King County

Metropolitan King County Council
Budget and Fiscal Management Committee

Health, Housing, and Human Services Panel

Thursday, October 17, 2024 – 9:30 a.m.

Councilmembers: Teresa Mosqueda, Chair; Jorge Barón; Sarah Perry and Girmay Zahilay

Jake Tracy, Panel Lead
Angélica Calderón, Panel Clerk

To show a PDF of the written materials for an agenda item, click on the agenda item below.

INDEX

Briefing No. 2024-B0100

Briefing on Proposed 2025 Annual Budget Health, Housing and Human Services

DISCUSSION

TOURISM

ANALYST: GENE PAUL

	Expenditures	Revenues	FTEs	TLTs
2024 Revised Budget, Annualized	$7,030,879	$0	0.0	0.0
2025 Base Budget Adjust.	$0	$0	0.0	0.0
2025 Decision Packages	$5,926,872	$0	0.0	0.0
2025 Proposed Budget	**$12,958,000**	**$0**	**0.0**	**0.0**
% Change from prior biennium, annualized	84.3%			
Dec. Pkg. as % of prior biennium, annualized	84.3%			
Major Revenue Sources: Lodging Tax				

DESCRIPTION

This appropriation unit resides within the Lodging Tax Fund and is used to allocate lodging tax revenues designated for tourism promotion. The portion of the Lodging Tax receipts allocated to the Tourism appropriation unit was established by King County Ordinance 18788. These revenues are to be used to repay bonds for 4Culture's Building for Culture program, support the Washington State Major League Baseball Stadium Public Facilities District (PFD), and support tourism promotion activities in King County.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Executive's proposed 2025 budget includes an approximately 84% increase for the Tourism appropriation. This is primarily driven by a $3.8 million one-time carryover that transfers the lodging tax allocation to the Major League Baseball Stadium PFD. Because of the typical 2-month lag between the collection of lodging tax and the county receiving the revenues, there is also a delay in transferring those revenues to the Stadium PFD. The one-time carryover payment planned for January 2025 will transfer the lodging tax revenues collected from November 2023 through October 2024.

The second factor in the increased appropriation is a one-time use of $2.1 million in accrued interest earnings for the tourism programs. This one-time proposed increase is in addition to the $1 million allocation required by Ordinance 18788.

Overall, the roughly $13 million in proposed expenditures for tourism would be allocated in the following way:

- $2.2 million for Building for Culture debt service
- $3.5 million for the 2025 allocation to the Stadium PFD

- $3.8 million for the 2024 carryover allocation to the Stadium PFD
- $3.1 million for tourism programs
- $351,000 for contingency to account for the actual lodging tax revenues exceeding forecasted for the 2025 allocation to the Stadium PFD

Ordinance 18788 requires $1 million each year to be allocated for "capital or operating programs that promote tourism and attract tourists in all parts of the county." The ordinance also requires that, out of that amount, $25,000 a year will support Savor Snoqualmie's tourism promotion efforts in the Snoqualmie Valley. With the addition of the $2.1 million in one-time accrued interest, the total $3.1 million for tourism programs is proposed to be allocated in the following way:

- $1 million for a competitive grant pool
- $730,000 to Visit Seattle
- $500,000 to the Community Business Connector Program from the Seattle Chamber of Commerce
- $350,000 for the Cloud Break Music festival and film initiative to support the creative economy
- $250,000 for Convention Center Marketing through Visit Seattle
- $245,000 to Seattle Southside
- $25,000 to Mountain to Sound Greenway (formerly Savor Snoqualmie)

KEY ISSUES

ISSUE 1 – ALLOCATION OF ACCRUED INTEREST

Council staff have identified that the $2.1 million one-time allocation of accrued interest may be eligible for reprogramming for other lodging tax eligible expenditures. Ordinance 18788 contains the council's intent for any lodging tax revenues that exceed the annual baseline revenues, but the allocations required by Ordinance 18788 do not appear to apply to these one-time revenues. Analysis around both the eligibility for reprogramming the accrued interest and the potential options for expending it is ongoing.

Update: Council staff have confirmed the understanding from both Executive and council staff that this proposed use of one-time accrued interest falls outside of the allocation requirements set by Ordinance 18788. The council could reprogram the money to other lodging tax eligible expenditures.

The Executive proposes to use this $2.1 million as follows, though it could be reallocated across Lodging Tax eligible expenditures (at a high level: tourism, arts and culture, TOD affordable housing, and homeless youth programs).

Program	Proposed funding
Cloud Break Music festival and film initiative (Creative	$350,000

Economy)	
Community Business Connector program (Seattle Chamber of Commerce)	$500,000
Convention Center Marketing (Visit Seattle)	$250,000
Competitive Grant Pool	$1,000,000

RESPONSE TO COUNCIL INQUIRIES

QUESTION 1: THERE WAS A GENERAL QUESTION ABOUT THE USE OF TOURISM REVENUES AND CURIOSITY IN HOW THEY COULD BE USED IN ADDRESSING HOW THE COMMUNITY PREPARES FOR A LARGE INFLUX OF TOURISTS WITH THE 2026 FIFA WORLD CUP. WITH THE INFLUX OF TOURISTS, THERE ARE POTENTIAL ISSUES RELATED TO BOTH LABOR TRAFFICKING AND HUMAN TRAFFICKING AND A QUESTION OF WHETHER LODGING TAX REVENUES COULD BE USED TO PROTECT RESIDENTS AND THOSE WHO MAY BE COMING AS TOURISTS OR WORKERS.

ANSWER: While Ordinance 18788 sets the allocation of ongoing lodging tax revenues in the King County budget, State law governs how those revenues can be used. There are three general areas where State law allows lodging tax to be used. The first is for arts and culture. The second is for contracts, loans, or grants to nonprofit organizations or public housing authorities for affordable workforce housing within one-half mile of a transit station, as described under RCW 9.91.025, or for housing, facilities, or services for homeless youth. This second area of expenditures also includes the ability for lodging taxes to repay bonds associated with the contracts, loans, or grants for workforce housing or homeless youth programs.

The third area where State law authorizes the use of lodging tax is for "capital or operating programs that promote tourism and attract tourists to the county."[1] That section of State law further specifies that "'Tourism promotion' includes activities intended to attract visitors for overnight stays, arts, heritage, and cultural events, and recreational, professional, and amateur sports events. Moneys allocated to tourism promotion in a county with a population of one million or more must be allocated to local public organizations and nonprofit organizations formed for the express purpose of tourism promotion in the county. Such organizations must use moneys from the taxes to promote events in all parts of the county."[2] Proposals for using lodging tax to prepare for the World Cup would need to fall within the descriptions found in State law to be eligible for lodging tax support.

[1] RCW 67.28.180 (3)(d)(iii) (Link)
[2] RCW 67.28.180 (3)(h)(ii) (Link)

<u>QUESTION 2:</u> CAN THIS FUNDING BE USED TO ACTIVATE AREAS WHERE WE EXPECT TOURISTS AND OTHERS TO BE AS PART OF THE WORLD CUP. CAN WE USE MONEY FROM THE PROPOSED $1 MILLION FOR COMPETITIVE GRANTS *OR* OTHER PROPOSED INVESTMENTS WITHIN THE TOURISM APPROPRIATION UNIT TO SUPPORT THAT?

<u>ANSWER:</u> Generally, activities intended to attract visitors for sports events are eligible for lodging tax revenues. Any proposals to activate areas would need further analysis to ensure they comply with the State law requirements found in the answer to the previous question. Depending on the proposal, the $2.1 million that is available for reprogramming or the existing proposed investments of the Tourism revenues could support activating areas for the World Cup.

HOUSING AND HOMELESS PROGRAM

ANALYST: APRIL SANDERS

	Expenditures	Revenues	FTEs	TLTs
2024 Revised Budget, Annualized	$18,955,881	$0	0.0	0.0
2025 Base Budget Adjust.	$0	$0	0.0	0.0
2025 Decision Packages	$15,828,896	$0	0.0	0.0
2025 Proposed Budget	**$34,785,000**	**$0**	**0.0**	**0.0**
% Change from prior biennium, annualized	83.5%			
Dec. Pkg. as % of prior biennium, annualized	83.5%			
Major Revenue Sources: Lodging tax dollars				

DESCRIPTION

The Housing and Homeless Program appropriation unit is used for lodging tax expenditures related to Transit-Oriented Development (TOD) affordable housing and Homeless Youth programs. To simplify the administration of lodging tax dollars, four appropriation units were created to track ongoing spending, but only one (the Arts and Culture fund) is used to record revenue, as well as administrative functions.

Ordinance 18788 guides the spending of lodging tax revenues, which allocates 34.9% towards TOD affordable housing and 2.6% for homeless youth programs. DCHS manages the TOD affordable housing and homeless youth programs, including awarding contracts.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2025 proposed Housing and Homeless Program budget is $34.8 million (an 83.5% increase from the 2024 revised annualized budget) with 0 FTEs. The two proposed decision packages are:

- A $12 million funding adjustment to reflect an 8.5% increase in anticipated lodging tax revenues and to carryover unspent moneys from the 2023-2024 biennial budget; and
- A central rate adjustment to reflect debt service costs and the credit enhancement fee.

More information on lodging tax collections broadly can be found in the Arts and Culture fund write-up.

KEY ISSUES

Staff have not identified any key issues with this budget.

Update: No questions were asked of staff on this appropriation unit. Panel members indicated an interest in keeping this appropriation unit open in order to address Issue 1 identified in the Tourism budget. Specifically, the $2.1 million one-time allocation of accrued interest earnings in the Lodging Tax fund that is eligible for reprogramming to other lodging tax eligible expenditures.

The Executive proposes to use this $2.1 million as follows, though it could be reallocated across Lodging Tax eligible expenditures (at a high level: tourism, arts and culture, TOD affordable housing, and homeless youth programs).

Program	Proposed funding
Cloud Break Music festival and film initiative (Creative Economy)	$350,000
Community Business Connector program (Seattle Chamber of Commerce)	$500,000
Convention Center Marketing (Visit Seattle)	$250,000
Competitive Grant Pool	$1,000,000

JOBS AND HOUSING PROGRAM

ANALYST: APRIL SANDERS

	Expenditures	Revenues	FTEs	TLTs
2024 Revised Budget, Annualized	$0[1]	$0	0.0	0.0
2025 Base Budget Adjust.	$0	$0	0.0	0.0
2025 Decision Packages	$1,600,001	$1,600,000	0.0	0.5
2025 Proposed Budget	**$1,601,000**	**$1,600,000**	**0.0**	**0.5**
% Change from prior biennium, annualized	N/A			
Dec. Pkg. as % of prior biennium, annualized	N/A			

Major Revenue Sources: Federal (COVID).

DESCRIPTION

The Jobs and Housing Program was established by the Council in the COVID 7 budget passed in 2021 and included an appropriation of CLFR dollars for a new initiative to support a jobs and rehousing program for individuals experiencing homelessness. The Jobs and Housing Program began operations in 2021 to provide temporary jobs, career preparation, housing, and support services to people experiencing homelessness. Program participants receive these services for up to one year so that they can secure permanent housing and exit the homelessness system. Subsidized jobs may be with King County or other community partners that were selected in two procurement rounds in late 2021 and early 2022.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2025 proposed Jobs and Housing Program budget is $1.6 million with no FTEs and 0.5 TLTs.

The decision package associated with this appropriation unit would reappropriate $1.6 million in unspent CLFR funding allocated in the 2023-2024 biennial budget to continue implementation of the Jobs and Housing grant projects for service providers. This reappropriation would include 0.5 TLT for approximately six months for workforce development efforts and to closeout current programs and contracts.

[1] The total 2023-2024 Biennial Budget allocation for this appropriation unit was $18.7 million, comprised solely of one-time CLFR funding. In determining the 2024 annual revised budget, PSB only accounts for ongoing expenditures and revenues for the biennium, then divides that in half. In the case of an Appropriation Unit with only one-time funding, the 2024 annual revised budget will total $0.

Key Issues

Issue 1 – Sunset of the Jobs and Housing Program

Once the remaining $1.6 million in CLFR dollars is expended, the Jobs and Housing Program would sunset. In 2025, the following organizations are under contract and will receive the remaining CLFR dollars to provide support services to program participants:

- Workforce Development Council of Seattle/King County – career services support
- Neighborhood House – housing navigation & support
- Wellspring Family Services – housing navigation & support
- Catholic Community Services – housing navigation & support

Over the life of the program, 847 individuals experiencing homelessness were connected to subsidized employment or paid training. Of these, 406 individuals were connected to housing while in the program.

It is a policy decision whether to sunset the Jobs and Housing Program or to continue the program with a different funding source, particularly the General Fund.

Update: No questions were asked of staff on this appropriation unit. At the end of the Week 1, Panel 3 meeting, Budget Director Dwight Dively indicated that this reappropriation would continue contracts for current obligations for the unhoused. Most of those contracts would cease around June 2025, at which point the current program would sunset. Executive staff is actively engaged with the Parks Division to determine if they can create a crew to hire individuals that are homeless, coordinating with existing housing programs to connect those individuals to housing.

HEALTH THROUGH HOUSING

ANALYST: APRIL SANDERS

	Expenditures	Revenues	FTEs	TLTs
2024 Revised Budget, Annualized	$77,765,546	$71,425,381	13.0	0.0
2025 Base Budget Adjust.	$182,619	$0	0.0	0.0
2025 Decision Packages	$9,750,247	$2,669,536	1.0	0.0
2025 Proposed Budget	**$87,699,000**	**$74,095,000**	**14.0**	**0.0**
% Change from prior biennium, annualized	12.8%			
Dec. Pkg. as % of prior biennium, annualized	12.5%			
Major Revenue Sources: Health through Housing sales tax				

DESCRIPTION

The Health through Housing (HtH) fund was created during the 2021-2022 Biennial Budget process and houses revenue for the 0.1% Health through Housing Sales tax. The Health through Housing Sales tax was established through Ordinance 19179, which required proceeds to be spent on the uses outlined in state statute, prioritizing those within the specified population groups in RCW 82.14.520(2)(b) and whose income does not exceed 30% of the King County area median income (AMI). Additionally, proceeds were required to be allocated with the objective of reducing racial and ethnic disproportionality among those experiencing chronic homelessness. The paramount goal of the tax is defined in K.C.C. 24.30.030 as "the creation and ongoing operation of 1,600 units of affordable housing with housing-related services for eligible households in King County that are experiencing chronic homelessness or that are at risk of experiencing chronic homelessness."

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2025 proposed Health through Housing budget is $87.7 million (a 12.8% increase from the 2024 revised annualized budget) with 14.0 FTEs (1.0 more than the last biennium.

The proposed decision packages are:

- An approximately $9 million increase to expenditures and $2.8 million increase in revenues to align revenues and expenditures with the Implementation Plan. The approximately $6.2 million gap between the increase in expenditures and revenue would be funded utilizing fund balance remaining from sites opening later than originally anticipated and would go towards rising costs in supportive services operations, including building maintenance; and

- Approximately $169,000 to convert a TLT to an FTE for an evaluator to meet measurement and evaluation needs of the HtH program, including reporting and analysis of service data to support decision making. DCHS indicates that this would be the only evaluator position in the HtH program, though there is one data engineer position.

Other technical changes include central rate and revenue adjustments.

KEY ISSUES

Staff have not identified any key issues with this budget.

RESPONSE TO COUNCIL INQUIRIES

QUESTION 1: HOW DOES THIS BUDGET COMPLEMENT PROVIDER STABILIZATION INVESTMENTS? WHERE ARE THE INCREASED CONTRACT AMOUNTS, I.E. WHICH CONTRACTS, INCLUDING WAGES, TO STABILIZE WHICH PROVIDERS?

ANSWER: Responses were not received by deadline for publication. Analysis is ongoing.

HOUSING AND COMMUNITY DEVELOPMENT

ANALYST: APRIL SANDERS

	Expenditures	Revenues	FTEs	TLTs
2024 Revised Budget, Annualized	$419,484,214	$370,081,200	73.7	0.0
2025 Base Budget Adjust.	$1,987,842	$0	0.0	2.0
2025 Decision Packages	$70,955,492	$94,035,695	(1.7)	0.0
2025 Proposed Budget	**$492,428,000**	**$464,117,000**	**72.0**	**2.0**
% Change from prior biennium, annualized	17.4%			
Dec. Pkg. as % of prior biennium, annualized	16.9%			

Major Revenue Sources: Recording fees, state, federal, interfund transfers, TOD bond, HtH bond, Hotel/Motel sales tax, short-term hotel tax, SHB 1406, CLFR-ARPA grants, state COVID-19 grants.

DESCRIPTION

The Housing and Community Development (HCD) fund provides a mechanism for King County to administer several federal, state, and local funding sources that support homelessness prevention, housing repair, low-income and special needs housing development, and community development.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2025 proposed Housing and Community Development budget is $492.4 million (a 17.4% increase from 2024 revised annualized budget) with 72.0 FTEs (including 3 new FTEs and 4.7 FTE transfers out of HCD into the DCHS Administration fund, resulting in a net decrease of 1.7 FTEs).

A summary of the requests for new and transferring FTEs can be found below.

Table 1.
Proposed FTE Changes

Number of FTEs	Purpose	Costs	Other
2.0	Capital Program Staffing—2.0 FTEs and 3 TLTs to the Capital Program team	$882,452	Revenue-backed by multiple sources
1.0	Director's Office Staffing—1.0 FTE and 1.0 TLT for special projects and initiatives	$324,727	Revenue-backed by multiple sources
(4.7)	Transferring 4.7 FTEs to the DCHS Admin fund to reflect the department-wide work of those positions. to reflect that their administrative, program evaluation, and project management functions are department-wide in scope.	($1,197,803)	

Notable proposed decision packages include:

- A $56 million Transit Oriented Development (TOD) Bond (see Issue 1);
- $5 million for the Federal Way Red Lion Hotel rehabilitation (see Issue 2);
- $9.2 million in CLFR reappropriations (summarized in Table 2 below);
- $523,000 to fund an attorney in the PAO to support HCD's legal needs; and
- Increase operating, rental assistance, and supportive services support with short-term lodging tax dollars (see Issue 3).

Table 2.
Proposed CLFR Reappropriations

Downtown City Park Behavioral Health Outreach	$800,000
Enhanced Shelters	$2 million
Tiny House Villages	$1 million
Deintensification Shelters	$1.5 million
Homeless Outreach	$750,000
Lighthouse Shelter	$1.65 million
Burien Lot Micro-Modular Shelter	$1 million
Chief Seattle Club's Eagle Village Shelter	$500,000
TOTAL	**$9.2 million**

The proposed budget would also include a net zero budget adjustment for the King County Regional Homelessness Authority (KCRHA), reflecting 2023-2024 appropriation levels detailed in Table 3 below.

Table 3.
KCRHA Budget

Source	Grant Name	Amount
Federal	CDBG	$ 378,534.00
	CDBG-CV	$ 110,000.00
	ESG	$ 143,269.00
	Federal Total	**$ 631,803.00**
State	State CHG	$ 18,757,417.00
	State ESG	$ 868,491.00
	Emergency Housing Fund	$ 19,798,345.00
	State Total	**$ 39,424,253.00**
Local	Document Recording Fee (DRF)	$ 5,214,375.00
	Lodging Tax	$ 659,000.00
	TrueBlood	$ 73,759.00
	RAHP	$ 319,700.00
	Local Total	**$ 6,266,834.00**
Other	KC In Kind (Rent)	$ 588,944.88
	ARPA	$ 6,060,889.00
	Other Total	**$ 6,649,833.88**
	Total	**$ 52,972,723.88**

Several technical adjustments are included in the proposed budget, including vacancy rate adjustments, and revenue and expenditure adjustments to reflect the latest OEFA forecasts.

KEY ISSUES

ISSUE 1 – 2025 TOD BONDS AND ER 1

The proposed budget would issue $56 million in TOD bonds in 2025 backed by lodging tax revenues. Expenditures would be guided by proposed Expenditure Restriction ER1.

ER1 would require that $56 million in general obligation bonds be expended for "acquisition, development, or preservation of affordable workforce housing […] within one-half mile of a transit station". The funding would then be allocated as follows:

1) Up to $10 million for Metro's Kenmore or Shoreline sites;
2) Up to $10 million for the Federal Way Sound Transit site;
3) Up to $20 million allocated through RFP or to complete funding at previous sites. Priorities for new construction would include: one project in East King County, projects in areas facing displacement, and projects in other areas of King County;
4) Up to $16 million for the preservation of existing TOD projects.

Funding would be allocated in three ways: RFP processes from DCHS, Metro, and Sound Transit for new projects; budget adjustments for previously funded projects; and a new ongoing application process for preservation funds.

If any identified project or location is found to be infeasible, unduly delayed, achievable with less moneys, or if another project can create affordable housing faster, dollars could be reallocated with advance notice to the council. The Executive would transmit a notification letter to council and could move forward unless council passes a motion rejecting the contemplated change within 30 days of transmittal.

Note that in the transmitted LTGO bond ordinance (Proposed Ordinance 2024-0307), there is a request for $77.8 million in bond authorization for TOD projects. $56 million of this request would be for the new bond authority requested in ER1, and the remaining $21.8 million would be carryover from the $45 million TOD bond authorized in the 2023-2024 Biennial Budget. Of the $45 million, $23.7 million was bond financed in 2023.

ISSUE 2 – FEDERAL WAY RED LION STABILIZATION

The proposed budget would appropriate $5 million to fund capital rehabilitation and conversion work on the Federal Way Red Lion Hotel to build an emergency shelter. This cost estimate is pending final analysis of full rehabilitation and construction costs. Council approved the purchase of the Federal Way Red Lion through the 2nd Omnibus of the 2021-2022 Biennial Budget, but at the time, plans for the site were unknown.

This project would be fully revenue backed by multiple sources: $3 million in CLFR-enabled revenue replacement, which will be requested as part of the 4th Omnibus, and $2 million in revenue from document recording fees and other state dollars already included in the HCD budget appropriation.

The Executive indicates that the hotel is currently vacant and sustained extensive water damage caused by a broken pipe. The County is currently awaiting sign off from the City of Federal Way on the scope of the remodel.

The Executive further indicates that if the scope and cost of the remodel varies significantly from the $5 million estimate, the project and budget would be revisited. The final cost analysis is not expected until late this year or early next year.

ISSUE 3 – SHORT-TERM LODGING TAX DOLLARS

Several decision packages would utilize short-term lodging tax dollars, a flexible funding source authorized by RCW 36.100.040[1] that provides the County broad authority to use

[1] 2015-S2.SL.pdf (wa.gov)

their portion of revenues[2] “to support affordable housing programs, as determined by the County, in its sole discretion”. Due to the flexible nature of these dollars, several programs previously backed by the General Fund have shifted over the past biennium to be supported by the short-term lodging tax (e.g., A Regional Coalition for Housing, the Regional Affordable Housing Program, among others).

Table 4 below details how short-term lodging tax revenue would be allocated in 2025. Rows in white detail items in the base budget, with rows in highlighted in gray detail decision packages in the proposed budget.

Table 4.
Proposed Utilization of Short-Term Lodging Tax Dollars

Expenditure	2025 Allocation
Estimated 2025 Revenue	***$5,916,700***
Balance Carry Forward	***$7,317,637***
6% Admin Reserve	$376,442
$25 M GO Bond Debt Service	$3,407,477
ARCH Dues	$228,000
Pacifica	$150,000
Equitable Development Initiative	$1,000,000
Policy Planning and Special Projects Team (AHC, Comp Plan staff)	$1,434,465
HCD Current TLTs and Central Rates (Capital and Housing Stability team)	$2,133,205
Community Investment Lead	$202,387
Senior Advisor to Capital Programs	$192,319
Housing Finance Program TLT	$166,113
Housing Finance Program TLT	$149,115
Asset Management TLT	$192,319
Senior Advisor to the Deputy Director (TLT Conversion)	$129,300
Community Program Specialist (TLT Conversion)	$348,667
PAO	$344,667
Increasing ORS Budget[3]	$1,000,000
Mary's Place General Fund Swap[4]	$329,000
Estimated 2025 Balance	***$1,629,413***

[2] Note, the short-term lodging tax is imposed by a public facilities district and RCW 36.100.040 establishes requirements for what funding must be distributed to the city and county in which the convention and trade center is located.

[3] $1 million for the Operating, Rental Assistance, and Supportive Services (ORS) program would shift from the General Fund to the short-term lodging tax. This program provides operating support for housing those moving out of homelessness, primarily for permanent supportive housing. Document recording fees and VSHSL also fund ORS, but available funds have reduced while costs to operate permanent supportive housing have increase.

[4] Mary's Place Coordinated Intake Line, currently funded with $329,000 from the General Fund, would instead be funded by the short-term lodging tax.

RESPONSE TO COUNCIL INQUIRIES

QUESTION 1: WHAT HAPPENS AFTER CLFR FUNDING IN HCD IS GONE? WHAT ARE PLANS FOR THOSE ITEMS SUPPORTED BY CLFR? HOW CAN WE MAKE SURE WE ARE MAINTAINING THE LEVEL OF SERVICE?

ANSWER: Executive staff indicate that in 2024, King County lobbied the state for $3 million in funding to extend ARPA-funded homelessness shelters and services as part of an overall effort that successfully securing $12 million in King County specific housing and homelessness funding to maintain services levels in state fiscal year 2025. DCHS is working with the Department of Commerce to estimate additional resources in state fiscal year 2026.

The KCRHA's procurement in 2025 will include remaining CLFR dollars as well as these additional one-time dollars from the Department of Commerce. The Executive indicates that the Department of Commerce has provided this additional funding in recognition that COVID-related funding is going away.

Lastly, DCHS is keeping an eye on document recording fee revenue projections. These revenues dropped close to 50% over the last five years. A rebound in these revenues could stabilize homelessness programs.

QUESTION 2: HOW MANY TOD DOLLARS ARE FREE TO USE AND UNENCUMBERED?

ANSWER: Response pending.

QUESTION 3: REGARDING TOD FUNDING, ARE CHILDCARE, ELDERCARE, OR SERVICES FOR THOSE WITH DISABILITIES INCORPORATED INTO TOD PROJECTS?

ANSWER: Executive staff indicate that the Housing Finance Program's (HFP) funding sources cannot be used for non-housing purposes, consistent with state and county legislation. Because of this, non-housing ground floor uses cannot be funded through these procurement processes. However, the HFP does consider ground floor uses as part of other evaluation criteria (e.g. overall financial feasibility of a project). The HFP RFP has funding criteria (a full list of which Council staff can provide if requested) that are informed by funding restrictions and community need.

Further, Executive staff indicate that many jurisdictions in King County require or encourage commercial ground floor uses through their zoning codes. Since HFP funds mission-driven nonprofits, these organizations often work to incorporate community facilities into their buildings with other funding sources.

QUESTION 4: WHAT ARE THE AMI REQUIREMENTS FOR TOD PROJECTS?

ANSWER: State law allows TOD funds to finance housing 0-80% AMI. Traditionally, the Housing Finance Program finances rental housing at 0-60% AMI and homeownership housing at 60-80% AMI.

QUESTION 5: HOW MANY TOD PROJECTS DO WE ANTICIPATE WE WILL GET WITH THE $20 MILLION INVESTMENT TO BE DISTRIBUTED VIA RFP OR TO COMPLETE FUNDING AT PREVIOUS SITES, WITH PRIORITIES FOR NEW CONSTRUCTION FOCUSED IN AREAS FACING DISPLACEMENT OR IN OTHER AREAS OF KING COUNTY?

ANSWER: HCD estimates that this funding would support four to six TOD projects.

QUESTION 6: WHY HASN'T THE $28 MILLION IN TOD BOND CARRYOVER BEEN SPENT YET? HAS DCHS DETERMINED WHICH PROJECTS SHOULD GO FORWARD?

ANSWER: Dwight indicated that affordable housing projects have complicated financing structures, braiding debt, tax credits, and funding from state, federal, local, and private sources. The County commits dollars, but sometimes the developer doesn't have the remaining funding on the schedule they had hoped for. Tax credit funding particularly is lower and slower than anticipated, causing delays. The Executive participates in quarterly monitoring and believes many units will open in 2025.

QUESTION 7: HOW MUCH HAVE WE SPENT ON THE FEDERAL WAY RED LION SO FAR?

ANSWER: Response pending.

QUESTION 8: REGARDING THE FEDERAL WAY RED LION, WHAT FUND SOURCE WAS USED TO ACQUIRE THIS? ANY IDEA OF WHEN IT WILL BE FULLY REHABILITATED? WHAT POPULATION WILL THIS SHELTER ULTIMATELY SERVE?

ANSWER: Budget Director Dwight Dively said it was largely purchase with state funds, but we have not actually received them yet; not until we open the facility. The big variable is whether permitting requirements of the City of Federal Way are met by FMDs latest proposal for use as an emergency shelter. Dwight further stated that the proposed $5M should be sufficient to cover those costs, but we will not know until a permitting decision is made late this year. The Executive is hoping to open the facility in mid-2025.

QUESTION 9: PROVIDE MORE DETAIL ON THE $750K CLFR-SUPPORTED HOMELESS OUTREACH FUNDING PROPOSED FOR REAPPROPRIATION.

ANSWER: This CLFR funding is currently under contract with the Salvation Army for the Street Level program. The Street Level program focuses on South King County, with an emphasis on White Center, and provides outreach to individuals living in their vehicles who can be connected to permanent housing. The program provides referrals, linkage to services, case management, and housing placement. This reappropriation would support a larger geographic footprint for the program, which has doubled in size since before CLFR investment. These dollars are expected to be expended by Q4 2025.

DEVELOPMENTAL DISABILITIES

ANALYST: MIRANDA LESKINEN

	Expenditures	Revenues	FTEs	TLTs
2024 Revised Budget, Annualized	$99,449,064	$100,568,704	39.8	0.0
2025 Base Budget Adjust.	$619,179	$0	0.0	0.0
2025 Decision Packages	$13,514,848	$11,564,587	6.0	0.0
2025 Proposed Budget	**$113,584,000**	**$112,133,291**	**45.8**	**0.0**
% Change from prior biennium, annualized	14.2%			
Dec. Pkg. as % of prior biennium, annualized	13.6%			

Major Revenue Sources: State and federal funds, local cities, outside grant funds, philanthropies.

DESCRIPTION

The Developmental Disabilities and Early Childhood Supports Division (DDESCD) is a division of the Department of Community and Human Services that, as part of its services portfolio, provides services for King County residents with developmental disabilities and their families. Services include early intervention for infants and toddlers with developmental delays, employment services for youth and adults, informational outreach, resource coordination for families of children with developmental disabilities, school to work training, independent living and community integration, and more.

The provision of direct services is mostly carried out through contracts with community non-profits, with department staff performing strategic planning, coordination, contract management, compliance, and billing functions.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed 2025 budget for Developmental Disabilities is approximately $113.5 million, a 14% increase from 2024, with a net additional 6.0 FTEs. Notable proposed budget changes include:

- Elimination of the General Fund-backed Grants Application and Capacity Building (GACB) program (approximately $813,000 and 2.0 FTEs) to address the General Fund deficit. The program contracts out to consultants that help community-based organizations in contracting with the county. According to Executive staff, although this is a reduction in service, there are still other potential avenues for accessing similar technical assistance services backed by non-General Fund sources (e.g., BSK and VSHSL technical assistance and capacity building services).

- Adds $1 million in budget authority (covered by existing fund balance) for provider stability supports (e.g., targeted rate enhancement and technical support) across DCHS systems supporting individuals with intellectual and developmental delays and disabilities and their families.
- Adds approximately $1.3 million and 8.0 FTEs for positions including:
    - Adult Services Evaluator (converting a TLT to an FTE);
    - Lived Experience Lead;
    - Special Projects Coordinator;
    - Early Support for Infant and Toddlers (ESIT) Workforce Development Lead;
    - ESIT Referral Specialist;
    - Development Promotion Team Lead;
    - School to Work Team Lead; and
    - Equity Inclusion and Belonging (EIB) Lead.

According to Executive staff, none of these proposed positions would be General Fund-backed.

The proposed 2025 budget would also make a few technical adjustments, including revenue and expenditure authority alignments and a vacancy rate adjustment to capture salary savings from employee turnover.

KEY ISSUES

ISSUE 1 – GACB PROGRAM ELIMINATION

Whether to eliminate the GACB program represents a policy choice.

RESPONSE TO COUNCIL INQUIRIES

QUESTION 1: **How many organizations participated in/received support from the GACB program in 2023 and so far in 2024? How much capacity would similar non-GF funded programs have to absorb additional participants (subject to being program eligible)?**

ANSWER: In 2023, the Grant Assistance and Capacity Building (GACB) program supported 18 CBOs with 23 complete or active Grant Assistance requests and 13 CBOs with 20 complete or active Capacity Building requests. So far in 2024, 10 CBOS have received Grant Assistance with 12 complete or active requests and 18 have received Capacity Building, with 25 complete or active requests. Over the duration of the program, 35 CBOs have received Grant Assistance with 47 requests completed or active, and 39 CBOs have received Capacity Building with 84 requests. This information is presented in the table below.

DCHS GACB: Annual CBO Data (Services and Requests)

Year	# of CBOs receiving GA	Complete or Active GA requests	# of CBOs receiving CB	Complete or Active CB requests
2022	11	12	20	39
2023	18	23	13	20
2024	10	12	18	25
Total for program	**35**	**47**	**39**	**84**

Notes: Completed or Active Requests are higher than CBOs served because some CBOs receive GA for multiple procurements and CB in multiple areas. Total CBOs served for the program accounts for CBOs receiving services in multiple years – CBOs are not counted multiple times in the total.

Outside of rare circumstances where GACB consultants provided a service unavailable in other TA/CB programs, the providers accessed GACB because they did not have access to these supports from other TA/CB programs.

HARBORVIEW 2020 PROP 1 BOND CAPITAL FUND

ANALYST: SAM PORTER

	2025 Proposed	2026-2027 Projected	2028-2029 Projected
Revenues	$121,490,636	$196,227,834	$196,227,834
Expenditures	$121,490,636	$196,227,834	$196,227,834

Major Revenue Sources: HMC 2020 Prop 1 Bond revenue , LTGO bonds.

DESCRIPTION

Harborview Medical Center is a 413-bed hospital and Level 1 trauma center serving Washington, Alaska, Montana, and Idaho. The hospital is owned by King County, governed by the county-appointed Board of Trustees, and operated by the University of Washington. A $1.74 billion capital bond was approved by voters after being placed on the November 2020 ballot by King County Ordinance 19117. A revised program plan for the 2020 Harborview Bond was approved by Motion 16435, known as the Ordinance Workgroup (OWG) Report.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed ordinance would make an appropriation of $121.5 million of 2020 Harborview Bond levy revenue to the Harborview 2020 Prop 1 capital fund to support the new tower project. The new bed tower is the primary component of the OWG Report approved through Motion 16435. The bed tower would have seven finished inpatient bed floors, three shelled inpatient bed floors, 12 operating rooms, an expanded single floor emergency department, expanded behavioral health services for the Psychiatric Emergency Services and Crisis Stabilization Units, an observation unit for patients needing less than a 24 hour stay, “right-sized” essential services (pharmacy, lab, clinical engineering, etc.), parking, and two helicopter pads with a third if feasible.

The OWG Report was developed in response to the $889 million increase in costs to construct the original planned components of the 2020 Bond project developed by the Harborview Leadership group from December 2018 through January 2020.

Executive materials describing the proposed 2025 budget request state that the tower project is in the planning phase and the proposed appropriation is intended to pay for a share of the project management consultant costs, design, and other services, permitting and legal costs, and a combination of county and Harborview staffing. Executive staff indicate that a request for qualifications for a design-build contract was issued on September 30, with statements of qualifications due on October 8. A request for proposals is anticipated to be issued to short-list statement of qualifications submitters in January 2025. A notice to proceed is planned for July 2025 with preliminary design estimated to finish in January 2026.

Executive staff provided the following expected expenditures for the new tower project in 2025:

- $100 million design-build contractor design services
- $15 million consulting services
- $6 million county and Harborview staff labor costs

KEY ISSUES

Staff have not identified any key issues with this budget. However, in July 2024, Ordinance 19790 was adopted which made a supplemental appropriation of $52 million of Harborview 2020 Bond revenue to purchase vacant property adjacent to Harborview at 755 Alder Street in Seattle in the Yesler Terrace Master Plan Community. During those deliberations, Executive staff stated that the Executive intended to perform an interfund loan and reimburse the 2020 Bond Fund from the proposed county hospital property tax authorized by RCW 36.62.090 for that purchase. As is discussed in the UTGO appropriation unit staff report, whether to change the funding source for that purchase could still be considered as council deliberates on Proposed Ordinance 2024-0316, which would levy the new hospital property tax; staff would make any necessary corresponding technical changes to relevant appropriation units.

HMC CAPITAL PROGRAM 2020 PROP 1 OTHER REVENUES FUND

ANALYST: SAM PORTER

	2025 Proposed	2026-2027 Projected	2028-2029 Projected
Revenues	$5,000,000	$0	$0
Expenditures	$5,000,000	$0	$0

Major Revenue Sources: Washington State Department of Commerce grant

DESCRIPTION

This fund is proposed to be codified through Proposed Ordinance 2024-0305 that was transmitted with the budget. This proposed fund would account for “alternative revenue” to support projects “associated to,” but not funded by the 2020 Harborview Proposition 1 bond. The only revenue source for this proposed appropriation in 2025 is a $5 million grant from the Washington State Department of Commerce grant.

Harborview Medical Center is a 413-bed hospital and Level 1 trauma center serving Washington, Alaska, Montana, and Idaho. The hospital is owned by King County, governed by the County-appointed Board of Trustees, and operated by the University of Washington. A $1.74 billion capital bond was approved by voters after being placed on the November 2020 ballot by King County Ordinance 19117. A revised program plan for the 2020 Harborview Bond was approved by Motion 16435, known as the Ordinance Workgroup (OWG) report.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed budget would make an appropriation of a $5 million grant from the Washington State Department of Commerce to the “FMD HMC Ninth and Alder Project.” The Ninth and Alder property was purchased by the county in July 2024 using 2020 Harborview Prop 1 Bond revenue.[1] Executive staff indicate that this allocation is for the predesign of a behavioral health facility and renovation of the Pioneer Square Health Clinic. Executive staff state that any long-term plan for specific construction would come to the council per the provisions of the OWG report.

KEY ISSUES

Staff have not identified any key issues with this budget.

[1] Ordinance 19790

HARBORVIEW MEI 2000 BOND PROJECTS

ANALYST: SAM PORTER

	2025 Proposed	2026-2027 Projected	2028-2029 Projected
Revenues	($24,750,000)	$0	$0
Expenditures	($24,750,000)	$0	$0

Major Revenue Sources: HMC/MEI 2000 Bond fund balance, LTGO bonds.

DESCRIPTION

Harborview Medical Center (HMC) is a 413-bed hospital and trauma center serving as the only Level 1 trauma center for Washington, Alaska, Montana, and Idaho. The hospital is owned by King County, governed by a 13-member County-appointed Board of Trustees, and operated by the University of Washington. Ordinance 13947 placed a $193 million bond on the November 2000 ballot that was adopted by voters. Proceeds were spent on demolition of seismically unsound buildings, construction of replacement buildings, seismic renovations for hospital facilities including the Medical Examiner. This appropriation unit holds levy dollars from the 2000 Harborview Bond.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed budget would make a disappropriation of $24.75 million from the HMC/MEI 2000 Projects budget for the Ninth and Jefferson Building (NJB) project. This amount was moved in the 2025 HMC Annual Budget adopted through Ordinance 19803 and will pay for the construction of four outpatient operating rooms (OR) and support spaces in the Ninth and Jefferson Building. Currently there is a single standalone OR in the Eye Institute for eye surgeries. Executive staff state that Harborview needs more inpatient OR space to accommodate the fast-growing inpatient census and population, and building more outpatient OR's in the Ninth and Jefferson Building will increase some capacity until the new bed tower is built as part of the 2020 HMC Bond program. Executive staff added that without enough ORs, patients stay in the hospital longer than needed waiting for an OR to be available. Executive staff state that the Sleep Clinic will move from the 4th floor of the Ninth and Jefferson Building to the Pat Steel Building to make room for this project.

KEY ISSUES

Staff has not identified any issues with the proposed budget.

COUNTY HOSPITAL LEVY

ANALYST: SAM PORTER

	Expenditures	Revenues	FTEs	TLTs
2024 Revised Budget, Annualized	N/A	N/A	N/A	N/A
2025 Base Budget Adjust.	N/A	N/A	0.0	0.0
2025 Decision Packages	$70,145,411	$75,620,000	0.0	0.0
2025 Proposed Budget	**$70,146,000**	**$75,620,000**	**0.0**	**0.0**
% Change from prior biennium	N/A			
Dec. Pkg. as % of prior biennium	N/A			

Major Revenue Sources: Revenue from the proposed councilmanic property tax levy authorized by RCW 36.62.090.[1]

DESCRIPTION

This appropriation unit is for revenue from the proposed councilmanic property tax levy allowed by RCW 36.62.090. The proposed tax is included in the annual property tax authorization ordinance, Proposed Ordinance 2024-0316, and would be certified by Proposed Ordinance 2024-0324. As allowed by state law, revenue from this tax could pay for the operation, maintenance, and capital expenses of the county hospital, any outpatient clinics operated by the hospital, and for the payment of principal and interest on bonds for such purposes. The tax may not exceed 20 cents per thousand dollars of assessed value. The Executive's proposed levy rate for 2025 is 8.5 cents which would raise $75.6 million. Further policy directives related to the proposed county hospital tax would be effectuated through additional legislation transmitted with the budget.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Executive's proposed budget would allocate county hospital tax levy revenue through three main decision packages in this appropriation unit:

1. $44 million for Harborview Medical Center, of which $25 million would support hospital operations and the contribution to the mission population support in Public Health, and $19 million for ongoing maintenance.[2]
2. $25 million to support operations for 11 Public Health – Seattle & King County clinics, the Sexual Health Clinic, and the Tuberculosis Control Program Clinic.

[1] Proposed Ordinances 2024-0316 and 2024-0324

[2] The appropriation for specific projects would be made as part of the annual Harborview repair and replacement budget that occurs midyear.

3. $1.14 million for a County Hospital District Director, and for temporary labor, legal, and consultant costs to support county hospital coordination and the Harborview Board of Trustees support.[3]

The remaining amount would support administrative costs to implement operations and contribute to the fund's rainy-day reserve.

The proposed budget includes an expenditure restriction in this appropriation unit of $25 million that "shall not be expended or encumbered to support Harborview Medical Center until an ordinance takes effect approving a new or updated hospital services agreement that includes a plan for ensuring ongoing public health services for public health clinic patients."

KEY ISSUES

ISSUE 1 – COUNTY HOSPITAL TAX RELATED LEGISLATION AND ELIGIBLE EXPENDITURES

In addition to the legislation described above, the Executive transmitted three pieces of legislation related to the proposed county hospital tax:[4]

1. PO 2024-0321 (referred to the Budget and Fiscal Management Committee): Creating the office of the county hospital and making substantive changes to KCC chapter 2.42 pertaining to Harborview Medical Center.
2. PO 2024-0318 (referred to the Committee of the Whole): Establishing a workgroup to make recommendations to modernize public health and hospital operations.
3. PM 2024-0320 (referred to the Committee of the Whole): Expressing the Council's intent regarding the long-term use of the levy authority.

Proposed Ordinance 2024-0321 would create the Office of the County Hospital and amend KCC chapter 2.42, pertaining to Harborview Medical Center. Chief among these changes would be to eliminate the use of the term Harborview and replace it with the term "county hospital," and making the "medical center" a component of the county hospital. As transmitted, this legislation does not include the county's public health clinics as part of the of the county hospital. This means that, under the proposal currently before council, the public health clinics would not be an eligible expenditure for the new hospital tax proceeds as the public health clinics would not be "outpatient clinics operated by the hospital" as required by RCW 36.62.090. Staff analysis of this issue is ongoing.

[3] The corresponding decision package in the Office of the Executive would allocate $645,411 of this $1.145 million to support the Office of the County Hospital in the Office of the Executive appropriation unit, including 1.0 FTE for the County Hospital District Director. Executive staff indicate that the remaining $500,000 would remain in the hospital levy fund to cover any central rates, overhead charges, or other costs that may post to the county hospital fund based on actual expenditures.

[4] In addition, PO 2024-0303 and PO 2024-0305, both referred to the Budget and Fiscal Management Committee, would create a special revenue fund to account for revenue from the proposed county hospital tax and create an "Other revenue" HMC 2020 Prop 1 Capital Fund.

The proposed levy rate as it appears in Proposed Ordinance 2024-0316 represents a policy choice for council. According to Executive staff, each cent would generate approximately $8.5 million in revenue. The full 20 cents would generate about $170 million in 2025.

Council staff analysis is ongoing for this issue and will be discussed in the staff reports corresponding to the legislation described above.

PUBLIC HEALTH

ANALYST: SAM PORTER

	Expenditures	Revenues	FTEs	TLTs
2024 Revised Budget, Annualized	$265,869,999	$268,467,281	971.0	7.3
2025 Base Budget Adjust.	$13,895,925	$2,890,358	(2.5)	(6.3)
2025 Decision Packages	$27,218,286	$22,706,754	23.6	4.0
2025 Proposed Budget	**$306,985,000**	**$294,065,000**	**992.0**	**5.0**
% Change from prior biennium	15.4%			
Dec. Pkg. as % of prior biennium	10.2%			

Major Revenue Sources: General Fund, Medicaid Patient Generated Revenues, Local, State, and Federal Grants and Contracts, American Rescue Plan Act, VSHSL, BSK, MIDD, Harborview Agreement Funds, Medicaid Administrative Claiming, State Foundational Public Health Revenue.

DESCRIPTION

Public Health — Seattle & King County (PHSKC) works to protect and promote public health and ensure that people in King County have accessible, quality health care. PHSKC aims to improve the health and well-being of all people in King County as measured by increasing the number of healthy years that people live and eliminating health disparities. PHSKC is organized into eight areas:

1. Assessment, Policy Development, and Evaluation unit; Communications; Preparedness; Health Policy and Planning; and local government relations including the King County Board of Health;
2. Prevention, including the Medical Examiner’s Office and Vital Statistics;
3. Chronic Disease and Injury Prevention;
4. Community Health Services;
5. Environmental Health;
6. Emergency Medical Services;
7. Jail Health Services; and
8. Administrative Services which include Public Health leadership, Finance and other services that support Public Health.

The Medical Examiner’s Office, Environmental Health, Emergency Medical Services, Jail Health Services, and Administrative Services have separate funds and thus separate appropriations discussed elsewhere in this staff report. The remaining areas are covered under the Public Health fund.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed $27.2 million in expenditures for the biennium represents a 15% increase in expenditures from 2023-2024. The proposed budget would also increase the FTEs for Public Health by 23.6. Notable decision packages include:

Designated Funding – Fully Revenue Backed

Opioid Settlement $3,586,022[1], 3.5 FTEs

Would increase appropriation authority as opioid settlement program is ramping up and align resources to address the ongoing opioid epidemic. The proposed budget would add a half-time communications position, an additional settlement program manager, an overdose prevention policy manager, and a community engagement manager. According to Executive staff, the program anticipates spending over $200,000 in harm reduction supplies by end of 2024, with some unspent funding available in 2025. Executive staff indicate that a new allocation of settlement money is not being requested for harm reduction supplies in 2025 as they are eligible for other funding sources. The majority of King County cities contribute 10% of their settlement moneys to support the administration of the Opioid Abatement Council (OAC) which approves proposals for how settlement dollars will be spent.

WIC Nutrition Assistance: $209,972, 2.0 FTEs

Would add 2 Nutrition Assistant positions in anticipation of Women, Infants, and Children (WIC) caseload increase. Funded by an increase in Washington Department of Health WIC dollars.

CSO Program Elimination ($477,283), (3.0) FTEs

Would eliminate the Community Service Office (CSO) sexual health program and related vacant FTEs. Due to declining demand, the state terminated the contract in January 2024. These services continue to be provided through the Community Health Service Sexual & Reproductive Health and Maternity Support Services clinics.

Emergency Preparedness Program Reduction ($130,701), (1.0) FTEs

Proposed elimination of a vacant administrative assistant position in the Emergency Preparedness program due to insufficient State funding.

[1] The OAC and related programs are fully revenue backed from settlement dollars but the budget book shows 2025 revenues being less than expenditures due to revenue being collected ahead of spending. The financial plan includes a dedicated reserve for settlement money for this purpose.

BSK Funded – Fully Revenue Backed

Family Ways Program Expansion: $1,127,574, 6.0 FTE

Would expand the Best Starts for Kids (BSK) funded Maternal Child Health-Home Based Services program. The program is community-designed to directly address rising rates in maternal mortality and reduced utilization of prenatal care among the communities most impacted by race inequities in health and social support. The program provides culturally relevant, participant-centered, strengths-based pregnancy and parenting services for families and children up to age five. The proposed 6.0 FTEs include a nutritionist, three education specialists, and two program managers.

Maternal Child Health: $267,000

Would add BSK funding allocated in the Implementation Plan but inadvertently excluded from prior budgets. This program provides direct client services, such as teen parenting programming and dissemination of educational materials to reduce infant mortality.

Community Wellbeing Initiative: $150,000

Would expand the Community Wellbeing Initiative to build a strong, supported pipeline of BIPOC mental health professionals, focusing on LGBTQ+ populations and youth.

Grants & Philanthropy – Fully Revenue Backed

CDC: COVID-19 and Health Equity Grant Expansion: $750,000

Would extend the Centers for Disease Control and Prevention (CDC) COVID-19 and Health Equity (CHE) grant through mid-2026. This grant allows Public Health to maintain collaborations with community organizations to address COVID-19 and social determinants of health through community programs and policy and system changes.

CDC: Public Health Infrastructure Grant: $886,949, 3.0 TLTs

Would extend the CDC Public Health Infrastructure grant through November 2027. This grant allows Public Health to continue addressing infrastructure, workforce, and data systems issues as well as building and implementing workforce strategies and foundational capabilities.

CDC: HIV Prevention Grant: $464,301, 2.0 FTEs

Would allocate CDC funding through May 2029 to improve and scale up HIV prevention and care services at the Sexual Health Clinic. This funding would support 2.0 new FTEs, one Disease Research Intervention Specialist assigned to the SCORE jail and the Kent City Corrections Facility to perform testing and conduct partner services, and a Program Manager working in the Sexual Health Clinic. These positions will perform testing, improve data systems and analysis, lead outreach work, and oversee the program.

Street Medicine Expansion to Weekend: $1,137,563, 5.0 FTEs

Would allocate new philanthropic funding from the Ballmer Group over three years to expand the Public Health Street Medicine program. The team currently operates Monday through Friday, and this funding would allow the group to expand into the weekend. According to Executive staff, Street Medicine is a nationally recognized model operating locally since 2019 to address the need to bring health services directly to those living unsheltered. Services provided include, but are not limited to: Health checks and assessments, STI/STD, HIV, Hepatitis C, Syphilis tests, wound care, foot care, pregnancy tests and birth control, Narcan, Suboxone, and Immunizations.

The FTEs are:

- 1.0 Advanced Registered Nurse Practitioner as the lead provider of medical care,
- 2.0 Public Health Nurses to provide health checks and assessments, tests, immunization, wound care, etc.,
- 1.0 Social Services Professional focusing on outreach, benefits enrollment, behavioral health assessments, linkages to other behavioral health services, etc., and
- 1.0 nurse leader supervising the team.

Office of Regional Gun Violence Prevention

The proposed budget would appropriate $7,909,752 to extend funding for the Regional Peacekeepers Collective (RPKC) to address the regional gun violence crisis. This allocation would support the continuation of contracts initiated in 2021 with community-based organizations and supports needs and gaps identified by community partners. RPKC Partners include Alive & Free, Community Passageways, Freedom Project, Progress Pushers, Urban Family, Boys & Girls Club of King County – SE Network SafetyNet, and UW Harborview Medical Center. The RPKC uses a public health approach to address gun violence through common language, practices, protocols, and co-created accountability measures to provide a comprehensive model of care and support for the highest risk youth and their families.

This allocation is supported in 2025 by King County General Fund, CLFR/ARPA, Fund Surplus from 2021-2022, Department of Commerce Prevention and Intervention grants, VSHSL dollars, and funding anticipated from the City of Seattle as part of their fall budget process.

Administrative Service Changes and Technical Adjustments of Note
Of note, the administrative service changes include:

1. 3.0 BSK-funded TLTs being converted to FTEs for the BSK Contracts and Data Evaluation teams,
2. 2.6 FTEs added for the CDC's Respiratory Virus Hospitalization Surveillance Network (RESP-NET) grant funded through 2028,
3. 1.0 FTE General Fund backed ADA coordinator added as recommended by the Internal Disability Accessibility Assessment to support Public Health in furtherance of its commitment to providing equitable and accessible services in all of its programs and services, focusing initially on Jail Health Services.

According to Executive staff, the technical adjustment for "revenue and expenditure true up" would continue past practice of using this decision package to update ongoing grants and contracts, largely focused on inflationary increases.

KEY ISSUES

ISSUE 1 – COUNTY HOSPITAL TAX REVENUE

The proposed budget relies on $25 million of revenue from the proposed county hospital tax being transferred into the Public Health in 2025 to replace $22.3 million of General Fund backing for the public health clinics. As transmitted, the package of legislation to effectuate changes pertaining to the county hospital tax would not move the operations of the PHSKC clinics to the county hospital which is a crucial step in making the clinics eligible for county hospital tax revenue. This issue is discussed in more detail in the County Hospital Levy appropriation unit and in the suite of related legislation transmitted with the budget to implement this proposed tax authority. This "transfer in" continues in the out years and is projected to be approximately $53 million in 2026-2027 and $57 million in 2028-2029.

ISSUE 2 – RESERVE FOR OUT YEARS

While the Public Health Fund ending fund balance and reserves appears healthy for the proposed 2025 budget, there is a "reserve for out years" designated in the financial plan that is projected to dwindle by the end of 2027, resulting in a reserve shortfall of nearly $50 million three years from now. Additionally, if the PHSKC clinics are not eligible for the County Hospital Levy, this "reserve for out years" would be depleted sooner.

ISSUE 3 – LONG-TERM FUNDING FOR GUN VIOLENCE PREVENTION

According to Executive staff, the 2025 budget proposal maintains current levels of service for gun violence prevention programming but faces insufficient funding beyond that. Two related proviso reports were transmitted to council in September 2024: gun violence prevention and response plan (Proposed Motion 2024-0297) and a plan identifying revenue to replace the loss of APRA and CLFR dollars (Proposed Motion 2024-0296). According to the revenue replacement report, “With the loss of CLFR moneys, the Regional Office of Gun Violence Prevention (Regional Office) will have an estimated $970,000 shortfall in 2025, which Public Health plans to fill from its one-time fund reserves.” The report outlines existing federal revenue sources, grant funding, and potential revenue sources available to King County including levies and taxing authority such as the proposed county hospital tax, a sales tax for criminal justice and other purposes, and a bill eliminating the “non-supplant” requirement for voter-approved property taxes. There is $1 million proposed for reappropriation in the External Support appropriation unit that was included in the third omnibus for 2023-2024 to develop and implement programs as part of a gun violence prevention plan. As stated in that section of the staff report, according to Executive staff, the $1 million has not been programmed due to uncertainty about how to support the strategies called for in the gun violence prevention plan on an ongoing basis. The council may wish to direct by expenditure restriction how to utilize these General Fund dollars.

2025 Proposed Financial Plan

PUBLIC HEALTH / 000001800

Category	2023-2024 Estimated	2025 Proposed	2026-2027 Projected	2028-2029 Projected
Beginning Fund Balance	**71,255,268**	**125,505,065**	**112,585,253**	**60,393,986**
Revenues				
Licenses and Permits	1,035,000	520,000	1,083,942	1,144,267
Federal Grants Direct	128,722,745	31,122,139	58,697,139	61,632,586
Federal Shared Revenues	-		-	-
Federal Grants Indirect	83,648,356	32,817,782	55,039,634	57,792,169
State Grants	16,632,477	6,673,286	13,910,493	14,684,653
State Entitlements	52,296,614	27,670,502	57,679,281	57,679,281
Grants from Local Units	13,287,065	6,722,000	14,012,038	14,791,849
Charge for Services	154,976,220	80,565,134	167,938,369	177,284,633
Fines and Forfeits	33,678	3,000	6,254	6,602
Miscellaneous Revenue	6,849,526	2,527,671	5,268,941	5,562,173
Non Revenue Receipts	-		-	-
Transfers In	183,877,957	100,232,715	206,691,193	218,194,165
Revenue from Sub Fund 1802 - Tobacco and Opioid Settlements	23,414,427	5,210,164	11,765,509	15,496,261
Total Revenues	**$ 664,774,064**	**$ 294,064,393**	**$ 592,092,793**	**$ 624,268,639**
Expenditures				
Wages and Benefits	269,554,337	152,708,261	315,463,374	332,182,933
Supplies	24,673,069	6,631,095	13,822,546	14,591,811
Services-Other Charges	235,128,329	101,437,591	211,447,096	223,214,748
Intragovernmental Services	72,217,554	39,757,637	86,992,436	97,257,543
Capital Outlay	259,966	754,656	1,573,084	1,660,630
Debt Service	79,951		-	-
Intragovernmental Contributions	1,691,596	117,662	257,453	287,775
Contingencies	22,904	22,904	-	-
Applied Overhead	(945,985)	-	-	-
Expenditures from Sub Fund 1802 - Tobacco and Opioid Settlements	7,842,546	5,554,399	14,728,073	18,536,453
Total Expenditures	**$ 610,524,267**	**$ 306,984,205**	**$ 644,284,060**	**$ 687,731,893**
Estimated Underexpenditures				
Other Fund Transactions				
Other Adjustments				
Total Other Fund Transactions	**$ -**	**$ -**	**$ -**	**$ -**
Ending Fund Balance	**$ 125,505,065**	**$ 112,585,253**	**$ 60,393,986**	**$ (3,069,269)**
Reserves				
Expenditure Reserve (Restricted)	1,423,334		-	-
Fund Balance Reserve for Sub Fund 1802 - Tobacco and Opioid Settlements	15,571,881	15,227,646	12,265,082	9,224,890
Emergency Reserve	7,631,553	7,674,605	8,053,551	8,596,649
Technology/Capital Reserve	-	2,000,000	3,500,000	3,500,000
Rainy Day Reserve (60 days)	15,362,972	21,784,353	23,680,671	25,428,351
Reserve for Out Years	85,515,325	65,898,649	12,894,682	-
Total Reserves	**$ 125,505,065**	**$ 112,585,253**	**$ 60,393,986**	**$ 46,749,889**
Reserve Shortfall	-	-	-	49,819,158
Ending Undesignated Fund Balance	**$ -**	**$ -**	**$ -**	**$ -**

Financial Plan Notes

All financial plans have the following assumptions, unless otherwise noted in below rows.

2025 Proposed Budget ties to PBCS.

Outyear ***projections columns*** : revenue and expenditure inflation assumptions are consistent with figures provided by PSB's BFPA guidance.

Revenue Notes:

One Time Revenue in 2025 for FEMA, CLFR and VSHSL for the Regional Office of Gun Violence Prevention removed from 2026 and out years.

Expenditure Notes:

The rainy day reserve was calculated using a 60 day expenditures average, adjusted for grants and inter-County revenues, including KC General Funds, Best Starts for Kids, the Mental Illness and Drug Dependency, and Veterans, Seniors and Human Services Levy. COVID one-time expenditures removed from out year projections. Applied Overhead is negative in 2023-2024 as some staff costs posted in other funds.

Reserve Notes:

The "Reserve for Out Years" is funding that is needed to close the structural budget gap in the fund in the out years.

The Restricted Expenditure Reserve includes funding for Regional Gun Violence.

The Emergency Reserve of 5% of expenditures for 6 months is set aside for specific public health emergencies and is to be used based on a future appropriation and revised as needed. The Capital Reserve is calculated at the level of recent capital project requests and anticipated increases as technology need evolve and expand.

Last Updated September 3, 2024 by Laura Pitarys using data from PBCS and BFPA assumptions.

ENVIRONMENTAL HEALTH SERVICES

ANALYST: WENDY SOO HOO

	Expenditures	Revenues	FTEs	TLTs
2024 Revised Budget, Annualized	$38,829,233	$36,961,249	179.8	1.0
2025 Base Budget Adjust.	$2,192,073	($39,147)	0.0	(1.0)
2025 Decision Packages	$4,411,385	$4,482,679	11.0	0.0
2025 Proposed Budget	**$45,433,000**	**$41,405,000**	**190.8**	**0.0**
% Change from prior biennium, annualized	17.0%			
Dec. Pkg. as % of prior biennium, annualized	11.4%			

Major Revenue Sources: License and permit fees and state and federal revenues.

DESCRIPTION

Environmental Health Services (EHS) is a division within Public Health – Seattle & King County. The EHS Division provides fee and grant-based regional services focused on prevention of disease through sanitation, safe food and water, proper disposal of wastes and toxics, and promotion of safe and healthy environmental conditions. EHS is organized into four sections:

- Food and Facilities Section, which permits food establishments and water recreation facilities and monitors water quality at King County beaches;
- Community Environmental Health Section, which permits plumbing and gas piping and on-site sewage systems;
- Community Toxics Science and Policy Section, which permits solid and biomedical waste facilities and pet businesses, as well as working on climate change, lead poisoning prevention, land use planning, and other issues; and
- Operations Section, which handles permit requests, and provides administrative support and workforce development.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2025 budget for Environmental Health is proposed to increase from a revised, annualized 2024 budget of $38.8 million to $45.4 million. Some of the key changes include:

- **$382,000 and 3.0 new FTE for plumbing and gas piping inspections.** This request would be funded by a proposed increase in the rate (discussed further in Key Issues);
- **$329,000 and 2.0 FTE for on-site septic permitting program staff.** This request would be funded by a proposed increase in rates, which will be taken up by the Board of Health. This proposal is intended to support compliance with SB 5290, which requires building and land use permits to be reviewed within a set timeframe, effective January 1, 2025. According to Executive staff, current review timelines are at 80 to 100 days and with the addition of the 2.0 FTE and other process improvements, review timelines are expected to fall below 30 days.
- **$500,000 and 3.0 FTE for food program staffing**. This would also be funded by a proposed increase in rates, which will be taken up by the Board of Health. According to Executive staff, these positions would allow for program improvements to enhance customer service and efficiency, including through:
    - Improved engagement with customers via newsletters and regular meetings for permit holders and English/Spanish meetings with mobile food vendors;
    - A lead position to better support permitting and inspections for temporary events and farmers markets;
    - Creation of a searchable online database of commissary kitchens; and
    - Reduced wait time for food plan reviews.
- **$1.4 million for permitting system enhancements**. This appropriation is requested to complete a permitting system replacement project that was previously appropriated $2.4 million.[1] According to the proposed budget book, the additional request is needed to support additional planning, final design, implementation, and close out. The new permitting system is expected to go live in mid- to late-2025. The new system will allow for new data analytics and reports, enabling more detailed analysis for rate studies; mobile functionality for field work; and improved document management. Customers will also be able to do more online, such as paying for permits and reviewing permit information.

KEY ISSUES

ISSUE 1 – ADDITION OF 3.0 FTES AND $382,000 FOR PLUMBING AND GAS PIPING INSPECTIONS, BACKED BY PROPOSED FEE INCREASE

EHS performs plumbing and gas piping inspections in unincorporated King County, Seattle, Clyde Hill, and Beaux Arts. The 2025 EHS budget is proposed to include 3.0 additional FTEs at $382,000 for plumbing and gas piping permitting and inspections. Currently, 2.0 TLTs and a partial FTE from the section's plan review program are

[1] The project previously received appropriation authority in the 2019-2020 Biennial Budget (Ordinance 18835).

supporting the inspection program. Approval of the 3.0 additional FTEs would bring the program to 14.0 FTEs.

Executive staff indicate that 3.0 additional FTEs are needed to be able to meet its goal of completing 95% of inspections within 24 hours.

Table 1.
Plumbing and Gas Inspections and Percentage Completed in 24 Hours

	2018	2019	2020	2021	2022	2023	2024 through Aug.
Inspections Performed	26,951	27,190	23,586	26,936	25,602	27,816	18,536
% Performed in 24 hours	94%	89%	92%	90%	87%	90%	96%

Note that while the proposed addition of the FTEs would only cost $382,000, the proposed fee increases are anticipated to generate approximately $1.3 million in additional revenue. Executive staff indicate that fees have not been increased since 2011, so the program has been operating at a deficit for the past few years and this would rebuild reserves.

The proposed fee increase (Proposed Ordinance 2024-0313) will be considered by the Budget and Fiscal Management Committee on October 29th or 30th.

Update: Currently, fees are as follows:

- Plumbing permit fees for fixtures, traps, backflow devices, or assemblies:
  - One fixture, trap, device, or assembly: $140
  - Two to three: $210
  - Four to six: $298
  - Seven to 10: $333
  - More than 10: $333 base fee plus $8 for each additional fixture, trap, device, or assembly
- Gas piping permit fees for outlets:
  - One to four outlets: $140
  - Five to six outlets: $175
  - Seven to nine outlets: $210
  - Ten outlets: $245
  - More than 10 outlets: $245 base fee plus $10 per each additional outlet

Under the proposed legislation, there would be a base permit fee of $132 plus $26 per fixture, trap, backflow device, assembly, or outlet. In addition, Proposed Ordinance 2024-0313 would give the Public Health director the authority to annually adjust the fees to reflect actual costs in line with CPI-W plus one percentage point, up to five percent over the current fee.

EMERGENCY MEDICAL SERVICES

ANALYST: WENDY SOO HOO

	Expenditures	Revenues	FTEs	TLTs
2024 Revised Budget, Annualized	$132,794,005	$120,376,751	144.6	0.0
2025 Base Budget Adjust.	$1,675,591	$0	0.0	0.0
2025 Decision Packages	$4,159,222	$7,415,764	1.0	0.0
2025 Proposed Budget	**$138,629,000**	**$127,793,000**	**145.6**	**000.0**
% Change from prior biennium, annualized	4.4%			
Dec. Pkg. as % of prior biennium, annualized	3.1%			
Major Revenue Sources: Emergency Medical Services levy				

DESCRIPTION

Emergency Medical Services (EMS), a division of Public Health – Seattle & King County (PHSKC), operates a coordinated regional partnership providing a continuum of care for people in need of emergency medical care services (Medic One) and oversees a tiered regional model for emergency medical care and training throughout the county. EMS is primarily funded by a countywide, voter-approved six-year EMS levy which will expire at the end of 2025. The EMS levy moneys supporting this budget are restricted by state law and can only be spent on EMS-related activities.

This system operates in a coordinated partnership with five dispatch centers, five paramedic providers, and 28 fire departments. This partnership also requires collaboration with local hospital emergency departments, private ambulance companies, and other organizations.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2025 EMS budget is proposed to increase by approximately 4% over the revised, annualized 2024 budget, from $132.8 million to $138.6 million. Various changes are proposed to update allocations to regional partners, King County Medic One, regional services, and strategic initiatives based on the Medic One/EMS 2020-2025 Strategic Plan.[1]

A King County Medic One administrator position (1.0 FTE and $230,000) is proposed to be added to help with office management and data analysis. The proposed budget would also include $282,000 for the STRIVE IT project ongoing licensing costs. This

[1] These changes are based on formula-driven allocations and cost reimbursement requirements as set in the strategic plan.

project supports continuing education requirements for paramedics and emergency medical technicians.

KEY ISSUES

Staff have not identified any key issues with this budget.