid Waste

Section 95 Solid Waste: Page 49, lines 1101-1110.

Proviso Short Title: Tonnage diversion report

Of this appropriation, \$500,000 shall not be expended or encumbered until the solid waste division submits to the council, no later than May 1, 2004, and the council approves by ordinance, a plan to divert solid waste transfer station usage from over-capacity transfer stations to under-utilized transfer stations in their county. If the division does not submit the plan by May 1, 2004, this amount shall revert to fund balance.

The plan required to be submitted by this proviso must be filed in the form of 15 copies with the clerk of the council, who will retain the original and will forward copies to each councilmember and to the staff for the budget and fiscal management committee and for the utilities committee or their successors."

The second vetoed proviso is located in the Solid Waste Division. This proviso does not offer a practical solution to the area of concern intended to be addressed. There is no feasible way to divert either commercial haulers or self-haul customers from using the transfer station most conveniently located for them without some significant regulatory or pricing changes that would require amending the Solid Waste Comprehensive Plan. Any such plan, if effective, would also have impacts on the transportation system as customers would be transporting loads over longer distances. The changes required for such a plan, as well as the impacts, should be discussed with cities and other stakeholders through the next planned update of the Comp Plan, scheduled for 2005.

In the meantime, the 2004 Solid Waste operating budget cannot sustain a \$500,000 restriction or loss of funding and still meet the commitments incorporated in the 2004 Adopted Budget. I will transmit legislation in early 2004 seeking reinstatement of this spending authority and submitting a timetable and plan for working with cities and other stakeholders to explore the feasibility of such a plan within the context of the next update of the Solid Waste Comprehensive Plan.

Solid Waste Capital Improvement Program

Section 122 Capital Improvement Program: Page(s) 68 - 69, lines 1535 through 1556.

Proviso Short Title: Houghton Transfer Station Facility Master Plan and Transfer Station Seismic Retrofit

Because the Houghton transfer station currently exceeds acceptable service level criteria and tonnage capacity as adopted by Motion 11601 in August 2002, no funds shall be expended or encumbered for CIP Project 013086, Houghton Transfer Station Facility Master Plan, and no funds shall be expended or encumbered for CIP Project 003093, Transfer Station Seismic Retrofit [at the Houghton transfer station], until the executive submits to the council by March 1st, 2004, and the council approves by ordinance, a comprehensive report presenting multiyear phased-in options to close the Houghton transfer station and transfer its tonnage and services throughout the rest of the county's solid waste system. If the report is not submitted on or before March 1st, 2004, appropriation authority for these two projects shall lapse and funds shall revert to fund balance.

The comprehensive report shall identify for each option: the effects of each option on the solid waste capital plan; the associated rate impacts; the traffic diversion impacts; the impacts of each option on other transfer stations; any administrative or operational steps, such as permits, necessary to implement the option and any changes to the King County Code or Comprehensive Solid Waste Management Plan necessary to implement the option.

The report must be filed with the clerk of the council. The original and 15 copies must be delivered to the clerk who will retain the original and will forward copies to each councilmember and the lead staff of the utilities committee or its designee or successor committee.

The third vetoed proviso concerns the Houghton Transfer Station. The proviso would prohibit the expenditure of funds for the Houghton Facility Master Plan (FMP) and for the Houghton Seismic Retrofit project, including the planned replacement of the roof, which we know is at risk of failure in the event of a moderate seismic event or a heavy snowfall, until the Council approves a plan for closing the Houghton Transfer Station. The proviso establishes a deadline of March 1st for the Executive to transmit a report presenting options for closing Houghton; and if this deadline is not met, the funds appropriated for the Houghton FMP and Seismic Retrofit projects shall lapse and revert to fund balance.

These two Houghton projects were stalled throughout 2003 as a result of a similar proviso in the 2003 budget. We cannot continue to place our citizens and our employees at risk, and these safety improvements must be made. While I am willing to consider plans for closing the Houghton Transfer Station, such a decision cannot be made outside of the context of the planning underway for the entire system in preparation for waste export. I do want to emphasize that although I am vetoing this proviso, I still intend to transmit a comprehensive report regarding Houghton to the Council. But this planning will need to involve the cities through the Regional Policy Committee (RPC) and will need to consider the impacts on other communities in the event the Houghton Transfer Station is closed. While the "eastside strategy" for transfer station system configuration is one of the issues I hope the RPC will consider early in 2004, any plan that would include closing Houghton would almost certainly need to be referred to the 2005 update of the Solid Waste Comprehensive Plan.

In the interim, it is not reasonable to defer any longer the safety-related improvements needed at the Houghton Transfer Station; and it may be necessary to spend some of the FMP budget to determine appropriate improvements for whatever remaining time this transfer station is in operation. I will transmit legislation, early in 2004, seeking spending authority for the Houghton FMP and essential safety-related improvements at the Houghton Transfer Station, as well as a proposed timeline for developing closure options in the context of the next planned update of the Solid Waste Comprehensive Plan.

Road Services CIP Budget to be Revised in Early 2004

The 2004-2009 Road Services capital program suffered a significant negative fiscal impact when the Washington State Supreme Court upheld Initiative 776 language precluding collection of King County local option license fee (VLF) revenue. In addition to the \$33.6 million reduction in VLF revenue collections, the County is also likely to lose grant funding and projected bond proceeds leveraged by VLF revenue.

The Council decision to balance the Road Services financial plan with an expenditure reduction placeholder makes it possible to conduct a thorough reassessment of the 2004-2009 Road capital program. Following transmittal of the revised 2004-2009 plan by February 15th, Executive staff will be available to work with Council to facilitate approval in time for the upcoming construction season.

The Future

The new revenues adopted and the new streams we have created in the 2004 budget have provided a brief respite from the requirements of the past two years to make dramatic spending reductions in the Current Expense fund. However, our structural problems remain. Early projections indicate that we will again face deficits of \$15 to \$25 million a year for the foreseeable future. Therefore, we must continue efforts to work with our employees and their representatives to find ways to reduce costs and operate more efficiently. We have built a strong working relationship with labor and it has paid off as they have worked with us in parks, solid waste, the jail, and many other County agencies that have taken significant budget reductions in the past three years.

The underlying structural problem of expenditures and revenues being out of balance remains. This budget sets a path to greater fiscal stability. By making strategic investments, by streamlining County government, by taking advantage of reasonable revenue opportunities, we have put King County on the path to a more secure future.

The annexation of urban unincorporated areas is not a short-term strategy, nor is it a panacea, but it is essential to our financial stability. Multiple other actions must occur, over time, to stabilize the County's Current Expense budget and slow the rate of service level reductions. Success in this annexation strategy will require support from the Council, cities, and the residents of these urban unincorporated areas. Most importantly, success will require that the County reduce local urban service budgets as annexations occur, to account for the loss of tax base and loss of service responsibility.

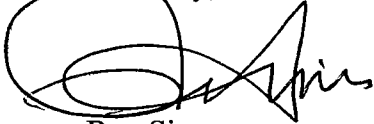
By adoption of this Budget, the Council and I have shown that we are willing to think many years ahead and take steps today that will pay off in the future. I thank the Council for joining me in taking these bold steps to fulfill the County's vision as a regional government.

Finally, the 2004 Adopted Budget Ordinance does have some technical issues. I intend to send the Council these correction items early next year.

The Honorable Cynthia Sullivan
December 11, 2003
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I want to thank all of you again for the cooperative and bipartisan approach to the 2004 budget. Our ability to work together in addressing significant financial challenges serves our citizens well.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Sims", written over a large, loopy circular flourish.

Ron Sims
King County Executive

cc: King County Councilmembers

ATTN: David deCourcy, Chief of Staff
Shelley Sutton, Policy Staff Director
Rebecha Cusack, Lead Staff, BFM Committee
Anne Noris, Clerk of the Council

Kurt Triplett, Chief of Staff, Office of the Executive
Ryan Bayne, Council Relations Director, Office of the Executive
Elaine Kraft, Communications Director, Office of the Executive
Steve Call, Director, Office of Management and Budget
Debora Gay, Deputy Director, Office of Management and Budget

**ATTACHMENT 1
TO THE DECEMBER 11, 2003 LETTER
VETOING SELECT PROVISOS
IN ORDINANCE NO. 14797**

This Attachment is a supporting document to my veto of select provisos included in Ordinance #14797. In this Attachment, I have outlined the areas of primary concern with each of the vetoed provisos.

Section 86 Parks and Recreation: Page 42, lines 928 – 944

Proviso Short Title: Locations for Tent City IV

“PROVIDED FURTHER THAT:

Of this appropriation, \$50,000 shall not be expended until after the executive has certified to the council that at least three suitable, county-owned or controlled sites have been proposed to SHARE/WHEEL as locations for Tent City IV and the executive has transmitted to the council any necessary proposed legislation to authorize use of the site or sites. These sites shall be located in the county outside of the city of Seattle, be within half a mile of a bus stop, shall have an open space for camping that is at least half the size of a football field and shall be close to the facility of a supportive community or faith-based organization, which may include, but is not limited to, churches. Consideration could be given to negotiating an agreement with the state of Washington to use the North Rehabilitation Facility site after the county completes demolition of the facility. Additionally, neighborhood outreach needs to be a major consideration, as should coordination with United Way’s “Committee to End Homelessness Now.”

The report required to be submitted by this proviso must be filed in the form of 15 copies with the clerk of the council, who will retain the original and will forward copies to each councilmember and the lead staff of the law, justice and human services committee or its successor.”

Reason for Veto of Proviso:

This is the proviso which requires that the Executive propose three sites as locations for Tent City4. As I explained in my November 18, 2003 memo to Councilmember Phillips, I understand the desire to find a suitable location for a new Tent City4. I am unconvinced that a Tent City is the best direction for County efforts to end homelessness. While it does provide an alternative to the streets, I feel strongly that people should be in stable housing and that is my focus. I agree that we must continue to maximize all available resources – federal, state and county funds – to create emergency shelter, transitional housing and support, and long term affordable housing that helps individuals and families achieve the stability to find or keep jobs and get back on their feet. We are continuing to explore partnerships with faith communities, housing developers, and community groups to create a range of permanent housing specifically to help low-income individuals and families. We will also explore federal McKinney and other homeless service grants to look for ways to increase our short-term emergency shelter beds. I am dedicated to our ongoing effort to address homelessness in King County and to seek viable solutions to these issues.

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parks in *section 7.12.160 Camping occupancy policy*. In addition to the code restrictions on camping occupancy, many of King County's park properties have been purchased in whole or in part with state and federal recreation grants or County bond proceeds, which prohibit uses inconsistent with public enjoyment of the property as recreation or open space land. In addition, several other concerns such as security issues, the impacts of potential nighttime noise, concerns of our employee groups, liability issues, as well as possible impact on insurance rates in the future. We all need to understand the implications of each of these issues prior to implementing a new County function. For all of these reasons, I am vetoing this proviso.

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The plan required to be submitted by this proviso must be filed in the form of 16 copies with the clerk of the council, who will retain the original and will forward copies to each councilmember and to the staff for the budget and fiscal management committee and for the utilities committee or their successors."

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