Attachment A

Unincorporated King County Fiscal Sustainability Plan

December 2021

King County

I. Contents

II. Figures and Tables

III. Proviso Text

Ordinance 19210, Section 18, Office of Performance, Strategy, and Budget, Proviso P1[1]

Of this appropriation, $400,000 shall not be expended or encumbered until the executive transmits a fiscal sustainability plan for 2021 through 2031 for the unincorporated area and a motion that should acknowledge receipt of the plan and a motion acknowledging receipt of the plan is passed by the council. The motion should reference the subject matter, the proviso's ordinance number, ordinance section and proviso number in both the title and body of the motion.

The plan shall include, but not be limited to, the following:

A.1. A description and identification of all local services currently provided and expected to be provided in 2021 through 2031 by the county in the unincorporated areas; and

2. Analyses and recommendations of the appropriate levels of service from 2021 through 2031 for each local service identified;

B.1. A description of existing funding sources and expected revenues from each funding source from 2021 through 2031 for each local service identified; and

2. An evaluation of whether existing and expected revenues from existing funding sources is sufficient to support the appropriate levels of service from 2021 through 2031 for each local service identified;

C. Methods to fill any identified funding gap to achieve the appropriate levels of service from 2021 through 2031 for each local service identified. The methods shall ensure that the county has sufficient financial resources to provide the local services identified in subsections A. and B. of this proviso. Methods to be evaluated to fill the funding gap in the plan shall include, at a minimum:

1. Prioritizing the use of flexible sources of revenue to local service delivery;
2. Imposing funding sources authorized by state law that the county currently does not use; and
3. Identifying policy, land use designation, zoning and code changes to support tax revenue generation, such as increased neighborhood business or industrial zoned areas; and

D. Identifying of a timeline, milestones, outcomes, performance measures and reporting to the council, to achieve fiscal sustainability in the unincorporated areas for the study period of 2021 through 2031.

The executive should electronically file the plan and motion required by this proviso no later than December 1, 2021, with the clerk of the council, who shall retain an electronic copy and provide an electronic copy to all councilmembers, the council chief of staff and the lead staff for the local services committee, or its successor.

[1] Ordinance 19210, Section 18, Office of Performance, Strategy, and Budget, Proviso P1.

IV. Executive Summary

King County is the 12th most populous county in the nation with over 2.25 million residents. As the second largest provider of public services in Washington State, King County government provides an array of services that can be categorized into regional services, contract services, and local services for unincorporated residents. This document focuses on key local services that King County agencies provide to the 250,000 residents of unincorporated King County (UKC).[2]

Local services are those for which the County is the local service provider for residents in UKC; these services include police protection, road maintenance, parks, surface water management, permitting, animal licensing, and other services detailed in this report. To develop new and better ways to serve UKC, the Department of Local Services (DLS) was established in 2019 to improve services in rural areas, as well as the remaining urban unincorporated communities. Other County agencies providing local services include:

- Regional Animal Services of King County (Department of Executive Services)
- Community Environmental Health Section (Public Health – Seattle & King County, Environmental Health Services Division)
- Parks and Recreation Division (Department of Natural Resources and Parks)
- Surface Water Management Program (Department of Natural Resources and Parks, Water and Land Resources Division)
- King County Sheriff's Office
- King County Metro Transit

Financial Challenges Facing UKC

Counties have two principal sources of flexible tax revenue to support public services in unincorporated areas—property tax and sales tax. Unlike the State or cities, counties are not authorized to impose utility or business taxes. County revenues are therefore subject to changes in the property and sales tax base, both of which have been eroded by annexations and incorporations.

UKC has a large population spread over a broad, diverse geographic area with a limited tax base, a combination that poses significant financial challenges to providing services to residents. The Washington State Growth Management Act (GMA) calls on counties and cities to collaborate and manage population, housing, and job growth.[3] Adopted by the state legislature in 1990 and 1991, the GMA encourages unincorporated areas within King County's Urban Growth Area[4] to become part of

[2] While this report focuses on local services, it also provides information on regional services that are provided in Unincorporated King County, such as Metro Transit, Parks, and On-site Sewage System services. The County provides other regional services that serve UKC residents; these services were not included in the scope of this report.

[3] Chapter 36.70A RCW

[4] The GMA requires King County's Comprehensive Plan to designate an Urban Growth Area, where most future urban growth and development is to occur to limit urban sprawl, enhance open space, protect Rural Areas and Natural Resource Lands, and more efficiently use human services, transportation, and utilities. The Comprehensive Plan designates an Urban Growth Area which includes areas and densities sufficient to permit the urban growth that is projected to occur in the county for the succeeding 20-year period.

incorporated cities.[5] King County differs from the State's other large counties because it has more fully implemented the GMA.

King County's success in achieving many of the GMA goals has come with financial consequences. Through the process of incorporation of new cities and annexations to cities, the GMA and other drivers have reduced UKC population and economic activity, which in turn have impacted the County's revenue sources that support UKC services. This plus long-term growth in costs have led to an ever-widening deficit between the cost of maintaining UKC services and the reduced revenue the County receives.[6]

Local Services and Funding

In accordance with the requirements of this proviso, the Office of Performance, Strategy and Budget (PSB) partnered with DLS and other agencies providing local services in UKC to develop an overview of:

- Current local services provided by each agency;
- Existing funding sources;
- Potential additional services for UKC residents; and
- The funding gap that would be created if these services were added.

As illustrated in Figure 2, a variety of services could be added in UKC, ranging from a program to better ensure safe drinking water to additional funding to maintain the road system. These unfunded additional services would create significant funding gaps for the County.

Analysis of Methods to Fill Funding Gaps

A PSB analysis of methods to address funding gaps in UKC finds that King County's most viable strategy for closing revenue gaps for local services is to ask the State Legislature for additional tools and/or greater flexibility with existing tools.[7]

Reprioritizing existing revenue sources is a challenge as long as long-term growth in costs and demand for services exceed available revenue sources. Unutilized tools are either going to generate marginal levels of new revenue or are subject to administrative and political challenges. It is not possible to change this situation through development, as the GMA and County policies impose severe limitations on commercial growth in UKC, consistent with the policy intent that such activities be concentrated in urban areas.

Thus, the only meaningful solutions for funding an adequate and sustainable level of local service in UKC require action by the State. The State needs to provide counties with adequate General Fund revenue tools to provide the level of services required, both at the regional level and for unincorporated areas, including replacing the one percent property tax revenue growth limit with a limit tied to inflation and population growth. The State also needs to create new revenue tools to support critical infrastructure in unincorporated areas, especially in counties such as King County that have complied with the intent of the GMA.

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[5] 2016 King County Comprehensive Plan, p. 612

[6] While not impacted in the same way by GMA policies and resulting impacts, Metro Transit also faces financial challenges in providing the mobility system desired by the region, as detailed in Metro Connects, Metro Transit's long-range vision.

[7] Potential funding sources for the Metro Transit regional system were discussed in Appendix A of Metro's response (2019-RPT0075) to Motion 15252.

Next Steps

PSB and County agencies providing services in UKC will continue to conduct routine monitoring of all funds covering current resources and programs. Monitoring will analyze financial health, identify any funds at risk including risk of unsustainability, and develop appropriate mitigation strategies when necessary. DLS will continue to submit reports to the County Council that provide updated performance measures on service levels, outcomes, capital projects, land use policies, and zoning in UKC.

King County will continue to use its political leadership to ask the Legislature to raise the one percent property tax limit, give counties more tools to facilitate annexations, and address the broken fiscal underpinnings of the GMA. The County will also continue to advocate for regional and countywide growth management policies that seek permanent funding solutions.

V. Background

King County is the 12th most populous county in the nation with over 2.25 million residents. As the second largest provider of public services in Washington State, King County government provides an array of services that can be categorized into regional services, contract services, and local services for unincorporated residents. This document focuses on the local services that King County agencies provide to the 250,000 residents of unincorporated King County (UKC).[8]

Local services are those for which the County is the local service provider for residents in UKC; these include police protection, road maintenance, parks, surface water management, permitting, animal licensing, and other services detailed in this report. Some other local services, including fire protection, emergency medical services, and libraries, are provided by separate districts and are not under King County jurisdiction.

To develop new and better ways to serve UKC, the Department of Local Services (DLS) was established in 2019 to improve services in rural areas, as well as the remaining urban unincorporated communities. Approximately half of UKC residents live in urban areas and half in rural areas.[9] The department was formed by the consolidation of the Road Services Division from the former Department of Transportation and the former Department of Permitting and Environmental Review, plus the creation of a new Director's Office to handle outreach, engagement, and economic development. The department serves, in effect, as a "city manager" to provide a single point of accountability for residents of UKC.

Other agencies providing local services in UKC include:

- Regional Animal Services of King County (Department of Executive Services)
- Community Environmental Health Section (Public Health – Seattle & King County, Environmental Health Services Division)
- Parks and Recreation Division (Department of Natural Resources and Parks)
- Surface Water Management Program (Department of Natural Resources and Parks, Water and Land Resources Division)
- King County Sheriff's Office
- King County Metro Transit

Many of these services are provided regionally, as well. This report focuses on the local services provided in UKC.

Overview of Agencies

Below is a high-level overview of the key agencies detailed in this report and the services they provide in UKC. Additional information for each agency can be found in Appendix A.

- The **DLS Director's Office** works to promote the well-being of residents and communities in UKC by seeking to understand their needs and deliver responsive local government services.

[8] While this report focuses on local services, it also provides information on services that are provided regionally, including King County Metro Transit, Parks, and the On-Site Sewer System program. The County provides other regional services that serve UKC residents; these services were not included in the scope of this report.

[9] Washington State Office of Financial Management

- The **Road Services Division** is responsible for almost 1,500 miles of unincorporated roadway, 185 bridges, and related infrastructure such as sidewalks and pathways, bike lanes, guardrails, drainage facilities, traffic control equipment, and traffic cameras.
- The **Permitting Division** reviews, approves, and inspects land use development and building construction permits in the unincorporated area.
- **Regional Animal Services of King County (RASKC)** provides over one million residents in UKC and 24 contract cities with sustainable, cost-effective services that protect people and animals, while delivering humane shelter care.
- The **Community Environmental Health Section** helps to ensure that over 85,000 septic systems throughout King County are safe. Septic systems treat wastewater when homes and buildings are not connected to public sewer systems. The OSS Program provides educational, advisory, and permitting services for owners of septic systems and certifications for several categories of septic professionals. The **Plumbing and Gas Piping Inspection Program** ensures the safe installation of plumbing and gas piping systems in UKC.
- The **Parks and Recreation Division** works to steward, enhance, and acquire parks to inspire healthy communities. For residents in the unincorporated area, King County is also the local parks agency.
- The **Surface Water Management (SWM) Program** for unincorporated areas addresses problems that affect the county's rivers, lakes, and streams due to development changes to natural systems and the movement of water over and through the land.
- The **King County Sheriff's Office** serves the law enforcement needs of over half a million people in unincorporated areas and twelve contract cities.
- **King County Metro Transit** provides public transportation throughout King County and serves as the contractor to Sound Transit. Metro services benefiting UKC include fixed-route bus service, Access paratransit, Vanpool, King County Water Taxi, and various flexible services.

Key Historical Conditions

UKC has a large population scattered over a broad, diverse, geographic area with a very limited tax base, a combination that creates significant financial challenges to providing services to residents. The Washington State Growth Management Act (GMA) calls on counties and cities to collaborate and manage population, housing, and job growth.[10] Adopted by the state legislature in 1990 and 1991, the GMA encourages unincorporated areas within King County's Urban Growth Area[11] to incorporate and annex into cities.[12]

King County differs from the State's other large counties because it has more fully complied with the concepts of the GMA. As King County has implemented the GMA over the last two decades, its unincorporated population decreased as areas incorporated (forming new cities) or were annexed into existing cities. Consistent with GMA goals, in 2021 King County's unincorporated population is only

[10] Chapter 36.70A RCW

[11] The GMA requires King County's Comprehensive Plan to designate an Urban Growth Area, where most future urban growth and development is to occur to limit urban sprawl, enhance open space, protect Rural Areas and Natural Resource Lands, and more efficiently use human services, transportation, and utilities. The Comprehensive Plan designates an Urban Growth Area which includes areas and densities sufficient to permit the urban growth that is projected to occur in the county for the succeeding 20-year period.

[12] 2016 King County Comprehensive Plan, p. 612

eleven percent of the total county population. In contrast, the other nine counties with total populations over 200,000 have an average of 42 percent of their residents in their unincorporated areas.[13]

King County's success in achieving many of the GMA goals has come with financial consequences. Through the process of incorporation of business and residential areas into new cities and annexations to cities, the GMA has reduced UKC economic activity and left King County with a very limited tax base[14] in the unincorporated areas. More information regarding the impact of GMA implementation in King County can be found in Section C.[15]

Current Financial Conditions

The current funding structure for UKC is not sustainable. This is because state law limits property tax revenue growth to one percent per year, plus the value of new construction. This means that the largest General Fund revenue source does not keep up with costs from inflation and population growth in most years, so the General Fund faces significant financial challenges even in good times. King County's General Fund has faced chronic imbalances between revenue and expenditure growth for nearly 20 years due to revenue limitations under state law.

The General Fund is projected to receive $1.89 billion in revenue in the 2021-2022 biennium. The County's "net" General Fund revenue includes only those funds that are truly flexible. Most of the fee-for-service revenues are for specific programs and cannot be used in other ways.[16] When these are excluded, the County has about $1.29 billion of flexible General Fund revenue for 2021-2022, almost three-quarters of which goes to the criminal legal system.

At the start of the 2021-2022 budget process, the General Fund faced a gap of about $12 million between projected revenues and the cost of continuing current services and programs. The August 2021 revenue forecast showed that the General Fund's financial condition for the rest of the biennium had improved. However, a number of risks remain. Most labor contracts for General Fund employees expired at the end of 2020 or will expire at the end of 2021, and the unresolved contracts could significantly impact General Fund spending.[17] The ongoing COVID-19 pandemic continues to pose significant risk to the General Fund, as uncertainty about federal reimbursement and long-term impacts to services and workforce remain. There are likewise several known future General Fund costs that will impact spending, including debt service on bonds issued for projects prioritized by the community and for major maintenance of County buildings. The County is committed to continued pro-equity and anti-racist investments, including criminal legal system reform, alternative public safety models, and supporting the long-term sustainability of community-based organizations. There is also considerable

[13] Office of Financial Management, April 1st official Population Estimates, 2021

[14] Tax base is the total value of assets, properties, or income in a certain area or jurisdiction that can be taxed.

[15] While not impacted in the same way by GMA policies and resulting impacts, Metro Transit also faces financial challenges in providing the equitable, innovative, effective, and sustainable mobility system desired by the region, as detailed in Metro Connects, Metro Transit's long-range vision.

[16] Many County tax revenues are restricted for a particular function, including lid lifts (Parks, Automated Fingerprint Identification System (AFIS), Veterans/Seniors/Human Services, Best Starts for Kids), and dedicated sales/use taxes (transit, criminal justice, mental health).

[17] Four General Fund bargaining units have contracts with an expiration date later than December 31, 2021. These are the King County Sheriff's Office Marshals' Guild, Puget Sound Police Managers' Association (KCSO Majors unit), and Washington State Nurses Association (staff and supervisor units).

interest in other potentially costly new programs, such as body cameras for the Sheriff's Office and addressing the criminal legal system backlog. Most importantly, the fundamental inadequacy of the General Fund's revenue structure—i.e., one percent revenue growth—has not been addressed by the State Legislature.[18]

Additional information regarding the financial condition of King County agencies serving UKC can be found in section B and Appendix A.

Report Methodology

This report was coordinated and compiled by the Office of Performance, Strategy, and Budget (PSB) in partnership with RASKC; the DLS Permitting Division, Road Services Division, and Director's Office; the Environmental Health Services Division; the Parks and Recreation Division; the Water and Land Resources Division; King County Metro Transit; and the King County Sheriff's Office.[19]

Reflecting the subject matter expertise and data from each department, development of this proviso response involved the following:

- PSB and DLS leadership formed a core proviso team to lead the effort and a proviso workgroup with representatives from each agency providing local services.
- The core team determined the scope of the report, namely which agencies and services would be analyzed. This scope was approved by the PSB Director and Councilmember Kathy Lambert.
- Using a template to encourage consistency, agencies submitted to PSB information about local services provided to the unincorporated areas, funding sources and projected revenues for 2021 through 2032, and any projected funding gaps in providing this forecasted appropriate level of service.
- PSB analysts assembled this information to develop sections A and B. Sections C and D were developed by PSB.

Financial Projection Assumptions

Many unknowns exist forecasting out ten or more years; thus, several assumptions were needed to inform the projections in this report. Assumptions were standardized to the extent possible by using PSB central budget and financial planning assumptions and by providing detailed guidance and standardized templates to agencies. Individual agencies also leveraged their own expertise to inform the contents of this report.

As "appropriate level of service" was not defined in the proviso, for the purposes of this report agencies outlined potential additional services that would allow them to better serve UKC residents. In defining each agency's current and additional level of service, PSB encouraged agencies to leverage and consider:

- Existing forecasting or planning documents;
- Existing service guidelines, strategic plans, or business plans;

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[18] Metro Transit and Sound Transit have their own funding sources with specific limitations and disadvantages. Within their current funding, Metro, and more recently Sound Transit, have also struggled to provide the regional mobility system desired by the region and the UKC.

[19] Many agencies that provide regional and local services do not have separate revenue or cost allocations for services provided to UKC. Those agencies were asked to make working assumptions for this proviso response, acknowledging that those assumptions are not necessarily backed by any legislated policy.

- Rules and regulations that drive programs and services;
- Life safety;
- Urban versus rural levels of service;
- Equity and social justice considerations and implications;
- Climate priorities and the effects of climate change;
- Service levels in peer jurisdictions, benchmarking, and best practices; and
- Community Needs Lists.

Each budget cycle, PSB analyzes agency requests for changes to levels of service. The Executive and Council must weigh budget proposals against existing resources, emerging needs, and competing priorities. Therefore, levels of service discussed in this proviso response may not align with existing or future budget proposals. This proviso response demonstrates illustrative and directional examples and should not be used definitively for future policy-making decisions.

VI. Proviso Response Requirements

This report is organized to address the requirements of Ordinance 19210, Section 18, Office of Performance, Strategy, and Budget, Proviso P1.[20]

- Section A identifies key local services currently provided and expected to be provided in 2021 through 2032 in the unincorporated areas, based on information available as of June 2021. For each section of the report, financial predictions were modeled out to 2032 to account for the biennial budget structure.
- Section B identifies for each agency:
  - Existing funding sources;
  - Projected revenues from 2021 through 2032;
  - Potential additional levels of service;
  - Total cost required to achieve additional levels of service; and
  - Projected funding gaps between current projected revenues and cost of providing additional levels of service.
  - Additional detail for each agency can be found in Appendix A.
- Section C identifies methods to fill any projected funding gaps from 2021 through 2032. As required by the proviso, these methods are organized into three categories:
  - Prioritizing the use of flexible sources of revenue to local service delivery;
  - Imposing funding sources authorized by state law that the county currently does not use; and
  - Identifying policy, land use designation, zoning, and code changes to support tax revenue generation, such as increased neighborhood business or industrial zoned areas.
- Section D identifies performance measures and reporting methods to achieve fiscal sustainability in the unincorporated areas, centered on leveraging existing processes.

A. Local Services Provided by the County in the Unincorporated Areas

Organized by agency, this section offers a summary of the local services currently provided and expected to be provided in the unincorporated areas from 2021 through 2032.

Figure 1: Local Services Provided by the County in UKC

Agency	Local Services
DLS Director's Office	**Community engagement and outreach** is conducted through the Community Service Area (CSA) program, supporting outreach for other King County agencies, and annual town hall meetings in local communities.
	The **Economic Development** program focuses on technical support for businesses and chambers of commerce.

[20] Ordinance 19210, Section 18, Office of Performance, Strategy, and Budget, Proviso P1.

	The **Subarea Planning** program develops local plans in partnership with communities, which are ultimately adopted by the King County Council. Subarea plans establish a vision, goals, and policies to guide development decisions in each of King County's six rural CSAs and five urban Potential Annexation Areas (PAAs).
	As of 2021, DLS is leading a **participatory budgeting** program in the five PAAs: East Federal Way, East Renton Plateau, Fairwood, North Highline/White Center, and Skyway-West Hill.
Permitting Division	**Permitting of land use and construction activity** involves reviewing property owners' development plans and inspecting construction activity to ensure compliance with zoning, building, stormwater, and other regulations intended to protect public safety and the natural and built environments.
	Code enforcement involves responding to complaints of land use and building code violations.
	Abatement of code violations on private properties may occur when property owners cannot or will not rectify violations, contingent on the availability of resources to the County.
Road Services Division	The **roadway** program enables the movement of people and goods, serving residents, commerce, emergency services, and other users. Cars, trucks, buses, and bicycles all use the roadway for their travel needs.
	The **bridges and structures** program focuses on providing routes over bodies of water, roads, lowlands, railroad tracks, or other obstacles. Structures enable roads to exist in diverse landscapes by controlling and shaping the natural environment and providing protection from environmental impacts such as flooding, tides, waves, storm surges, or landslides.
	The **drainage** asset program focuses on infrastructure that moves stormwater away from the roadway and reduces flood risk to the built environment by collecting and redirecting stormwater to natural bodies of water and designated collection points.
	Traffic control works to regulate, warn, or guide traffic using safety devices and other measures, including signals and intelligent transportation systems, signs and markings, and street lighting.
	The **roadside** program focuses on road system features and components within the road right-of-way but outside the travel lanes of the road: shoulders, sidewalks and plantings, and guardrail.
	The roads **maintenance** program provides routine maintenance and emergency services to the road system throughout the unincorporated area. Roads has five regional maintenance facilities, a maintenance

	headquarters campus in Renton, and another ten satellite maintenance sites.
Regional Animal Services of King County	**Field services** include the operation of a public call center, the dispatch of animal control officers in response to calls, and the handling of calls in the field by animal control officers, including the collection and delivery of animals to the Kent shelter or other shelters.
	Shelter services encompass the general care, cleaning, medical care, and nourishment of owner-released, lost, or stray animals in preparation for returning those animals to their guardian or placing them in new homes.
	Licensing services provide a unified system to identify and reunite pets through licensure.
Community Environmental Health Section	The Public Health **OSS Permitting** program ensures OSS are properly designed and installed to effectively treat wastewater and protect public health. OSS treat wastewater when homes and buildings are not connected to public sewer systems.
	The Public Health **OSS Operation and Maintenance** program helps to ensure that over 85,000 OSS countywide are safe.
	The Public Health **Plumbing and Gas Piping Inspection** program ensures the safe installation of plumbing and gas piping systems in UKC.
Parks and Recreation Division	Parks is responsible for **local active parks** in UKC, which include sites and facilities with play areas, open grassy fields, developed ballfields, tennis or sport courts, small picnic areas, and trails.
	Parks is also responsible for **local passive parks and natural areas**, which are less-developed sites that provide conservation of local community character and natural resources and offer opportunities for passive recreation.
	The White Center Teen Program is a legacy community program that provides recreational programming for youths aged 12-19 from the White Center area and community groups for youth recreation.
	Parks has grown its role as a **grantmaking** entity through the Youth and Amateur Sports Fund (YASF) and the new Parks Levy grant programs. A portion of the YASF grants is dedicated for residents in the unincorporated area.
Surface Water Management Program	Programs focused on the **unincorporated local stormwater system** include managing stormwater assets through inspecting, maintaining, replacing aging infrastructure, and mapping the stormwater conveyance systems. These programs include a capital portfolio and public outreach, education, and programming to assist landowners to better steward their properties.

	Regional Habitat stewardship is focused on collaboration with Water Resource and Inventory areas, leveraging grant funding for acquisitions, and making capital improvements to further conservation plans and salmon restoration.
	The **Fish Passage Restoration Program** identifies barriers to fish passage, assesses habitat and fish population restoration potential, coordinates with other protection and restoration actions, and sequences and accelerates investments in fish passage restoration to achieve the greatest benefits for salmon recovery.
	In addition to the listed local services above, WLRD supports **Regional Drainage in the Right of Way** through a transfer to the Roads Division. This aims to improve the condition of drainage structures under county roadways that carry regional stormwater runoff and remove barriers to fish passage.
King County Sheriff's Office	**Patrol officers**, 160 of whom are currently assigned to UKC, respond to dispatch calls for service, investigate crimes, provide traffic control, and support community events.
	The **Criminal Investigation Division** provides support for patrol operations by way of offices devoted to major crimes investigations, accident investigations, warrants, special assault investigations, air support, and civil processes.
	The **Technical Services Division** provides support for patrol operations by way of offices devoted to information technology, human resources, and communication services.
King County Metro Transit *(including local services provided on behalf of Sound Transit)*	**Fixed-route service** includes bus and marine services, which operate on regular routes with fixed schedules, and Dial-A-Ride Transit, which operates services that use smaller vehicles and have flexible routing.
	Flexible service options complement bus service and often better fit local conditions and community needs. Options include community vans, shuttles, on-demand ridesharing services, and Trailhead Direct.
	Metro provides **Access Paratransit Service** miles beyond the eastern-most fixed route corridor and in areas of rural King County. Paratransit Service is designed for people whose disabilities prevent them from using accessible, non-commuter, fixed route bus service.
	The **vanpool** program includes provision of a van, fuel, maintenance, and insurance for groups of five riders. UKC had a very small number of vanpools operating pre-pandemic.

	Capital investments are critical to providing the above transit services and include customer experience investments and system operations investments.
	Metro is the contractor for most Sound Transit services operating in King County. King County unincorporated-area Sound Transit services consist primarily of the **Sound Transit Express Bus**.[21]

B. Sufficiency of Existing Funding Sources

Figure 2 identifies key funding sources and expected revenues from 2021 through 2032 for each agency delivering local services to UKC. Furthermore, the table summarizes potential additional services, the expected total cost from 2021-2032 if those services are implemented, and the funding shortfall for implementing those services.[22]

[21] Sound Transit funds and makes decisions about its service independently.

[22] Allocation methodologies may vary across agencies for those providing regional and local services; see agency detail in Appendix A for detail on assumptions used for those services.

Figure 2: Existing Funding, Additional Levels of Service, and Potential Funding Gaps

Agency	Key Funding Sources	Projected Revenues 2021-2032	Potential Additional Level of Service	Estimated Expenditures 2021-2032 (with Additional Service Level)	Potential Funding Gap 2021-2032 (with Additional Service Level)
DLS Director's Office	• County agency allocation • DLS division overhead allocation • Marijuana retail sales tax (as a transfer from the General Fund)	$103.5 million	• Community engagement, outreach, and economic development investments/ staff positions • Subarea planning staff • Participatory budgeting resources	$117.4 million	$13.9 million
Permitting Division	• Application and permit fees • SWM fees • Solid waste disposal fees • Civil penalties and abatement charges • General Fund revenue*	$216.2 million*	• Permitting staff to maintain service levels during peak season • Code enforcement officers to reduce officer caseload • Administrative support for Code Enforcement	$232.9 million	$16.7 million*
Road Services Division	• Property taxes • Gas taxes • Utility Inspection Services • Grants • SWM transfer • Real estate excise tax	$1.56 billion	• Necessary maintenance and reconstruction • Decrease emergency road repairs, reduce roadway flooding, and improve pavement conditions	$6.05 billion	$4.49 billion

Agency	Key Funding Sources	Projected Revenues 2021-2032	Potential Additional Level of Service	Estimated Expenditures 2021-2032 (with Additional Service Level)	Potential Funding Gap 2021-2032 (with Additional Service Level)
Regional Animal Services of King County	• Pet licensing program revenue • Shelter services program revenue • Field services program revenue • City reimbursement for animal services • Contribution Animal Bequest Fund (donations) • General Fund revenue*	$10.1 million*	• Maintain level of services with decreasing support from the General Fund	$11.6 million	$1.5 million*
Community Environmental Health Section	• OSS Permitting Program revenue • OSS Operation and Maintenance program revenue • OSS grants • Plumbing and Gas Piping Inspection Program revenue	$41.2 million	• Drinking water program • Respond to aging OSS infrastructure in UKC	$66.4 million	$25.3 million
Parks and Recreation Division	• Parks Levy • Business revenues • Real estate excise tax • Car rental sales tax	$182.6 million	• Maintain current level of service	$182.6 million	$0

Agency	Key Funding Sources	Projected Revenues 2021-2032	Potential Additional Level of Service	Estimated Expenditures 2021-2032 (with Additional Service Level)	Potential Funding Gap 2021-2032 (with Additional Service Level)
Surface Water Management Program	• SWM Fee • Grants revenue	$626.6 million	• Reduce reliance on SWM Fee	$676.2 million	$49.6 million
King County Sheriff's Office	• Roads fund transfer • False alarm civil penalties and public safety fees • Major Accident Response and Reconstruction Unit revenue • Major Crimes Unit revenue • General Fund revenue*	$120.2 million*	• Deputies and sergeants to serve UKC	$733 million	$612.8 million*
King County Metro Transit *(including local services provided on behalf of Sound Transit)*[23]	• Sales tax • Property tax • Motor vehicle excise tax • Fare revenue • Grants revenue	$3.4 billion (2021-2036)	• 70 percent more Metro bus service by 2050 • Expansion of Access Paratransit, flexible services, and vanpools	$5.6 billion (2021-2036)	$2.2 billion (2021-2036)

[23] The desired level of service to meet transit demand and deliver on Metro's mission, vision, and strategic goals is set forth in the Metro Connects (MC) long range plan. MC envisions integrating an expanded mobility system with regional partners—especially Sound Transit. The MC significant service expansion is planned in two phases: an interim service network targeted for implementation before the Ballard Link expansion, which is tentatively planned for 2036, and a 2050 service network that completes the MC vision. Therefore, information for Metro Transit is provided through 2036, consistent with planning and costing work performed relative to the interim network. MC is a plan for the regional system as a whole; the information presented here is a rough estimate of mobility services that serve UKC.

Agency	Key Funding Sources	Projected Revenues 2021-2032	Potential Additional Level of Service	Estimated Expenditures 2021-2032 (with Additional Service Level)	Potential Funding Gap 2021-2032 (with Additional Service Level)
	• Partner reimbursements				

*The Projected Revenues for Regional Animal Services of King County, the Permitting Division, and the King County Sheriff's Office did not assume General Fund revenues when forecasting funding sources from 2021 through 2032. The potential funding gaps shown for these agencies are thus larger than they would be if General Fund revenue were included; these agencies' will presumably continue to be funded, partially or wholly, by the General Fund moving forward.

Appendix A includes agency-specific details, including each agency's relevant historical and economic circumstances and additional information on the services that could be implemented.

C. Methods to Fill Any Identified Funding Gap

In accordance with the requirements of this proviso, PSB analysts compiled and assessed methods to address identified funding gaps across County agencies. The analyzed methods include:

- Flexible revenues sources;
- Funding sources authorized by state law but currently unutilized; and
- Potential policy, land use designation, zoning, and code changes to support tax revenue generation.

This section largely focuses on methods to address the funding gap for the General Fund. However, some revenue sources discussed below could be used by individual local service providers or by regional services that serve UKC. Each funding method was assessed according to its administrative and political feasibility as well as its potential revenue generation.[24]

Background

Counties have two principal sources of flexible tax revenue to support public services in unincorporated areas—property tax and sales tax. Unlike the State or cities, counties are not authorized to impose utility or business taxes. County revenues are therefore subject to changes in the property and sales tax base, both of which have been eroded by annexations and incorporations.

The Washington State GMA envisions cities as providers of urban services and counties as the providers of rural and regional services.[25] Because of its success in implementing the GMA, King County has very little commercial property remaining in the unincorporated area, as only about three percent of the commercial land in King County is in the unincorporated area and previously unincorporated areas now send their tax revenues to cities.[26] In contrast, Kitsap, Pierce, and Snohomish counties have 39 percent, 38 percent, and 24 percent of their commercial land in their respective unincorporated areas. Commercial land tends to have higher property values and thus generates more property tax revenue. Commercial land is also where almost all sales tax revenue is generated, and counties receive a significantly smaller increment for those transactions taking place within cities, due to the method by which revenues are allocated between city and county governments when both are levying the local option sales tax.

Beyond issues with the shrinking economic base in unincorporated areas, counties are also faced with restrictions in property tax's ability to keep up with costs. The amount of property taxes levied by counties can increase by only one percent per year, plus revenue from new construction. As a result, revenues counties receive grow at a much lower rate than the cost of maintaining services to residents, which usually grow at an annual rate of three to five percent, creating a structural gap.

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[24] Metro Transit has its own funding sources with specific limitations and advantages/disadvantages. Potential funding sources for the Metro Transit regional system were discussed in Appendix A of Metro's response (2019-RPT0075) to Motion 15252, which called on the King County Executive to initiate a regional planning effort to address the implementation of Metro Connects. Additional funding from these sources could be secured either by voter approval or local legislative action.

[25] [36.70A.210 RCW]

[26] Calculation using data from the Puget Sound Regional Council.

This structural gap creates an ever-widening deficit between the cost of maintaining the same level of services and the revenue the county receives. In years with a recession, this gap widens further, as revenues remain flat or decrease. The result is that King County is sometimes unable to maintain existing levels of certain services.

King County is not alone in this situation. Counties across Washington State face the problems created by this structural gap. However, King County's fiscal situation for unincorporated area services is worse than that of other major urban counties because of the successful implementation of the GMA in the state's most populous county.

In response to this fiscal challenge, King County is taking the following action steps:

- Using political leadership to ask the Legislature to raise the one percent property tax limit, give counties more tools to facilitate annexations, and address the broken fiscal underpinnings of the GMA.
- Implementing ways to increase the efficiency of our services.
- Partnering with other jurisdictions to create economies of scale, such as providing contract police and/or animal services for several suburban cities.
- Seeking regional funding for roads.
- Creating the DLS to align and coordinate service delivery in UKC.
- Starting a local economic development program in DLS to keep and recruit employers in UKC.
- Protecting rural and resource lands, which supports working farms and forests and sustains the rural economy.
- Advocating for regional and countywide growth management policies that seek permanent funding solutions.

Tax Revenue Overview

The revenue system in Washington State has been widely criticized as regressive, outdated, and inadequate.[27] The State's tax structure is largely unchanged from the 1930s and relies on consumption and property taxation, business taxation of gross income, and no broad-based personal or corporate income tax. County revenues are even more constrained, both due to structural limitations on revenue amounts and growth, as well as a lack of available options for revenue generation.

The revenue system for Washington counties is subject to particular challenges. The State determines which revenue sources are available to counties and has primarily limited those to property and sales taxes. In contrast, the State and cities can impose a wider variety of revenue mechanisms, including property taxes, sales taxes, utility taxes, and a wide array of business taxes.

Sales and Excise Taxes

Washington State's heavy dependence on sales and excise taxes means that revenue collections are volatile, and revenue often does not keep up with changes in economic activity. The State is typically evaluated as the most regressive toward taxpayers in the United States, with households in the lowest income quintile paying up to 18 percent of household income in state and local taxes.[28]

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[27] "The State With a Big Tax Problem? Ours." CrossCut. 9/21/2017.
"What's Up With Washington State's Tax System?" KCTS9. 9/21/2017.
[28] Institute for Taxation & Economic Policy. Washington: Who Pays? 6th Edition. October 2018.

Sales taxes also do not capture changes in consumption patterns across taxpayers of different means. As personal income grows, consumption generally shifts more towards personal services, many of which are not included in the sales tax base. Washington State's retail sales tax was initially applied only to the sale of tangible personal property; some services have been added to the base since 1935.

Counties share revenues from retail sales tax with any cities within the county that are also imposing a sales tax. Only in unincorporated areas does the county collect the full proceeds from imposed sales taxes—and only for goods where the point of sale is within unincorporated areas (Washington's sales tax being destination-based, rather than origin-based). If residents of unincorporated areas travel into cities to purchase goods, the county only receives 15 percent of the local option sales tax proceeds (the other 85 percent are collected by the city).

Property Tax

The statewide restrictions on property taxation result in revenue growth regularly below the combined rate of inflation and population growth. Property taxes in Washington State are constrained in terms of levy rates (how much revenue can be generated based on assessed value) and in terms of annual revenue growth, with the latter generally restricted to one percent growth plus the value of new construction, absent specific voter approval of levy increases (levy lid lifts).

County property tax revenues are also subject to additional limitations. The state constitution limits regular property tax levies to one percent of the true and fair value of the property. Within that limit, Washington counties have a maximum regular property tax levy of $1.80/$1,000 of assessed value (AV) for their General Fund and $2.25/$1,000 AV for their Road Fund. There are also aggregate limits on local and total property tax rates. When levies exceed an aggregate limit, junior taxing districts may be subject to levy suppression, or pro-rationing, whereby some districts see individual levies reduced until the point where total regular property tax levies are under the limit.

Regular property tax levies are also subject to the one percent annual growth limit, plus the value of new construction. With annual King County population and inflation (as a proxy for cost growth) regularly between three and five percent, property tax revenue growth lags behind costs, leading to structural imbalances.[29]

Real Estate Excise Tax

State law allows cities and counties to impose up to a 0.5 percent excise tax on property sales, which is known as the Real Estate Excise Tax (REET). REET proceeds are not truly flexible, with their use restricted to acquisition, development, and major maintenance of certain types of capital assets, such as parks, roads, and other public facilities.[30]

King County collects REET only in the unincorporated area, so the strong sales of properties in some of the major cities provide no direct benefit to the County. The City of Seattle's REET revenue is approximately five times as much as King County's. Even the City of Bellevue, with roughly half the population of the County's unincorporated area, receives more REET than King County. Additional REET increments are available for conservation areas and affordable housing but require voter approval and potentially legislative changes at the state level and are not currently employed in King County.

[29] March 2021 Economic & Revenue Forecast. King County Office of Economic & Financial Analysis.

[30] A portion of REET 2 proceeds may also be used for affordable housing and homelessness, but only through 2025 per existing statute.

Analysis

Flexible Revenue Sources

Flexible revenue sources are interpreted as those not restricted by State law to support certain functions of County government. Many County tax revenues are dedicated for a particular function, including lid lifts (Parks, Automated Fingerprint Identification System (AFIS), Veterans/Seniors/Human Services, Best Starts for Kids), and dedicated sales/use taxes (transit, criminal justice, mental health). Flexible sources are those that the County's General Fund can program for various activities, including transfers to other funds as needed. Since 2001, restrictions on non-voted property tax revenue growth (the one percent limit) and annexations of previously unincorporated areas have limited these flexible sources of revenue in the General Fund. Property tax revenue, without levy lid lifts, largely does not keep up with cost growth, and revenue from the retail sales tax is limited due to the lack businesses in UKC.

The County's "net" General Fund revenue includes only those funds that are truly flexible. Most of the General Fund's charges for service are for specific programs and cannot be used in other ways. When these are excluded, the County has about $1.29 billion of flexible General Fund revenue for 2021-2022. Property tax accounts for 60 percent of this total, which is typical for counties in Washington.

Given the structural gap between revenues and cost growth, looking to flexible revenues is largely an exercise in re-prioritizing existing resources. Policymakers could shift flexible revenues across various sources, provided trade-offs are recognized. For instance, one potential strategy to enhance Parks' ability to meet local service levels is to consider maximizing the use of Real Estate Excise Taxes (REET). Parks receives a portion of REET 1, with the remainder (in the 2021-2022 budget) allocated across Roads and the Facilities Management Division's Major Maintenance Reserve Fund. REET 1 is more flexible in its allowable uses, including acquisition and regional trails, making it strongly aligned with Parks' mission; emphasizing revenue flexibility opens the question of how resources are deployed within allowable uses.

Similarly, Roads has received funding from REET 1 to pay debt service on the replacement of bridges identified as high priority due to condition and use; flexible resources could be reprogrammed from other uses. As with Parks, the question for policymakers will involve the opportunity costs of prioritizing revenue for one allowable function versus another, and whether there are other revenue sources available to fill gaps.

Figure 3 shows existing flexible revenue sources that could potentially be re-prioritized. PSB analysts assessed the administrative and political feasibility and revenue potentially available for each funding source. Note that for these revenue sources, the revenue generation is simply reflective of how much is currently generated and available for re-prioritization—there is no new revenue shown here. As such, reprioritizing these flexible revenues will require identifying trade-offs across different county functions.

The following key was used to create each of the tables in Section C of this report:

Administrative and Political Feasibility

- **High:** Some political concerns but little administrative complexity
- **Medium:** Some political resistance or administrative complexity
- **Low**: Strong political resistance and/or significant administrative complexity

Potential Revenue Generation

- **Low**: Less than $1 million annually
- **Medium**: $1 million to $10 million annually
- **High**: Greater than $10 million annually

Figure 3: Flexible Revenue Sources (Reprioritization)

Possible Funding Methods	Feasibility	Revenue Generation[31]
Franchise fee reprioritization (General Fund)	High	Medium
REET reprioritization (Parks, Roads, Major Maintenance)	Medium	Medium
Property tax levy reprioritization (General Fund)	Medium	High
Sales tax reprioritization (General Fund)	Medium	High

Existing and Unutilized Revenue Sources

Counties in Washington State are granted taxing authority by the State Legislature, which limits revenue sources as new authority would need to be granted at the State level. Given the challenges in establishing new revenue authority for county governments, most available revenue tools are currently utilized. There are few significant tax revenue sources that are not currently employed, and those funding sources largely have marginal benefit and may have significant administrative or political challenges to enacting.

The following mechanisms are by no means exhaustive but draw from revenue mechanisms for which taxing authority currently exists and where other local governmental entities administer the tax or where previous study has been conducted. In most cases, information is sourced from the Municipal Research & Services Center (MRSC) publication *A Revenue Guide for Washington Counties*.[32]

Levy lid lifts are a means for voters to approve increases in the property tax growth rate beyond the one percent plus new construction constraint, up to the statutory maximum rate, for a specified period of time. King County currently uses voter-approved levy lid lifts to provide revenue for various functions, including Parks, Veterans/Seniors/Human Services, and Best Starts for Kids, among others. Levy lid lift revenues are not flexible revenue sources as they must be dedicated to a particular function and, in King County, not supplant existing funds. However, they are an available tool for maximizing County property tax collections up to the $1.80 limit and Roads' collections up to the $2.25 limit. Feasibility for new levy lid lifts is considered medium using the key above, with administrative complexity in developing new levy lid lift proposals, preparing for the ballot, administering alongside existing lid lifts, and seeking voter approval.

Transportation benefit districts (TBD) are an available tool for County governments to support transportation functions, including public transportation, highways, and high-capacity transportation. The King County Council authorized the King County Transportation District (KCTD) in 2014 with geographic boundaries coterminous to the County, but voters did not approve the funding measure (leading to the City of Seattle's decision to pursue funding for a separate TBD, which was successful and

[31] Revenues are estimates based on prior analysis if conducted, or best estimates otherwise.
[32] MRSC - Publications

renewed by voters in November 2020). TBDs have several revenue tools available—many requiring voter approval—including vehicle license fees, a sales tax increment of up to 0.2 percent, development impact fees, tolls, and local improvement districts. TBD feasibility is considered medium as there is significant complexity in establishing funding mechanisms, seeking voter approval, and coordinating with affected jurisdictions (including those with their own TBDs).

Tax Increment Financing (TIF) is available in a limited form for local governments in Washington State, per the recently approved HB 1189.[33] TIF allows for debt to be issued for public improvements, backed by tax revenues from associated increases in land value that would not have occurred without the improvements. Note that TIF is not truly a discrete funding source, but a means by which to borrow against future increases in property value. TIF is considered low feasibility, as this would be a new ask for property tax administrators, would require the establishment of defined geographic "increment areas" with limitations on the number of areas and the total assessed value within those areas, and would require coordination across numerous taxing districts within an increment area that may be affected by the property tax collections being earmarked for debt repayment.

Maximizing local option sales tax refers to the prospect of strategically locating retail transactions within unincorporated areas to maximize the sales tax proceeds that flow to the County. As discussed above, the County only receives 0.15 percent of the local option sales tax increment for retail transactions delivered within incorporated areas but receives the full one percent in unincorporated areas. Some additional revenue could be captured if transactions were deliberately located in unincorporated areas or if certain sites under County ownership (e.g., the King County International Airport) were "dis-incorporated" and used as delivery hubs. Feasibility is low for this option; this would require a large-scale effort to concentrate transactions in unincorporated areas, may have unintended consequences such as longer delivery times if products were now delivered outside of urbanized areas, and would be politically sensitive as the additional revenue for the County would be transferred from cities.

Counties in Washington State have the authority to put a **local option motor vehicle fuel tax (MVFT)** to a vote of the people. Under current law, the local option MVFT can be levied countywide at a maximum level equal to ten percent of the state MVFT rate.[34] The tax is imposed upon the distributor of the fuel and presumably passed along to customers. The MVFT is considered low feasibility on account of several administrative hurdles. First, no other County currently collects a local option MVFT, largely due to administrative complexities. It is not clear whether King County would be able to collect local option revenue if the tax is initially paid outside County borders and assessing a local option fuel tax at the pump would require setting up new requirements for gas station owners and fuel retailers. This administrative challenge, as well as potential evasion if the tax is only assessed within King County borders, may reduce forecasted revenue by an unknown but potentially significant amount.

King County has authority to administer an **admissions tax** in unincorporated King County. Under current law, counties may impose a tax of no more than five percent on admissions charges, food and beverage purchased at an event, and charges for rental or use of recreational facilities and equipment.[35] Previous analyses indicate that this revenue source would generate less than $1 million annually, would

[33] Washington State Legislature
[34] RCW 82.80.010
[35] RCW 36.38.010

require a code amendment in KC 4A.510, and would require new administrative costs for the County. Many cities within County boundaries currently administer an admissions tax, as do several other counties in Washington State. This is considered a high feasibility revenue source given the number of other entities currently administering similar taxes but would still require startup costs for the County to administer and is likely not a significant revenue source with the limitation to activities in UKC.

King County has authority to levy a **commercial parking tax** in UKC. Under current law, there is no statutory limit on the tax rate, but proceeds are limited to transportation purposes.[36] Several cities currently administer the local option commercial parking tax, but no counties do. Feasibility is considered medium, given the cost of establishing a new revenue collection system. This also would likely not be a significant revenue source.

Figure 4 summarizes the potential funding methods described above.

Figure 4: Existing and Unutilized Revenue Sources

Possible Funding Methods	Feasibility	Revenue Generation[37]
Admissions tax	High	Low
Local option commercial parking tax	Medium	Low
Levy lid lift expansion (General Fund or County funds granted authority to levy property taxes)	Medium	High
Transportation Benefit District (vehicle license fees, sales tax, impact fees, tolls, Local Improvement Districts)	Medium	High
Land value capture / tax increment financing	Low	Medium
Maximizing local option sales tax	Low	Medium
Local option motor vehicle fuel tax	Low	Medium

New Revenue Sources Requiring Additional Legislative Authority or Adopted Policy to Implement
King County's most viable strategy for closing revenue gaps is to ask the State Legislature for additional tools and/or greater flexibility with existing tools. Reprioritizing existing revenue sources will be a challenge as long as long-term growth in costs and demand for services exceeds available revenue sources. Unutilized tools are either only going to generate marginal levels of new revenue or are subject to administrative and political challenges. Long-term solutions for generating adequate revenues, including for local services in unincorporated areas, will require engaging at the State level to fix a broken system.

The Executive's legislative agenda for state and local tax reform has encouraged state policymakers to consider ways to make the local tax code both fairer and more sustainable, while also more adequate in allowing county governments to keep up with demand and cost growth. Central to that goal is **adjusting the existing property tax levy growth rate from its current arbitrary cap of one percent plus new construction to inflation plus population growth.** This change would improve the adequacy of existing

[36] RCW 82.80.030
[37] Revenues are estimates based on prior analysis if conducted, or best estimates otherwise.

property tax revenue support and reduce the reliance on continued levy lid lifts. This is considered a medium feasibility option, as the fix has been introduced in several legislative sessions but encounters political resistance over the optics of increasing regular property tax collections.
The retail sales tax may have potential for new revenue generation if the state Legislature were to consider **expanding the sales tax base**. As discussed, Washington's retail sales tax base was initially only applied to the sale of tangible personal property. While some services have been added to the retail sales tax base, many services remain untaxed including professional services (legal, accounting, architectural, engineering, other consulting), business services (advertising, employment recruiting), personal or consumer services (haircuts, veterinary services, amusement, recreation), and financial services (banking, credit agencies, security brokers). This would be a significant revenue generator for state and local government, absent a lowering of tax rates to reflect the broader base. This is a low feasibility option for both administrative and political reasons—expanding the base would mean new sales tax reporting requirements for a number of businesses and would likely encounter significant pushback from affected businesses and consumers. Relatively few of these services are located in UKC so the value to the County would be modest.

The state Legislature could authorize counties to levy a **utility tax in unincorporated areas,** like the authority that cities in Washington State currently have to tax gross revenue from the provision of utilities within city limits. If this tax were structured like the city utility tax, it could apply to the provision of solid waste, electricity, water, sewer, natural gas, telephone, and cable. The revenue collected could be designated for services in the unincorporated area. This could potentially be a significant revenue source depending on the rate applied but would require new collection mechanisms for the County to administer and would encounter resistance from affected utilities and customers. This revenue source would also likely require the County to forego revenue from its existing franchise fee, levied upon utilities operating within the public right-of-way.[38] As such, it is considered medium feasibility.

Other means of direct **business taxation** could also be pursued through the state Legislature, including a **County payroll tax** and/or a **tax on business net receipts**. A County payroll tax could be structured similarly to the City of Seattle's JumpStart tax, as approved in 2020 (assessed on employers with payroll exceeding $7 million with graduated rates by payroll size and employee compensation), but would likely need to avoid double-taxing those businesses located in Seattle unless only applied to businesses with employees in UKC. A business net receipts tax (allowing for some deduction of business costs) would encounter similar issues, given that many cities within King County administer local Business & Occupation (B&O) taxes. These options are considered low feasibility due to the need for new authority from the state Legislature, administrative complexity of establishing new revenue mechanisms, coordinating with cities that administer similar taxes (unless narrowing to UKC only), and the likelihood of significant pushback from business.

The County could also seek authority from the state Legislature to directly tax residents through a **personal income or wealth tax,** potentially exempting income or wealth below a given threshold. Previous efforts to implement a state-level income tax have been unsuccessful; the last state measure on the ballot, I-1098, was defeated in 2010. Historically, progressive income tax proposals in Washington State have been stymied by the state Constitution's uniformity provision, which stipulates that tax rates be uniform across classes of property. The City of Seattle passed a local income tax on high-earners in 2017, but this was invalidated on account of its non-uniform structure, although the Court did rule that

[38] Utility right-of-way franchise - King County

the City had the authority to levy a uniform property tax on income.[39] A County-level tax would be low feasibility due to legal, administrative, and political obstacles.

Figure 5 summarizes these new revenue sources, which require additional legislative authority or policy for implementation.

Figure 5: New Revenue Sources

Possible Funding Methods	Feasibility	Revenue Generation[40]
Property tax levy growth rate adjustment (population plus inflation)	Medium	High
County Utility Tax	Medium	High
Retail Sales Tax base expansion	Low	High
County Payroll Tax / Corporate Income / Net Receipts / Value-Add Tax	Low	High
Personal Income / High-Earners / Wealth Tax	Low	High

Nexus with State Tax Structure Work Group

As the County considers revenue options to fill identified gaps, it will need to continue to monitor the work of the State of Washington's Tax Structure Work Group (TSWG). The TSWG is a panel of legislators, staffed by the Washington State Department of Revenue, that has been directed to update research on potential changes to the State tax structure, facilitate public meetings in order to gather feedback, and make recommendations to the legislature for potential changes.

The TSWG issued its preliminary report in December 2020, summarizing its economic modeling results and the group's next steps for 2021-2022. This group has been meeting since December 2019 to receive background briefings on Washington State's existing tax structure (though focusing on state, not local, mechanisms); these briefings are available on the TSWG website.[41] The preliminary report released in December 2020 summarizes the following potential changes to the State tax structure:

- Adjusting the existing one percent limit on property tax levy growth to inflation and population growth;
- Replacing the state B&O tax through a Value-Added tax, Margins tax, or Corporate Income Net Receipts tax;
- Reducing or eliminating the state Retail Sales tax and Property tax through a Personal Income tax and/or Corporate Income Net Receipts tax; and
- Assessing the impact should Washington adopt the tax structures of its border states of Oregon and Idaho and assessing relative economic competitiveness.

The TSWG plans to conduct a number of outreach sessions and town hall discussions in the fall of 2021; these sessions will be an opportunity for interested taxpayers to review and discuss potential adjustments to state revenue mechanisms that may support future revenue generation in more

[39] 794477.pdf (wa.gov)
[40] Revenues are estimates based on prior analysis if conducted, or best estimates otherwise.
[41] Tax Structure Work Group Meetings. Washington State Department of Revenue. Last accessed July 2021. https://taxworkgroup.org/meetings

equitable and adequate ways. Input will be used to inform a potential bill for consideration in the 2023 state Legislative session.

Comprehensive Planning and Land Use Policy

The GMA[42] requires cities and counties to engage in *comprehensive planning* so that policy proposals impacting communities may be evaluated concurrently and their cumulative effects considered.[43] In King County, comprehensive planning (including subarea planning) occurs according to adopted schedules[44] [45] and requires early and continuous public participation, equity impact review, and environmental review. As part of this planning, King County regularly considers amendments to land use and zoning in unincorporated areas, in partnership with residents, communities, and stakeholders. See Appendix B for a list of relevant comprehensive plan policies.

In contrast to c*omprehensive planning*, identifying land use changes for the primary purpose of revenue generation, as is contemplated here, is a narrower planning consideration. Doing so outside of the County's existing planning processes is not recommended. However, as part of future comprehensive and/or subarea planning processes, the County may consider such changes, as allowed by county policy. A discussion of the policy context, including limitations, follows.

Both the GMA and county policy require different approaches to land use planning in urban and rural areas. In rural areas, for the purpose of containing rural development and protecting rural character, commercial and non-residential uses are limited, and rezones are discouraged.[46] The expansion of existing rural commercial areas requires a subarea study, and the designation of new industrial lands is limited. Consistent with these limitations, public facilities and services in rural areas must be of a size and scale appropriate at rural densities and must not facilitate urbanization. More pointedly, in the context of the proviso directive, the scale of land use and zoning changes (hereafter referred to as upzones[47]) that would be necessary to materially affect tax revenues would almost certainly be inconsistent with the rural protections required under the GMA.

In contrast, the County has far greater flexibility to consider upzones in urban unincorporated areas, when done as part of an appropriate planning process, in partnership with community and potentially annexing cities. However, it is important to consider that even in communities that desire more economic activity, consideration of upzones must be balanced against other community interests (e.g., anti-displacement, affordable housing, environmental protections).[48] Such changes should be considered as part of a comprehensive long-range planning effort, as described above. Finally, while urban upzones might yield modest increases in tax revenue, GMA envisions all urban unincorporated

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[42] Chapter 36.70A RCW
[43] Chapter 36.70A.130 RCW Comprehensive Plans – Review and Amendment Procedures
[44] KCC 20.18.030, General Procedures for Amendment of Comprehensive Plan
[45] The subarea planning schedule may be found in the Community Service Area program chapter of the King County Comprehensive Plan. Page 11-5.
[46] RCW 36.70A.070 (5)(c)
[47] An upzone is a change in the zoning designation on a particular property or properties that results in higher intensity of uses. For example, additional housing units or more intense commercial activity.
[48] In the proposed update of the Strategic Plan for Public Transportation 2021-2032, Metro outlines several strategies to "Support Thriving, Equitable, Transit-Oriented Communities that Foster Economic Development." Implementation of these strategies could involve up zoning adjacent to or near major transit services.

areas eventually being annexed by cities, thereby limiting the effectiveness of zoning as a tool for long-term fiscal sustainability.

The Executive shares the Council's goal of a stable tax base for unincorporated areas and will continue to pursue sustainable economic development in both urban and rural unincorporated areas. This will include the consideration of upzones consistent with existing county policy, as part of appropriate planning processes, and in partnership with residents, communities, cities, and other stakeholders. Other strategies identified in this report provide a stronger basis for long term fiscal sustainability, and it is recommended that the County prioritize those actions.

D. Timeline, Milestones, Outcomes, Performance Measures, and Reporting

There is no strategy or revenue tool under current State law that will provide sufficient and sustainable funding for locally funded services in UKC or those funded by the General Fund. The fundamental issues are that residents of UKC shop mostly in cities, so only a small portion of the sales taxes they pay goes to the County, and that there is only a very limited ability to site high-value commercial businesses in UKC. Since counties depend on property and sales taxes, these circumstances result in an inadequate revenue base. The failure of the region to agree on a regional funding source for unincorporated area services at the time the GMA was passed and the failure of State government to implement such a revenue source made the current situation inevitable.

It is not possible to change this situation through development. The GMA and County policies impose strict limitations on commercial growth in UKC, consistent with the policy intent that such activities be concentrated in urban areas. The County and relevant special districts could not finance the infrastructure needed to support such development. Even if development occurred, a neighboring city would annex it to capture the added tax base, as has happened over and over during the last three decades.

It is unrealistic for the County to shift a meaningful amount of current revenue to unincorporated area services. The limitations in State law on the County's General Fund revenues mean that all General Fund services are funded at less-than-reasonable levels. Shifting more funding to areas that comprise only a small portion of the County's population is neither operationally nor politically realistic.

Existing untapped revenue tools for local services would generate only modest revenue, as outlined on pages 23–25. The one exception is a levy lid lift for the Roads Levy, which could temporarily increase the levy rate above its current level up to a maximum of $2.25 per $1000 of assessed value. This option should be considered to temporarily sustain the current level of road services and provide some funding for critical capital investments. It is not a sufficient long-term solution.

Thus, the only meaningful solutions for funding an adequate and sustainable level of local services in UKC require action by the State. These solutions fall into two categories. First, the State needs to provide counties with adequate General Fund revenue tools to provide the level of services required, both at the regional level and for unincorporated areas. The most obvious needed change is to replace the one percent property tax revenue growth limit with a limit tied to inflation and population growth. Even this will only allow services to be maintained, so funding expanded services will require new revenue tools, some of which are discussed on pages 25–27. Adequate General Fund resources would allow the County to invest more in certain UKC services, such as KCSO and code enforcement.

Second, the State needs to create new revenue tools to support critical infrastructure in unincorporated areas, especially in counties such as King County that have complied with the intent of the GMA. The most obvious need is transportation funding. Many of the highways King County owns and maintains are heavily used by commercial haulers and city residents, neither of whom contribute to maintaining the roads. A countywide (or even region-wide) major arterials funding source that supports such routes in cities and the unincorporated area has been proposed by multiple task forces over the last 20 years. This approach would pay for the major regional transportation infrastructure that currently consumes much of the County's roads funding and allow King County's roads levy to be focused on local roads and bridges.

It is also important that unincorporated areas of counties be provided with additional State transportation funding when these revenues are increased. Recent State transportation funding increases have focused heavily on urban projects. Additional State funding would help with bridge replacement and emerging needs such as culvert replacement to improve fish passage.

In the longer term, review of the fundamental structure of certain government functions makes sense, especially in King County. For example, the current approach to surface water management is for each city and the County to have its own utility that collects revenues and undertakes projects within its own boundaries. Water does not flow within jurisdictional boundaries. Organizing surface water management functions by water basin would make more sense.

PSB, in partnership with County agencies, conducts routine monitoring of all funds concerting current resources and programs to analyze financial health, identify any funds at risk including risk of unsustainability, and develop appropriate mitigation strategies when necessary. This allows King County government to be aware of financial challenges but does not create resources to address them.

As detailed in Figure 6, DLS prepares and submits several recurring reports to the County Council that provide updated performance measures on service levels, outcomes, capital projects, land use policies, and zoning in UKC. The department can revise these reports if different or additional information is desired.

Figure 6: DLS Director's Office Documents and Reports

Document/Report (#)	Update Frequency	Actions	Content
Service Partnership Agreements	Biennial	• Submitted along with Executive biennial budget request to Council • Posted on DLS website	Describes how DLS and King County department partners will collaborate and report on County activities and work in UKC.
Community Catalog of Requests (11)	Ongoing	• Submitted to partners[49] for review • Shared with community	Lists the community requests. Feasible requests are put on the CNL. For requests that are not County work, the County

[49] Partners includes all King County agencies involved in the program, including Service Partners.

		• Shared with Councilmember(s) representing CSA/PAA	suggests an alternative implementation path.
Community Needs Lists (11)	Ongoing, formal annual update	• Submitted annually to Council for adoption • Developed and shared with community • Prioritized by Councilmembers, community, and Executive branch • Vetted by County departments for feasibility • Used by partners in budget planning, how used must be described as part of biennial budget submission.	Lists all the community requests that have been vetted by partners and which lead to implementation of the community's 20-year vision. Includes priority, timeline for implementation, and performance measures for each 'need'.
Community Engagement Plans (11)	Annual	• Posted to website(s) • Developed and shared with partners • Developed and shared with community • Shared with Councilmember(s) representing CSA/PAA	Describes why, when, where, how, and with whom the County will be engaging in each CSA and PAA.
CSA Work Programs (11)	Quarterly	• Posted to website(s) • Developed with partners • Shared with community • Shared with Councilmember(s) representing CSA/PAA	Describes the activities and work the County will be doing in each CSA and PAA in the upcoming year. It also includes the community engagement plan.
Annual Report (1)	Annual	• Posted to website(s) • Developed and shared with partners • Developed and shared with community • Shared with Councilmember(s) representing CSA/PAA	Reports on the County's work during the previous year in each CSA and PAA including performance data, community needs list implementation, summary of issues and lessons learned.

Subarea Plans (11)	One per year, with gap in Comp. Plan update years	• Submitted annually to Council for adoption • Developed and shared with partners • Developed and shared with community	Describes the community's 20-year vision and policies to implement that vision. Not just land-use anymore. References the Community Needs Lists.
Subarea Plan Reporting (1)	Biennial	• Developed and shared with community • Developed and shared with partners	Reports on performance measures developed for subarea plans, including progress towards 20-year vision.

VII. Conclusion/Next Steps

As outlined in Section D, there is no strategy or tool that will provide sufficient and sustainable funding for local services in UKC under current State law. It is not possible to change this situation through development, and it is unrealistic to expect that the County will shift a meaningful amount of current revenue to unincorporated area services. Existing untapped revenue tools for unincorporated area services would generate only modest revenue, apart from a levy lid lift for the Roads Levy, which could temporarily sustain the current level of road services and provide some funding for critical capital investments. It is, however, not a sufficient long-term solution.

Thus, the only meaningful solutions for funding an adequate and sustainable level of services in UKC require action by the State, including:

- Providing counties with adequate General Fund revenue tools to provide the level of services required;
- Replacing the one percent property tax revenue growth limit with a limit tied to inflation and population growth;
- Creating new revenue tools to support critical infrastructure in unincorporated areas;
- Providing additional State transportation funding; and
- Reviewing the fundamental structure of certain government functions, including surface water management.

With adequate revenue, the County could invest more in certain local services, prioritizing services that center equity and respond to community needs. In the meantime, King County will continue to:

- Use its political leadership to ask the Legislature to raise the one percent property tax limit, give counties more tools to facilitate annexations, and address the broken fiscal underpinnings of the GMA.
- Implement ways to increase the efficiency of our services.
- Partner with other jurisdictions to create economies of scale, such as providing contract police and/or animal services for several suburban cities.
- Seek regional funding for roads.
- Support local economic development to keep and recruit employers in UKC.
- Protect rural and resource lands, which support working farms and forests and sustains the rural economy.

- Advocate for regional and countywide growth management policies that seek permanent funding solutions.

VIII. Appendices

Appendix A: Additional Information on Agency Services and Revenues

The following summaries provide greater detail on the historical context, services, and funding for each agency included above.

Department of Local Services Director's Office

The DLS Director's Office works to promote the well-being of residents and communities in UKC by seeking to understand their needs and deliver responsive local government services. The Director's Office handles outreach, engagement, and economic development.

Key Historical and Economic Context

Subarea planning is an evolving and expanding body of work. Between 2018 and 2020, the scope of the Community Service Area (CSA) subarea plans was limited to land use and rules and regulations about development in a particular CSA. The July 2020 updates to the King County Comprehensive Plan and King County Code called for an updated subarea planning program to be guided by each community's interests and visions for its future and are to cover all areas of UKC.

In August 2020, Council approved Ordinance 19146, which describes a new responsibility for the Department: To manage the development and implementation of the list of services, programs, facilities and capital improvements that are identified by the community, known as a Community Needs List (CNL). CNLs are to be used by Executive departments to inform budget priorities during the biennial budget development process. They are developed with extensive community engagement and the tools developed by the King County Office of Equity and Social Justice (OESJ).

With the approval of the 2021-2022 biennial budget, DLS was allocated funding to start a participatory budgeting program within the five urban Potential Annexation Areas (PAAs), supported by a one-time bond-backed funding of $10 million for capital projects and an ongoing $1.35 million from marijuana retail sales tax revenues.

Current Local Services

- The DLS Director's Office conducts **outreach and engagement** to the unincorporated areas through two primary bodies of work:
  - The **CSA program** aims to develop and implement programs and services to help all residents of UKC be more knowledgeable of, better served by, and heard by King County departments and agencies.
  - DLS also conducts annual **town hall meetings** in local communities.
- The **Economic Development program represents** the interests of UKC residents and businesses. The program has three primary focus areas: Chamber of Commerce and Community Group Support, community engagement and planning integration, and technical assistance.
- The **Subarea Planning program** develops detailed local plans in partnership with communities, which are ultimately adopted by the King County Council. Subarea plans establish a vision, goals, and policies to guide development decisions. Subarea planning is also a mechanism for DLS to gather community input and requests for future King County services, programs, facilities, and capital improvements for those areas for which subarea planning is taking place.

- The 2021-2022 adopted budget allocated a total of $11.8 million to DLS to begin a **Community Investment Program** (i.e., participatory budgeting) in the urban unincorporated areas. This work will take place in five urban unincorporated areas: Skyway-West Hill, North Highline/White Center, East Federal Way, Fairwood, and East Renton Plateau.

Existing Funding Sources and Expected Revenues

The DLS Director's Office is supported primarily by two allocation formula-based revenue streams which resemble those for internal services within the County:

- An **interdepartmental allocation from several county agencies** with regional services that include the unincorporated areas. This comprises roughly 36 percent of the Director's Office operating budget in this biennium, excluding one-time federal funding.
- An **intradepartmental overhead allocation** from Roads and Permitting. This comprises roughly 45 percent of the Director's Office operating budget in this biennium.

Potential Additional Level of Service

The DLS Director's Office external relations team has identified several additional operating investments and staff positions in the areas of community engagement, outreach, and economic development in the unincorporated areas. These additional investments would allow the external relations team to engage with the community on a level that meets the demand that has been observed by staff on the ground during the DLS Director's Office's first two and a half years of operation. These operating investments and staff would include additional communications staff, additional budget for the CSA Liaison program, a more robust translation and interpretation budget, and additional economic development staff. This addition would total approximately $1 million per year.

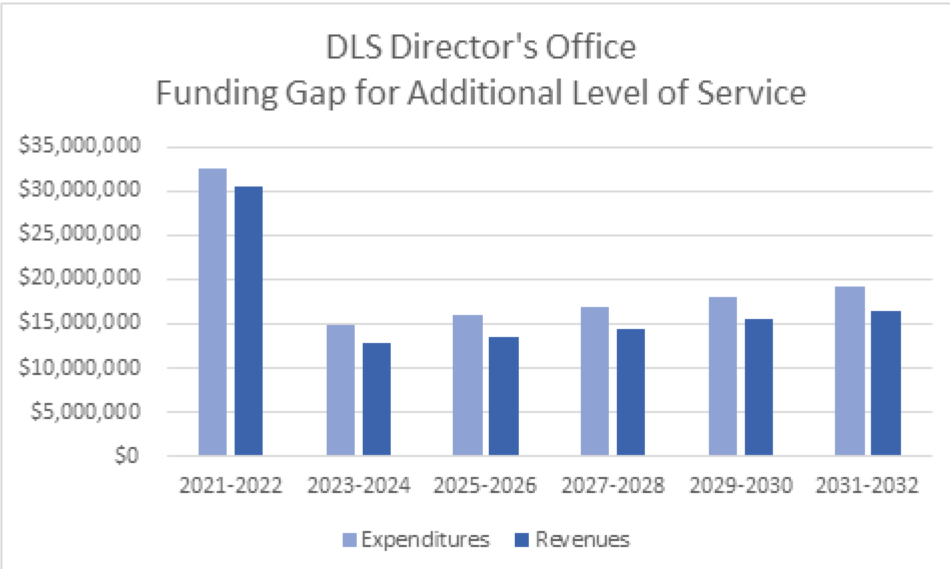
The work of the subarea planning team is guided by the planning schedule in the County's comprehensive plan. This schedule currently has the DLS at full capacity with eight subarea plans over the next decade and includes staff time to prepare updated comprehensive plans in 2024 and 2032. The subarea planning team is currently comprised of three FTEs: two principal subarea planners and one senior planner. Between staff and operating budget, this level of resourcing is sufficient to provide a minimally adequate level of service within the context of the expanding scope of subarea plans. To achieve a more robust and appropriate level of service for subarea planning, additional funding equivalent to three new senior planners and a new planning manager would be needed. The cost for these four additional positions would be approximately $640,000 per year at 2021-2022 rates.

The existing DLS budget for participatory budgeting work, excluding labor costs and funding for community-directed projects, is $108,000 in the 2021-2022 biennium. This amount is not sufficient to cover the costs to administer a participatory budgeting program. As the department continues to learn more about the resources needed to support a robust community-driven effort through this initial phase, it estimates that biennial ongoing costs for this effort are in the $500,000 range. Costs to engage community adequately and fairly in a participatory budgeting effort include consultant support, compensating community members for their time, providing equitable access through translation and interpretation, administrative support for the committee, and thorough community engagement and outreach.

Funding Gap for Potential Additional Level of Service

The DLS Director's Office has a structural budget gap in its status quo budget, prior to the inclusion of any additional items discussed above. The cumulative gap through the 2031-2032 biennium at the status quo level of service is $2.85 million. To achieve what DLS would consider an ideal level of service given the observed demand in the community, the expanding scope of certain lines of business, and the workloads of existing staff, the existing gap expands by $8.2 million to become an $11 million gap, as displayed in Figure 7.

Figure 7: DLS Director's Office Funding Gap for Additional Level of Service



Permitting Division

The Permitting Division reviews, approves, and inspects land use development and building construction permits.

Key Historical and Economic Context

In 2015, the Code Enforcement Section of the Permitting Division took a position cut and a General Fund cut in anticipation of an annexation that did not occur. Since then, the remaining enforcement officers have carried individual caseloads too heavy to obtain and sustain the service delivery target set by King County Code: a maximum of 120 days from complaint until voluntary compliance or referral for legal action. The potential level of service for code enforcement, analyzed below, focuses on the cost of sustaining the code-mandated service level.

Current Local Services

- To conduct **permitting of land use and construction activity**, property owners first must apply for approval to develop properties. The Permitting Division then reviews development plans and inspects construction activity to ensure compliance with zoning, building, storm water, and other regulations intended to protect public safety and the natural and built environments.
- **Code enforcement** involves responding to complaints of land use and building code violations. Code enforcement personnel receive complaints of code violations and visit subject properties to verify them. Violators are given written notice and a time frame to correct violations or otherwise resolve complaints. Violations not voluntarily rectified are forwarded for legal action.
- **Abatement of code violations** on private properties may occur when property owners cannot or will not rectify violations. These may be abated by the County, contingent on the availability of

resources. Such costs of the abatement work by the County may be certified to the property taxes for reimbursement to the County.

Existing Funding Sources and Expected Revenues

- **Application and permit fees** paid by applicants fund all permitting services. Application and permit fees are the primary source of revenue for the Planning and Permitting Fund, representing over 97 percent of revenues. The permit fees can be used only to support the costs of permitting, such as processing applications and issuing permits. Permit fees may not be used to fund division services supporting code enforcement. These management and support services are funded by General Fund transfers that represent about 2.5 percent of the revenue to the Permitting Fund.
- **SWM fees** and **Solid Waste disposal fees** fund 20 percent of code enforcement work. The other 80 percent is funded by the General Fund.
- **Civil penalties and abatement charges** collected by the Code Enforcement Section or Treasury from properties with code violations are restricted by King County Code to funding abatement services. The cost of some abatement services is certified to property taxes so that the County may recover some of its abatement costs.

Potential Additional Level of Service

Permitting

Before the pandemic, the Permitting Division routinely approved new custom home permits in eight to ten weeks during its busy season of the year—faster for simpler home remodels. Disruption caused by the pandemic and staff attrition have caused a large backlog of permit applications to accumulate. Once the pandemic-induced backlog is cleared, the Division can regain its previous service level with its existing rates, adjusted for wage and price inflation over time. This eight- to ten-week review timeline results from deploying the average annual staffing requirement year-round, regardless of the seasonal peaks and troughs of permitting activity. This minimum staffing level is thus just sufficient to clear, during the slow season, the application backlogs accumulated in the peak season.

The Division's practice has been to deploy limited temporary resources, such as staff overtime, temporary hires, and consultants, to reduce review timelines during the peak season. Releasing these resources when permit demand slackens reduces operating costs. Temporary resources often cannot be engaged and brought to full productivity as fast as needed to keep pace with surges in demand, however. As a result, service levels often suffer during the peak season, at least temporarily.

The alternative approach evaluated in this report is to increase permanent staff resources sufficiently to process peak seasonal workload at the optimal service level. With current review practices, 26 percent more review staff would be needed to eliminate wait times before reviews begin. This staffing increase equates to about five permanent full-time employees. During the slow season, these staff members would be re-tasked to process improvement and operational maintenance work.

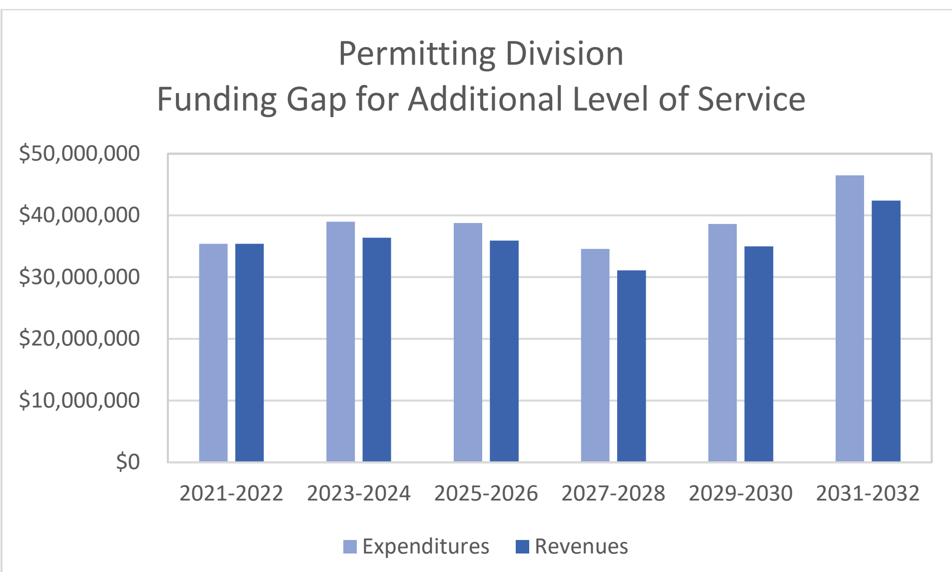
Code Enforcement

Currently, Code Enforcement processes about 1,100 complaints per year. The current staff of five code enforcement officers carries a caseload in excess of 200 cases each. Most code violations are resolved by voluntary compliance but take longer than 120 days to resolve. The recommended service level established in KCC 23.02.070.H is closure of cases by voluntary compliance or referral for legal action within 120 days.[50] To obtain the recommended level of service, officer caseload should be reduced below 150 cases each, which would require an increase from five to eight code enforcement officers, plus administrative support.

Abatement of Code Violations
The abatement fund pays for one full-time employee plus County overheads totaling $500,000 per biennium. $100,000 of funding is available to abate violations on 10 to 20 properties. Current and recommended service level is $100,000 of contracted services each year to abate violations on 10 to 20 properties. This level of service is contingent on code enforcement activity, i.e., more code enforcement staff resources to process more violations would advance more enforcement cases to the abatement stage and generate more civil penalty revenue to fund the increased abatement work. A higher service level would be both attainable and funded by a higher level of service in Code Enforcement.

Funding Gap for Potential Additional Level of Service
The ten-year funding gap to achieve the additional level of permitting service with no wait times is $9.2 million. Existing fee revenue sources could close this gap with a fee revenue increase of inflation plus eight percent in 2023. The ten-year funding gap to achieve the additional level of Code Enforcement service is $7.6 million. The current funding level from the General Fund, SWM fees, and Solid Waste disposal fees would need to increase by 24 percent to fill this gap. As stated above, there is no projected funding gap for abatement services. Figure 8 projects this cumulative funding gap, assuming additional levels of service from 2021 through 2032.

Figure 8: Permitting Funding Gap for Additional Level of Service



Road Services Division

King County Road Services, a division of DLS, is responsible for almost 1,500 miles of unincorporated roadway, 185 bridges, and related infrastructure such as sidewalks and pathways, bike lanes, guardrails, drainage facilities, traffic control equipment, and traffic cameras. This widespread infrastructure

[50] KCC 23.02.070.H

network enables travel between cities and other counties, as well as within unincorporated communities. County roads and bridges are necessary links for the movement of people, utilities, and goods throughout the most urban and dense county in the state. Emergency response activities that keep key components of the road systems safe and operational during severe weather or other emergencies are an additional, important area of service.

Key Historical and Economic Context

King County's implementation of the GMA has left a small rural unincorporated population, characterized by lower value properties and limited business activity, to generate revenue. Since King County is a dense urban county, county roads carry about one million trips per day. Half of the trips on high-volume county roads come from cities and other counties that are heavily dependent upon the UKC network of bridges and roads. About 40 percent of Snohomish County workers commute to jobs in King County, and about 28 percent commute from Pierce County. Yet the responsibility for funding the County road system depends primarily on disproportionately small property tax revenue generated from the remaining unincorporated residents.

Additionally, between 2010 and 2013, Roads was forced to cut approximately 40 percent of its workforce and reduce services provided to the unincorporated areas because of a funding crisis caused by Great Recession revenue declines and the one percent property tax cap.

Current Local Services

The Division's local services and responsibilities are organized into the following portfolios:

- **Roadway** enables the movement of people and goods, serving residents, commerce, emergency services, and other users. Cars, trucks, buses, and bicycles all use the roadway for their travel needs. Activities performed in this portfolio, in addition to general maintenance and storm response, include small surface repairs, high-risk surface treatments, overlay, and road reconstruction.
- **Bridges and structures** provide routes over bodies of water, roads, lowlands, railroad tracks, or other obstacles. Structures enable roads to exist in diverse landscapes by controlling and shaping the natural environment and providing protection from environmental impacts such as flooding, tides, waves, storm surges, or landslides. Types of roadway structures include bridges, seawalls, retaining walls, and mechanically stabilized earth walls.
- The **drainage** asset portfolio includes infrastructure that moves stormwater away from the roadway and reduces flood risk to the built environment by collecting and redirecting stormwater to natural bodies of water and designated collection points. Activities performed in this portfolio include repairs and replacements, cleaning of enclosed drainage structures, ditch maintenance, stormwater pond maintenance, and mitigation monitoring to meet regulatory requirements.
- **Traffic control** includes traffic-related safety devices and other measures used to regulate, warn, or guide traffic: signals and intelligent transportation systems, signs and markings, and street lighting. Activities performed in this portfolio include routine maintenance and painting, intersection improvements, traffic data analysis, safety investigations, and location studies.
- The **roadside** portfolio includes road system features and components within the road right-of-way but outside the travel lanes of the road: shoulders, sidewalks and plantings, and guardrail. Activities in this portfolio include vegetation management and mowing, storm washout repair and response, and guardrail replacement and construction.

- Roads has five regional **maintenance facilities** that provide routine maintenance and emergency services to the road system throughout the unincorporated area, including remote facilities on Vashon Island and in the Skykomish area near Stevens Pass. Roads also has a maintenance headquarters campus in Renton and another ten satellite maintenance sites located throughout King County.

Existing Funding Sources and Expected Revenues

- Roads receives about 80 percent of its revenue from **property taxes** levied on residents in the unincorporated area.
- Roads receives about 10 percent of its revenue from a statewide **gas tax**, collected by the State and distributed based on a formula administered by the County Road Administration Board. While increasing use of alternative and zero emission vehicles may reduce gasoline consumption, the legislature has proposed a transition to a mileage tax in the future.
- The remaining revenue sources for Roads are **grants**, **revenue from other agencies**, **fees for Utility Inspection Service**, and other miscellaneous sources. As Roads expenditures increase faster than revenues, it is assumed that money for grant match will phase out. Utility Inspection Services are self-funded through fees and will continue.

Existing annual funding for Roads is $141 million in the 2021-2022 biennium. This level of funding is sufficient only to manage risk in a declining system. If funding continues at the current level, the division will continue to provide basic levels of maintenance and snow removal services, but maintenance needs and costs will accelerate as infrastructure condition deteriorates. With costs to maintain current service levels increasing at a greater rate than revenue growth, service levels will continue to decline over time. Only a limited number of roads, bridges or drainage pipes will be reconstructed or replaced. The decline will result in more frequent emergency repairs, worsening pavement condition, shortened useful life of pavement overlays, and more frequent flooding of roadways.

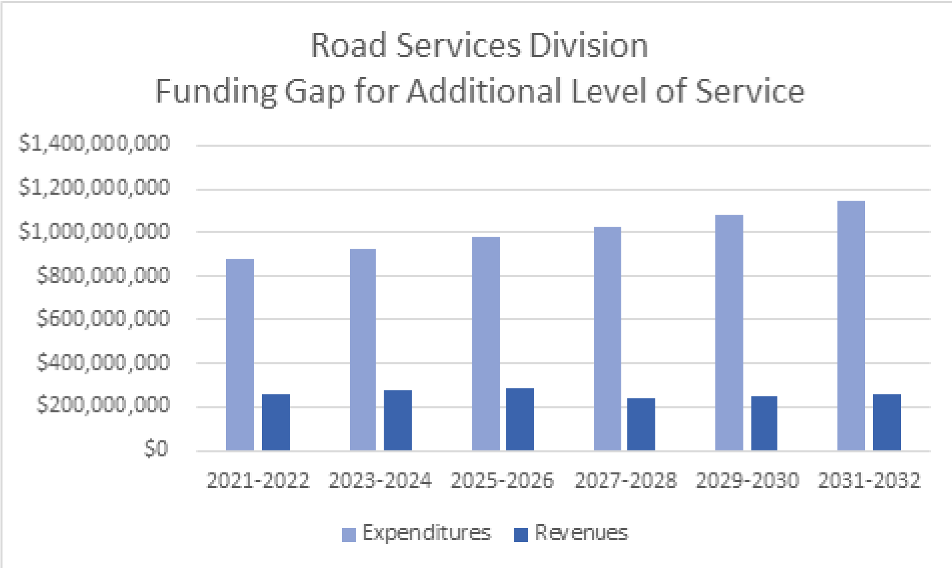
Potential Additional Level of Service

Roads has identified an additional level of service based on the guidance established in the 2014 Strategic Plan for Road Services. This council-adopted, ten-year plan outlines the county road system needs, associated costs, and alternative service levels to inform the public and policymakers as future service and funding options are considered. It also establishes a set of policies and goals for the management of the county road system; to address the intent of those policies and goals, the County would need to achieve a service level that maximizes lifecycles of the assets in the system and results in the lowest costs of maintenance and operation over the full lifetime of those assets.

Funding Gap for Potential Additional Level of Service

Funding needed to achieve the Roads additional level of service is estimated to be $300 million to $500 million per year. This level of funding would allow the County to improve the condition of the entire roadway system while providing for cost-effective planned maintenance and timely reconstruction and replacements, reducing long-term costs of maintaining and operating the road system and minimizing the County's liability risk. Figure 9 illustrates the projected Roads funding gap if the division were to provide the identified additional level of service over the next ten years.

Figure 9: Roads Funding Gap for Additional Level of Service



Regional Animal Services of King County

Regional Animal Services of King County (RASKC) provides over one million residents in UKC and 24 contract cities[51] with sustainable, cost-effective services that protect people and animals, while delivering humane shelter care.

Key Historical and Economic Context

In 2007, ongoing concerns about the humane care and treatment of animals in shelters prompted the King County Council to adopt various pieces of legislation calling for the establishment of a model animal services program in King County. Concurrently, two consultants and a Citizens Advisory Committee conducted outside reviews of shelter conditions, animal care, euthanasia rates, and general program operations. All three compiled reports identified a lack of systems for animal care and management and an organizational structure insufficient to support development, implementation, and enforcement of a model program. The resulting urgency to improve animal care and treatment led to Motion 12737 and an interim emergency appropriation intended to immediately improve animal care.[52] The recognition of these challenges at King County Animal Control and associated public outcry led to the currently constructed model program for animal care in King County.

RASKC executed a five-year interlocal agreement (ILA) with 24 contract cities that went into effect on January 1, 2018 and has successfully met conditions for an additional five-year extension beginning January 1, 2023. The ILA treats UKC like a contract city, and UKC benefits from the same quality of service as the contracting cities. Whereas contracted cities use local funds to pay for services, UKC utilizes the General Fund to pay for core services. Roughly one-third of all system-wide shelter intakes, field calls, and licenses are attributable to UKC, accounting for roughly $1.6 million in County-specific costs. Having UKC in the ILA model keeps General Fund costs low through economies of scale. However,

[51] 2021 contract cities include Beaux Arts Village, Bellevue, Black Diamond, Carnation, Clyde Hill, Covington, Duvall, Enumclaw, Issaquah, Kenmore, Kent, Lake Forest Park, Maple Valley, Mercer Island, Newcastle, North Bend, Redmond, Sammamish, SeaTac, Shoreline, Snoqualmie, Tukwila, Woodinville, and Yarrow Point.

[52] Motion 12737

inflationary pressures due to cost of labor and overhead outpace the ability of RASKC to recover these costs due to ILA commitments. This, along with a historically flat General Fund transfer, threaten the long-term ability for revenues to keep up with expenditures.

A RASKC and PSB analysis of the financial implications of RASKC providing services to only UKC and not providing contract services to incorporated cities showed that an unincorporated-only model would cost the General Fund roughly $313,000 more than staying in the current ILA delivery model.

Current Local Services

- **Field services** include the operation of a public call center, the dispatch of animal control officers in response to calls, and the handling of calls in the field by animal control officers, including the collection and delivery of animals to the Kent shelter or other shelters, such as PAWS-Lynnwood as included in the ILA. Over 5,200 field calls were received and responded to by Animal Control Officers in 2020, of which 1,789 calls or 34 percent were in UKC.
- **Shelter services** include the general care, cleaning, medical care, and nourishment of owner-released, lost, or stray animals in preparation for returning those animals to their guardian or placing them in new homes. The overall measure of success for a shelter is the euthanasia rate of live intake for dogs and cats. The Animal Care and Control ordinance (Title 11) for RASKC has a requirement that "the total number of cats and dogs euthanized by the regional animal services section is not to exceed 15 percent." This measure is calculated for the shelter in aggregate and for 2020 was seven percent. In 2020, almost 4,000 live intakes of all animal types were received at the Kent pet adoption center, with 1,280 live intakes or 32 percent originating in UKC.
- **Licensing services** include the operation and maintenance of a unified system to identify and reunite pets through licensure in contracting jurisdictions. RASKC licenses about 101,000 cats and dogs each year, of which about 30 percent are from UKC.

Additionally, RASKC works with more than 450 sales partners, including local city halls, licensing agencies, pet stores, veterinary clinics, animal shelters, and grocery stores. These partners help RASKC by either selling pet licenses or by distributing information and applications in locations conveniently accessible to residents. RASKC also partners with other organizations in the animal services community, collaborating on programs and events throughout the year including pet adoption events, low-cost spay and neuter clinics, and more.

Existing Funding Sources and Expected Revenues

General fund support of the RASKC model (unincorporated area service costs, ILA Shelter Credit, and model program support) has remained virtually constant at $2.5 million for the twelve-year period 2013 forecasted through 2024. RASKC will have the following funding sources from 2021 through 2032:

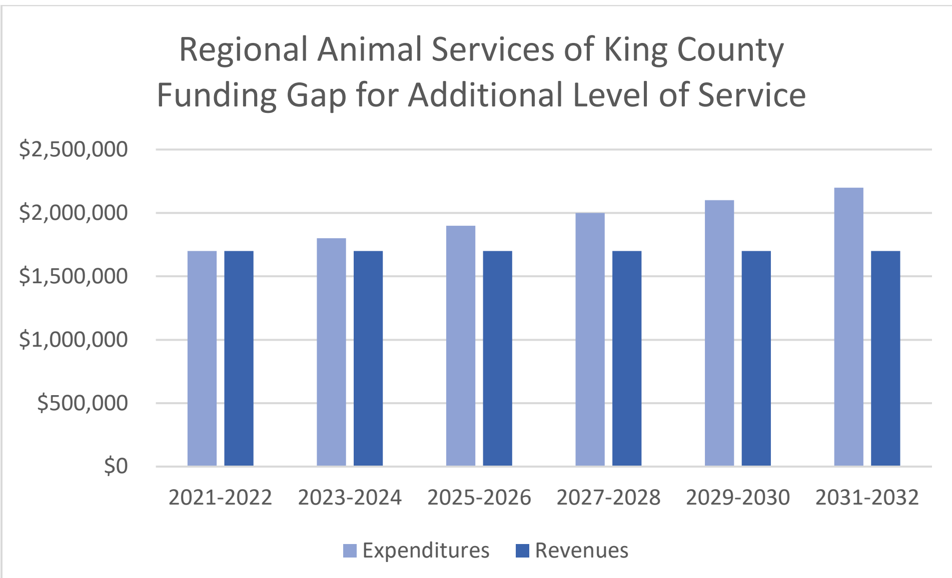
- **Pet Licensing Program revenue** is generated from pet license sales, rebates, licensing late fees and enhanced services (if requested from contract cities).
- **Shelter Services Program revenue** is generated from animal adoption and other miscellaneous fees.
- **Field Services Program revenue** is generated from civil penalties and pet license fines.
- **City Reimbursement for RASKC Services** occurs if an ILA contract city owes RASKC for services performed.

- **Contribution Animal Bequest Fund** is collected through donations and provided to pet owners who are unable to afford medically necessary services for their animals. The funding is provided via the Animal Bequest Fund on a case-by-case basis.

Funding Gap

Figure 10 projects that expected revenues from pet licensing and field and shelter operations will not solely cover the cost of providing these services in the unincorporated areas. The General Fund transfer to the RASKC fund supports, in part, this projected gap between revenues and expenditures, in addition to supporting high-quality animal outcomes as required in King County Code.[53] RASKC staff continue to find ways to increase revenues and decrease costs while maintaining appropriate and desirable levels of service, providing customer service and animal friendly care as agreed to in the ILA between the County and the contract cities.

Figure 10: RASKC Funding Gap for Additional Level of Service



Community Environmental Health Section

All services provided by Public Health's Environmental Services Division are regional, serving all jurisdictions in King County, except for the Plumbing and Gas Piping Inspection Program, which serves UKC and the City of Seattle. In the rural area of King County, all properties are required to be on on-site sewage systems (OSS), so this is a critical aspect of rural infrastructure. In addition, of the approximately 85,000 OSS in King County, about 40,000 are in the urban growth area (in UKC and every other municipality in the County).

Key Historical and Economic Context

The passage of Initiative 695 in 1999 resulted in the removal of the State's motor vehicle excise tax, which provided dedicated funding to public health programs. This loss of funding resulted in significant reductions in environmental health programs and services at Public Health. The recession early in the 2000s further reduced resources.

[53] 11.04.500 Euthanasia rate targets

The majority of EHS work is primarily funded through permit fees, for which programs operate based on a full-cost recovery rate methodology. Except for limited grant funds, the services provided are strictly on a fee for service basis, where the services provided by the division must have a clear link to the permits and fees charged. Additionally, to maintain compliance with the full-cost recovery mandate, revenue from permits and other charges can only be used to support the specific program that charged the fee.[54] There are minimal General Fund resources to supplement or offset non-permit related functions. As a result, there are significant gaps in services, including with drinking water oversight and source water protection, OSS failure response, plumbing and OSS code enforcement, sewage spill response, and more.

Current Services in UKC

- The Public Health **On-site Sewage System (OSS) Permitting Program** helps to ensure that OSS designs and installations are properly designed and installed to effectively treat wastewater and protect public health. OSS treat wastewater when homes and buildings are not connected to public sewer systems. The OSS Program provides permitting services for owners of OSS, technical assistance, and certification for OSS installers.
- The Public Health **OSS Operation and Maintenance (O&M) Program** helps to ensure that over 85,000 OSS countywide are safe. OSS maintenance is especially important for advanced-treatment OSS that provide very high wastewater treatment. These systems are especially important for properties without other options for wastewater treatment.
- The Public Health **Plumbing and Gas Piping Inspection Program** helps ensure the safe installation of plumbing and gas piping systems in the City of Seattle and UKC.

Existing Funding Sources and Expected Revenues

- **Permit revenue** includes:
  - OSS Permitting Program: OSS site applications, install permits, building permit applications, repair applications, wet weather reviews, certification fees for installers, individual drinking water wells, subdivisions and boundary line adjustments, and other permit types.
  - OSS O&M Program: Time of sale inspection fees, routine inspection fees, certification fees, new homeowner education fee, one cent surcharge for septage disposed at the South King County Treatment Plant, and other permit types.
  - Plumbing and Gas Piping Inspection Program: Plumbing, gas piping, medical gas piping, and backflow assembly permits.
- **Grant funds** are also available for addressing fecal pollution in surface waters around Vashon and Poverty Bay.

Potential Additional Level of Service

Drinking Water Program

The lack of a drinking water program in King County increases the risk of gaps in water service and unsafe drinking water consumption, particularly in rural areas. In the event of flooding or other potential contamination events, the County does not have staff with water system expertise, lacks electronic databases of water system information, and lacks tools and capacity to prepare for and respond to

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[54] RCW 82.02.020

emergencies. In addition to broadscale events, outreach to well owners to ensure that older wells are tested for arsenic, coordination and mapping of groundwater contaminants, and responsive services are needed as issues arise regularly with no clear expertise or funding to address them. The estimated budget for this program would be between $475,000 and $950,000 annually, depending on staffing.

Responding to the Demands of Aging Infrastructure

Throughout King County OSS infrastructure is aging. Fifty-nine percent of OSS in UKC are at or beyond the 30-year expected design life of an on-site treatment system. Over the next 10 years an increasing proportion of OSS will need replacement. This will impact the role and functions of the OSS Permitting Program and the OSS O&M Program.

The OSS Permitting Program will likely see a shift in permit applications from predominantly new OSS occurring where there is new development to an increasing proportion of OSS replacements. The permit fees associated with OSS replacements are lower than permit fees to install new systems, which may reduce revenue for program services. There is a significant need for technical assistance to work with property owners with OSS failures who must replace their systems or connect to sewer in urban areas of UKC.

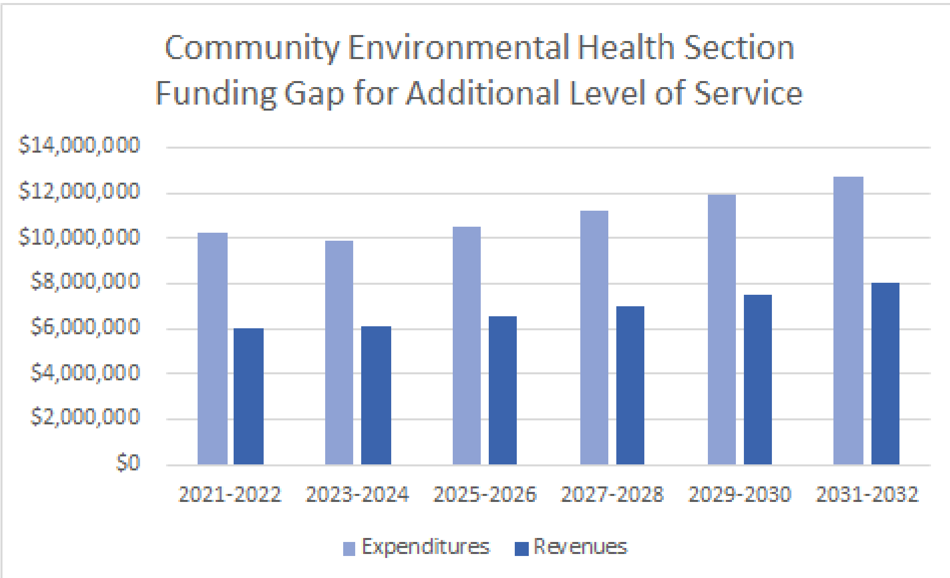
All the 9,305 OSS inside the Urban Growth Area in UKC are near or past the end of their design life, indicating increased needs for maintenance, repair, and replacement. The CDC Social Vulnerability Index shows which communities are especially at risk during public health emergencies due to socioeconomic status, household composition, racial and ethnic demographic information, or housing type and transportation. In an analysis of OSS by the CDC Social Vulnerability Index, 98.6% of OSS in the most vulnerable category are in the urban incorporated and unincorporated areas. There is a unique and imminent need for neighborhood or community-level planning to convert to public sewers in urban areas where OSS do not provide sufficient treatment to protect public health and the environment. Broadscale capital funding is needed to support neighborhood- or community-scale conversions to sewer in low-income, urban areas, particularly those with the greatest health disparities. This is a critical equity issue and is far beyond the scope of existing fund sources.

The OSS O&M Program will be responding to an increasing number of surfacing sewage complaints as OSS infrastructure ages. In 2020, due to increased water use as people have been home during the pandemic, PHSKC has seen significant increases in failures of OSS. Failures can result in direct public health hazards—untreated sewage in homes, yards, and nearby streams, lakes, and beaches.

As OSS are replaced in situations with constraints on space or treatment capacity, systems providing more advanced treatment technology may be installed to address these constraints. With increased technology, regular maintenance of these systems is needed, requiring greater involvement and support from the OSS O&M Program. The focus of these efforts will need to be on ensuring the highest risk systems are regularly maintained to reduce chance of water pollution, particularly facilities that serve high-risk populations or have waste streams that add additional stress on on-site treatment systems. For example, these may include child-care facilities, adult care facilities, restaurants and dentists offices. Given the continued growth of the region, it is anticipated that demand for construction and remodels requiring plumbing and gas piping permits will also increase.

Funding Gap for Potential Additional Level of Service
Figure 11 illustrates the continuing ten-year funding gap for the Community Environmental Health Section, not including the cost of a potential drinking water program.

Figure 11: Community Environmental Health Section Funding Gap for Additional Level of Service



Parks and Recreation Division

The Parks and Recreation Division (Parks) within the King County Department of Natural Resources and Parks (DNRP) encompasses more than 200 park sites, 175 miles of regional trails, 28,000 acres of natural lands and open space, and the White Center Teen and Greenhouse programs. The mission of Parks is to steward, enhance, and acquire parks to inspire healthy communities. With the help of strong relationships with non-profit, corporate, and community partners, Parks provides recreational opportunities for King County residents and protects our region's public lands, leaving a legacy for future generations.

Key Historical and Economic Context
For the quarter-million people in the unincorporated area, King County is the local parks agency. In response to the GMA, local parks located in the urban area were to be transferred to cities. Since the adoption of the 2002 Parks Business Plan, Parks has been a partnership-oriented agency, actively pursuing corporate and community partnerships that generate revenue, enhance efficiencies, or nurture goodwill. Parks relies on community partnerships to provide and fund recreational programming to the unincorporated area, except for the White Center Teen Program where King County is still the service provider.

Parks receives most operating and capital funding from voter-approved property tax levies. In August 2019, for the fourth time, voters approved the Parks Levy by 70 percent, funding services from 2020 to 2025. As a levy-supported agency, most of the Parks funding expires every six years.

Current Local Services
Local parks are informal meeting places for the surrounding neighborhoods or communities, providing a social function and a sense of community identity. Local sites and facilities are smaller in size and serve the close-to-home park and recreation needs of a community. These sites are predominantly used by nearby residents. Local services currently provided by Parks include:

- **Local active parks**, which include sites and facilities with play areas, open grassy fields, developed ballfields, tennis or sport courts, small picnic areas, and trails;
- **Local passive parks or natural areas**, which are less-developed sites that provide conservation of local community character and natural resources and offer opportunities for passive recreation; and
- The **White Center Teen Program**, a legacy community program that provides recreational programming for youths aged 12-19 from the White Center area and community groups for youth recreation.

King County Parks has also grown its role as a **grantmaking** entity through the Youth and Amateur Sports Fund (YASF) and the new Parks Levy grant programs. A portion of the YASF grants is dedicated for residents in the unincorporated area.

Local active parks capital projects include portions of the following levy programs that are planned to be completed at local parks: infrastructure investments at five sites, ballfield turf replacement, and play area rehabilitation. Estimated capital project costs also include spending from the Parks CIP dialog for the 2021-22 budget, estimating restroom and parking lot repairs and renovations at local parks funded through the Small Capital and Parks Infrastructure Rehab capital projects.

Fish passage and salmon recovery ten-year cost projections laid out in the Clean Water Healthy Habitat expenditure report include fish passage culvert replacement and monitoring. Many of these projects are along regional trails, totaling an estimated $14 million over the next ten years.

Past County policies have encouraged unincorporated communities within the urban growth boundary to annex or incorporate, often resulting in limited service provision and public investment to residents in those communities. In recent years, Parks has sought reinvestment in these communities to reverse inequities, including working with cities to construct the Lake to Sound regional trail and specify capital infrastructure funds for Five Mile Lake Park and Skyway Park in the 2020-2025 Parks Levy.

Existing Funding Sources and Expected Revenues

- The **Parks Levy** currently expires at the end of 2025. This assumes some ongoing source of funding will be available to maintain the current local parks system at its existing level.
- **Business revenues** reflect user fees from activities at local active parks, including ballfields and picnic shelters.
- **Real estate excise tax 1 and 2** contribute to local park investments as well as regional assets that benefit unincorporated residents.
- The **car rental sales tax** is based on the March 2021 OEFA forecast. Council directs approximately 15 to 20 percent of car rental sales taxes to local sports and activities grants to be prioritized for residents in UKC.

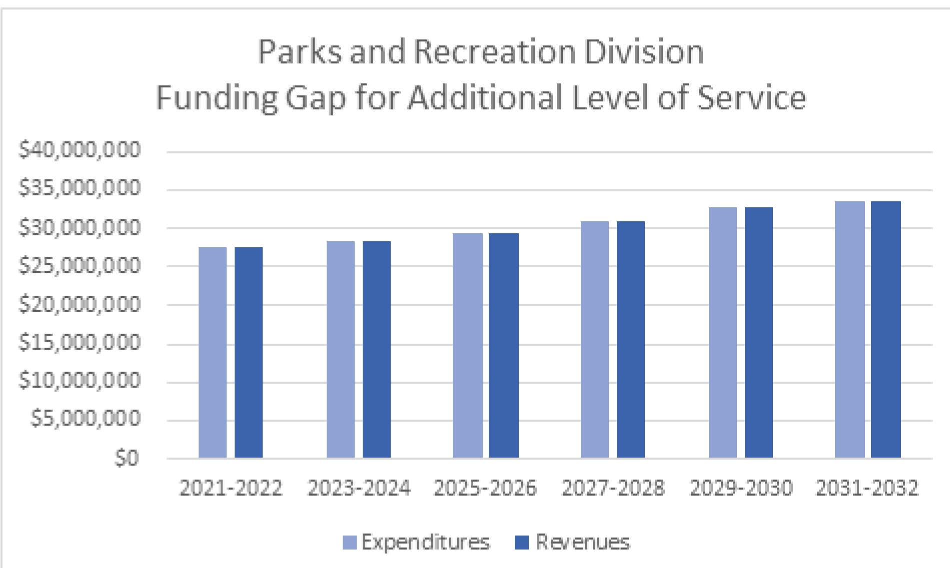
Potential Additional Level of Service

Funding for the care of the local parks system is examined every six years during the development of the Parks Levy. Operating service levels for the 2020 Parks Levy were informed by the maintenance levels reviewed by the Land Conservation Initiative (LCI) Advisory Group. Of the four maintenance levels reviewed, the LCI Advisory Group recommended "providing funding in the King County Parks Levy to adequately fund operations and maintenance (O & M) of newly acquired lands to ensure new lands acquired by the County and by cities retain their conservation value, are clean, safe, and welcoming to the public." This level does not include funding for restoration of the lands or capital improvements such as trailhead access or parking lots. Level four, the highest level of maintenance of the four levels reviewed, represents the level of funding at which Parks currently maintains its lands.

Funding Gap for Potential Additional Level of Service

Figure 12 illustrates that expected revenues from existing funding sources are sufficient to support the current, appropriate levels of service from 2021 through 2032. This level of service represents the current level at which Parks currently operates; this is not an increase or a decrease in funding based on park standards. Service level considerations such as priority capital projects or activation of new local parks will be revisited when Parks develops its next levy for 2026-2032.

Figure 12: Funding Gap for Additional Level of Service



Surface Water Management Program

King County's Surface Water Management (SWM) program addresses problems that affect the county's rivers, lakes, and streams such as flooding, erosion, pollution, habitat degradation, low stream flows, and increased water temperatures. These problems result from development changes to natural systems and the movement of water over and through the land.

Key Historical and Economic Context

To pay for services that help resolve these problems, property owners in UKC are assessed a SWM fee. The SWM fee is highly susceptible to rate increases to mitigate the impact of annexations, whereby loss in revenues doesn't result in an equal reduction in expenditures. For example, while there is significant loss of revenue after an annexation, there is not a corresponding decrease in expenditures because the cost of management, overhead, and system-wide programs is not directly proportional to the cost of maintaining facilities being transferred to the annexing jurisdiction.

The inception of the Fish Passage Restoration Program in 2019 was funded through the SWM fee. However, it was never envisioned to be a sustainable funding source for this critical, substantial need. Fish Passage requires a regional solution to make progress towards the ultimate outcome: removing barriers to fish passage in the greater Puget Sound.

Current Local Services

SWM aims to control the flow of surface water and stormwater and mitigate impact through programs that help restore natural habitat and aquatic health within UKC. Some of these efforts require working with neighboring cities, counties, tribes, WA state agencies, and other environmental agencies, all of whom share similar goals and vision for stormwater management across the Puget Sound region. These programs fall under the following four key categories:

- **Programs focused on the unincorporated local stormwater system** include managing stormwater assets through inspecting, maintaining, replacing aging infrastructure, and mapping the stormwater conveyance systems. SWM also ensures compliance with the federal Clean Water Act and National Pollutant Discharge Elimination System (NPDES) permit by undertaking programmatic activities intended to improve water quality and aquatic health outcomes. The program includes a capital portfolio that improves and constructs both grey (i.e., pipes, ponds, vaults, tanks, swales, and culverts) and green infrastructure (i.e., habitat projects, riparian buffers, stormwater retrofits). The program also includes public outreach and education and programs to assist landowners in better stewarding their properties.
- **Regional Habitat Stewardship** includes both rural and regional programs. These programs focus on collaboration with Water Resource and Inventory Areas (WRIAs), leveraging grant funding for acquisitions, and capital improvements to further conservation plans and salmon restoration.
- The **Fish Passage Restoration Program** inventories county-owned culverts across the UKC and addresses priority projects to remove barriers to fish passage. In collaboration with federal, state, tribal, and city officials, this program will identify barriers to fish passage, assess habitat and fish population restoration potential, coordinate with other protection and restoration actions, and sequence and accelerate investments in fish passage restoration to achieve the greatest benefits for salmon recovery.
- Stormwater fees undergo a **Roads Division transfer for drainage and fish passage**. Approximately 70 percent of fish barriers fall within Roads right-of-way; this transfer is designed to improve the condition of drainage structures under county roadways that carry regional stormwater runoff and to remove barriers to fish passage.

Existing Funding Sources and Expected Revenues

- The **SWM fee** is an annual fee charged to the owners of developed parcels to pay for the surface and stormwater management services in UKC. The current single-family residential rate is $289 per year. Commercial property owners pay based on the amount of impervious surface on a parcel through a per acre rate. Annexations greatly impact the SWM fees collected, as these reduce the number of parcels charged a SWM fee.

- **Other SWM revenues** include SWM fees directly associated with paying for debt issuance. These revenues also include fees charged to 18 cities across King County that contract with WLRD to use its billing system and associated support for their SWM program.
- Projected **grant revenues**, mostly supporting the capital program, are based on levels consistent with historical grant receipts. These could include grants from local, state, and federal agencies. Additionally, these revenues also include investment income earned on fund balance from the investment pool, reduced by associated fees.

Potential Additional Level of Service

The SWM fee is the most critical and sustainable revenue source in WLRD, but it is restrictive in its use to primarily manage and mitigate the impacts of surface and stormwater runoff within the UKC. While this restrictive revenue source is leveraged to apply for grants and provides relatively small contributions towards large scale Executive initiatives, such as Clean Water Healthy Habitat, Fish Passage, Stormwater retrofit, 30-year forest plan, and LCI, it is widely acknowledged that the SWM fee is not an appropriate source of revenue to help realize the outcomes of these initiatives.

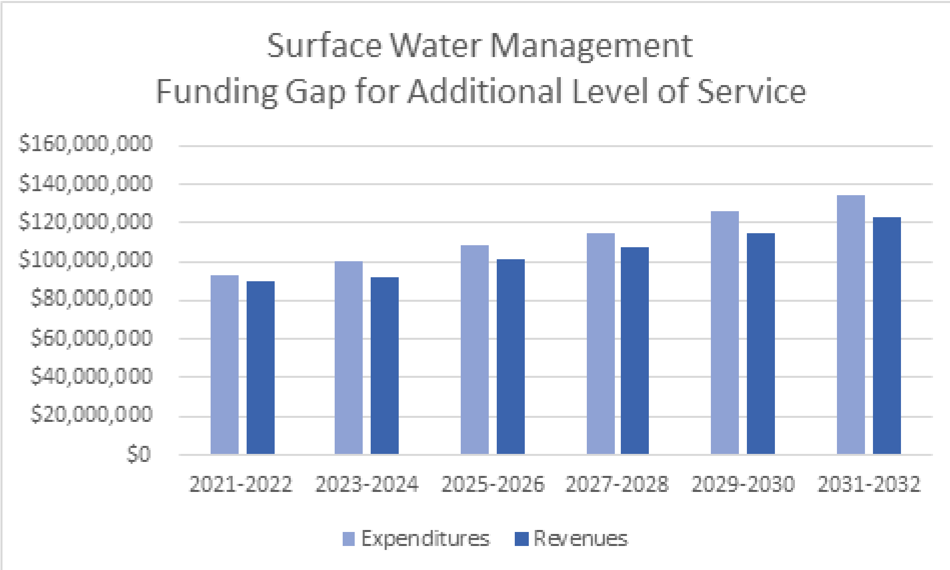
WLRD recognizes that many of these efforts need a regional funding strategy. It is not appropriate to assume that a shrinking base—due to forecasted annexations of UKC rate payer—should continue to support initiatives that require a strategic regional funding source. Each time the SWM fee is used to support such efforts, it increases the risk level for this fee, for it should primarily benefit areas within the UKC boundary.

Funding Gap for Potential Additional Level of Service

The ten-year forecast requires increases each biennium to sustain the Status Quo level of service. The forecast provided assumes SWM fee increases that support inflationary increases as well as recover revenues lost during projected annexations. These projected fee increases range from 6.5 percent in 2023-2024, which is inflationary only, to 29.25 percent in 2025-2026, when North Highline and West Hill are projected to be annexed. Typically, when an urban area annexes, the amount of SWM fee revenue lost is more than the amount of expenditures that are reduced in the program. Without these assumed SWM fee increases, the program would have an additional revenue gap of roughly $30 million.

The key difference between Status Quo and potential additional levels of service is an estimated $1.5 million annual increase related to anticipated additional requirements for the NPDES permit, which is renewed on a five-year cycle.

Figure 13: SWM Program Funding Gap for Additional Level of Service



King County Sheriff's Office

The King County Sheriff's Office (KCSO) serves as the local police department for the nearly 251,000 residents living in the urban, suburban, and rural communities that comprise UKC. KCSO provides critical community services, including:

- Monitoring, investigating, and controlling crime using equitable and just police practices;
- Conducting assessment, prevention, and education related to public safety;
- Promoting equity and social justice by instituting reforms in accountability, training, and recruiting and hiring practices;
- Monitoring and responding to public communication with an emphasis on transparency and best practices; and
- Working with community-based organizations, as well as state and federal partners, to prevent criminal behaviors and educate on public safety and crime prevention.

Key Historical and Economic Context

Although KCSO generates revenue by providing law enforcement service to contract city partners, that revenue does not support activity in the unincorporated portions of the county. Law enforcement in unincorporated King County is funded primarily by a general fund appropriation.

Current Local Services

- **Patrol officers** respond to dispatch calls for service, investigate crimes, provide traffic control, and support community events. According to the most recent organization chart, KCSO has 160 officers currently assigned to patrol unincorporated King County.
- **Criminal Investigations** (CID) and **Technical Services** (TSD) provide support for patrol operations in unincorporated King County. This support comes by way of offices devoted to major crimes investigations, accident investigations, warrants, special assault investigations, air support, civil processes, information technology, human resources, and communication services. For this exercise, it is assumed that 20% of CID and TSD expenditures are related to duties in the unincorporated areas.

Existing Funding Sources and Expected Revenues

- KCSO relies primarily on the **General Fund** to cover the cost of patrol in UKC. Only a relatively small portion of expenditures are covered by revenue generated by and for the unincorporated parts of the county.
- The **Roads fund transfer** of approximately $7.7 million per year is the largest single source of KCSO funds.
- **False alarm civil penalties and public safety miscellaneous fees** raise a small amount of fees each year.
- **Major Crimes** and the **Major Accident Response and Reconstruction Unit** generate revenue, of which a portion is attributable to UKC. The total revenue generated through 2031-2032 for the unincorporated county is estimated to be $120.1 million.

Potential Additional Level of Service

The 2017 sworn per thousand data concluded that there were 0.83 commissioned officers per 100,000 residents in unincorporated King County. By comparison, Seattle's sworn per thousand was calculated at 2.04, Burien's at 1.05, Kirkland at 1.03, and Renton at 1.26. The average for other non-contract cities was 1.60 officers per 1,000 residents. The latest KCSO data for 2020 shows the same rate of 0.83 officers per 1,000 residents.

The most recent organization assessment calculated that roughly the equivalent of 200 officer positions are supporting unincorporated King County. This does include some revenue-backed or partially revenue-backed FTEs assigned to unincorporated but who work in cities or on other contracts. As of June 2021, KCSO had 39 commissioned vacancies in contract partner, regional, and unincorporated county positions. These vacancies—along with officers who are non-deployable—reduce the number of actual officers available to respond to calls and investigate property or lower-level crimes.

KCSO has made extensive use of overtime to provide minimum staffing levels in the unincorporated county. To reduce the reliance on overtime and to bring up the sworn per thousand rate, at a minimum KCSO should consider restoring the seven COVID Patrol budget cuts and adding 24 positions. To provide an appropriate level of service to the unincorporated areas, KCSO should add at least 21 deputies and three sergeants. This service level is recommended given extensive reviews of minimum staffing levels, which are based on geographic considerations, workload, and proximity to back-up in adjacent contracts. Furthermore, these numbers are based on the new State-Mandated accountability and training requirements. From a community quality-of-life perspective, re-staffing part or all of the traffic unit should be considered.

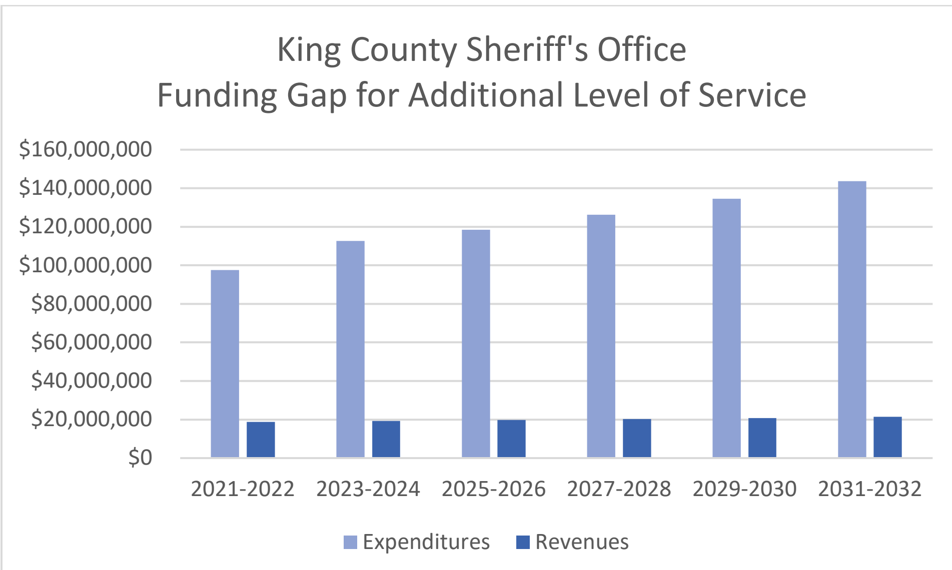
For this exercise, salary and benefits for each new deputy are assumed to be $163,000 per year, totaling an initial cost of $3.4 million per year for new patrol officers and detectives. Each sergeant is estimated to cost $183,000 per year, totaling $549,000 per year. In addition, costs are estimated to increase by 3% each year in line with the planning assumptions from PSB.

Funding Gap for Potential Additional Level of Service

Based on the current funding structure, there is a variance of $78.7 million between budgetary needs and local revenue in the 2021-2022 budget for law enforcement in unincorporated King County. That difference would increase to $122.2 million by 2031-2032. This difference between the total need and the revenue generated has always been addressed with an appropriation in the General Fund. If new positions are approved, a portion of this disparity would be due to increased costs caused by those positions.

Although the Roads fund transfer and other unincorporated area revenue sources may increase over the decade, it is unlikely they will increase enough to close the gap between what is needed and what is available. The Roads fund has a restriction that limits its contribution to the General Fund to traffic safety and faces an increasing deficit of revenue available for capital road maintenance and improvements. The General Fund contribution would need to increase, especially if the council approves staffing increases for unincorporated patrol. Figure 14 illustrates the increasing financial gap that would need to be covered by the General Fund, given the stated appropriate levels of service.

Figure 14: KCSO Funding Cap for Additional Level of Service



King County Metro Transit

Metro Transit's mission is to provide the best possible public transportation services to improve regional mobility and quality of life in King County. To do so, Metro aims to serve communities through a regional network of traditional and new transportation services that get people where they want to go, when they want to get there, while contributing to healthy communities, a thriving economy, and a sustainable environment.

Metro is a regional provider of mobility services throughout the Puget Sound region. Metro services benefiting UKC include fixed-route bus service, flexible services, Access paratransit, Vanpool, and King County Water Taxi. While the analysis for this proviso response focuses on UKC, it should be understood that Metro's guiding policies, strategic planning, revenue sources, and budget are considered at a regional system level, not separately by location. The financial and service estimates represented here are based on assumptions that are not necessarily reflective of any legislated policy in terms of specific UKC investment or service levels.

Key Historical and Economic Context

Metro resource allocation and investments are guided by the following Metro documents, along with the King County Strategic Goals, Strategic Climate Action Plan, and Equity and Social Justice Strategic Plan:

- Fund Management Policies for Public Transportation
- Mobility Framework
- Strategic Plan for Public Transportation
- Service Guidelines
- Metro Connects (MC), Metro's long-range vision

In 2014, a combined ballot measure to support Metro Transit bus service levels and local roads in King County was not passed by voters. Voters then approved a separate City of Seattle ballot measure to create a Seattle Transportation Benefit District to support service growth in Seattle. Concurrently, the economic forecast for the region improved dramatically in 2015, allowing Metro to not just maintain service without the regional measure, but to incrementally grow service.

While Metro has been able to fund some growth in recent years, current revenues are insufficient to deliver on the vision contained in Metro Connects. Prior to the pandemic, the County was working towards a regional ballot measure to fund Metro growth consistent with the vision in MC. That regional measure was not pursued due to the impact of the pandemic.

With no new resources and the impacts of the recession and pandemic, Metro's 2021-2022 biennial budget identified a need to implement service reductions of 100,000 hours in the 2021-2022 biennium as well as an additional 500,000 hours in the 2025 timeframe. These cuts, if implemented, would result in a reduction of the system of about 15 percent.

Current Local Services

- **Fixed-route service** includes bus and marine services that operate on regular routes with fixed schedules. Metro also operates services that use smaller vehicles and have flexible routing, such as DART. Residents of UKC are served by fixed-route bus services that 1) have stops located in incorporated King County or 2) have stops in incorporated areas that serve a broader area that includes unincorporated parts of King County. This latter category includes regular bus stops in communities, such as North Bend or Enumclaw, that may be used by residents of UKC. It also includes park and ride facilities that may be used by residents of UKC. Thus, some routes that serve residents of UKC may be entirely within incorporated parts of the county.
- Metro is developing a growing set of **flexible options** that complement bus service and better fit local conditions and community needs. Options include **community vans**, **shuttles**, **on-demand ridesharing services**, and **Trailhead Direct**. People might use these services to make connections to and from transit or to get to other destinations in their community.
- The size of Metro's **Access Paratransit** service area and the times that it covers are defined by the Americans with Disabilities Act (ADA). The ADA requires provision of service within three-quarters of a mile of an active bus route. Metro goes above and beyond those regulations. It extends 1.5 miles beyond the eastern-most fixed route corridor.
- The **Vanpool** program charges a monthly fare that includes a van, fuel, maintenance, and insurance for groups of five riders, cutting commute costs, allowing use of the carpool lane, and

providing a flexible option to avoid driving alone. UKC had a small number of vanpools operating pre-pandemic.

Capital investments are critical to the delivery of a fast and efficient transit network, and they can be divided into two categories: investments to improve the customer experience and investments to support system operations. Investments to improve customer experience include non-motorized access improvements, park and ride capacity, speed and reliability improvements, and capital investments to support Rapid Ride. Investments to improve system operations include fixed assets (e.g., layover, comfort stations, transit hubs, and maintenance facilities), new and replacement fleet, and technology to operate the overall mobility system.

Existing Funding Sources and Expected Revenues

- State law allows Counties to collect **sales tax** on retail transactions for transit purposes.[55] King County currently implements the maximum rate allowed at 0.9%, across King County's entire jurisdiction. Sales tax revenue comprises over 60 percent of Metro's biennial revenue in 2021-2022.
- King County Code[56] identifies rates of **fares** for regularly scheduled transportation services on buses, trolleys, transit vans, DART, and streetcars.
- Metro receives various **grants** from federal and state governments, including project-specific support for the capital program, operating support, and grant support targeted at mitigating COVID-19 impacts.
- Metro also receives partner agency reimbursement when contracting with regional partners to provide operating service, including on Sound Transit Regional Express buses, Sound Transit Link Light Rail, and the Seattle Streetcar. These inter-agency agreements allow for partner agencies to reimburse Metro for the cost of direct service as well as a portion of Metro's indirect costs.

Potential Additional Level of Service

The desired level of service to meet transit demand and deliver on Metro's mission, vision, and strategic goals is set forth in MC. MC envisions integrating an expanded mobility system with regional partners—especially Sound Transit—and delivering more than 70 percent more Metro bus service by 2050. MC also envisions an expansion of other services such as Access, flexible services, and vanpool. This significant service expansion is planned in two phases: an interim service network targeted for implementation before the Ballard Link expansion and a 2050 service network that completes the MC vision. In addition to the expanded service network, MC also envisions service quality improvements to provide fast, frequent, and reliable service and improvements and expansion of fleet, infrastructure, and workforce.

For this proviso response, the additional level of service is equated to the MC interim network, which is tentatively planned for 2036. Figure 15 summarizes the total service hours budgeted for 2020 for the unincorporated area and estimated MC interim network hours for routes that serve UKC, either directly or indirectly. Routes were grouped into three categories: those that serve unincorporated areas outside

[55] RCW 82.14.045, RCW 35.58.

[56] 4A.700.010

of the urban growth area (rural), those that serve unincorporated areas within the urban growth area (urban), and those that serve park and ride facilities most likely used by residents of UKC. [57]

Figure 15: Metro Fixed Route Service Hours for UKC (hours in thousands)

	2020 Budget	Interim Network	Change	Percent Change
Total hours	**611**	**1,014**	**403**	**66%**
Rural	77	186	109	142%
Urban	374	547	173	46%
Park & Rides	160	281	121	76%

Access services and flexible services are assumed to grow at the same rate as fixed-route bus service for the MC interim network. Capital investment levels are based on cost estimates developed for the draft update to MC interim network. As part of this plan, overall countywide cost estimates were developed for major capital investment categories based on the interim service network. Investment levels for UKC are estimated based on assumptions for the proportion of the investments in each category that would be made in UKC or the proportion of investments needed to support fixed-route and other mobility services serving UKC as identified above.

Funding Gap for Potential Additional Level of Service

The 2021-2022 adopted budget revenue estimates for the entire Metro regional system (excluding Sound Transit and City of Seattle service) for 2021-2036 totaled approximately $20 billion with approximately $3.4 billion (or 17 percent) of this revenue used to support services benefiting the unincorporated area. The forecasted revenues in 2020 were not sufficient to support existing services and related capital expenditures. Therefore, as noted above, Metro proposed a reduction of about 100,000 hours in 2021-2022 and an additional 500,000 hours in 2025.

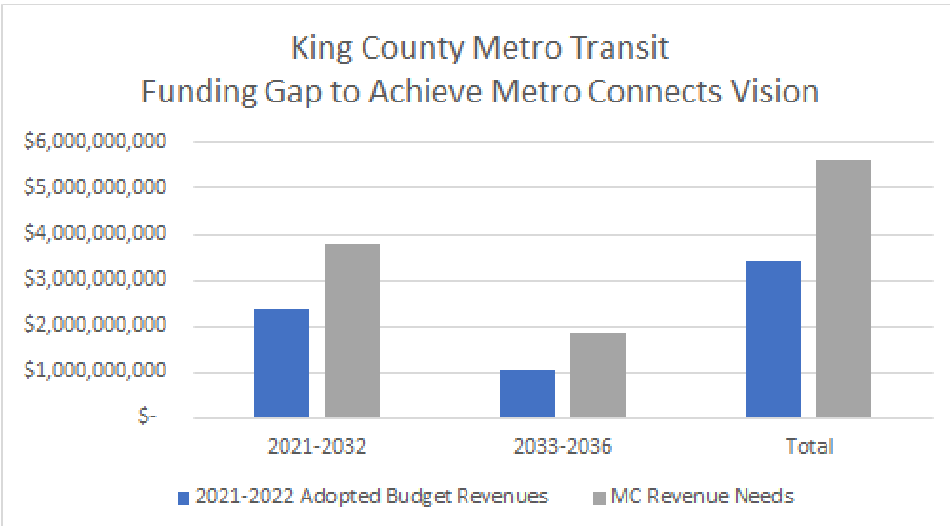
Given that the adopted budget revenues were insufficient to support existing services, they are also insufficient to fund MC levels of service, either in the incorporated area or unincorporated area.

[57] Notes and Assumptions:

- The analysis includes Metro and ST bus routes. It does not include ST Link light-rail.
- Any fixed-route service that passes through or has stops within a rural unincorporated area was deemed to serve UKC. Any fixed-route service that has stops within select unincorporated areas within the urban growth area was deemed to serve UKC. Select urban unincorporated areas include Fairwood, Skyway, and White Center.
- The analysis only included park and ride facilities deemed to likely serve residents from UKC based on Metro's 2017 license plate survey of park and ride facilities, which identified the home zip code for cars parked at the facility during the survey.
- Park and Rides included in the analysis were Auburn Station, Bear Creek, Issaquah Highlands, Issaquah Transit Center, Redmond, and Woodinville.
- The analysis only included routes serving these five park and ride facilities that provided service to either 1) downtown Seattle, 2) the University of Washington, or 3) downtown Bellevue.
- An exception was made for the Auburn Station, which included all frequent or express routes that stopped at Auburn Station based on the assumption that riders from southeast UKC may use this facility to travel to additional destinations besides the three listed above.

Implementation of MC interim network service and related capital costs in the unincorporated area results in estimated expenditures for the unincorporated area of approximately $5.6 billion from 2021-2036. This results in a total funding gap of approximately $2.2 billion for the unincorporated area from 2021-2036, as illustrated in Figure 16.

Figure 16: Metro Gap Between Adopted Budget Funded Expenditure and MC Interim Network Costs for UKC



Additional detail on the funding gap is provided below:

- Metro's 2021-2022 adopted budget revenue forecast required a reduction of approximately 100,000 hours of Metro service in the unincorporated area in 2025, with no growth supported in outyears. Meanwhile, MC calls for an increase in unincorporated area service hours from just over 600,000 hours in 2021 to about one million hours in 2036. This additional bus service along with commensurate increases in Access and Flexible Services results in a service funding gap of approximately $870 million from 2021 to 2036.
- The capital program contained in the adopted budget and that defined in MC are both aligned to the service hours and related state of good repair needs in the respective plans. Between 2021 and 2036, the adopted budget funded approximately $885 million in capital costs to support service in the unincorporated area, while MC calls for an investment of $2.2 billion over the same time period, for a gap of approximately $1.35 billion. Combining the operating and service gaps results in a total funding gap of approximately $2.2 billion from 2021 to 2036.

As noted, the estimates above identify the gap in service and related capital between MC and the 2021-2022 biennial budget. In that budget, impacts of the recession and COVID-19 pandemic necessitated service reductions. Since the preparation of the 2021-2022 budget, Metro has received significant one-time federal funding, and sales tax revenue forecasts have improved. In general, these changes have resulted in an increase of approximately $3.8 billion in enterprise revenue between 2021 and 2036 (excluding Sound Transit and City of Seattle revenues). While the new forecast is promising, Metro continues to see ridership return and associated fare revenue recovering slower than projected in the budget and an escalation of various costs such as fuel and construction costs. At this time, Metro believes that current forecasted revenues will allow the agency to sustain pre-COVID service levels and to fund related capital needs through at least 2030. Resources may also be sufficient to allow the agency to make a few additional investments in electrification infrastructure. While the additional resource essentially eliminates the need to cut service through at least 2030, MC service levels remain largely unfunded.

Sound Transit

Sound Transit (ST), officially the Central Puget Sound Regional Transit Authority**,** builds and operates regional transit service throughout the urban areas of Pierce, King and Snohomish Counties. Transit services include Link light rail; Sounder trains; ST Express Bus; Tacoma Link light rail; and soon, Bus Rapid Transit.

Key Historical and Economic Context

ST was created in 1993 by King, Pierce and Snohomish counties to build a regional rapid transit system. ST is independent of local transit agencies and is governed by an 18-member Board of Directors made up of elected officials from member jurisdictions and the Secretary of Transportation. ST began operating its express bus service in September 1999, taking over existing routes from local transit agencies. Metro Transit operates most ST express bus routes in King County under contract with ST. ST also operates commuter and light rail lines.

In 2020, ST faced various financial challenges primarily related to COVID-19, including low ridership, revenue loss, increased costs, and increased cost projections. The 2020 financial results reflect those challenges, but also reflect the positive impact of federal assistance.

Current Local Services

King County unincorporated area ST services consist primarily of **ST express bus**; therefore, discussion of ST services for this report are focused on bus service. Metro's 2021-2022 adopted budget included 267,000 hours of total ST Express bus service in the biennium, with service reducing to 142,000 hours by 2025. ST Express bus hours serving the unincorporated area in the biennium is estimated at about 200,000 hours.

Existing Funding Sources and Expected Revenues

ST operations are funded by **local sales taxes**, **property taxes,** and **motor vehicle excise taxes**, levied within its taxing district in portions of King, Pierce, and Snohomish counties. The agency has passed three major ballot measures to fund system expansion: Sound Move (1996), Sound Transit 2 (2008), and Sound Transit 3 (2016). ST current financial plan forecasts total revenues from 2021 through 2036 at $69 billion. Of this, $3.3 billion has been allocated to ST express bus in the Puget Sound Region.

For planning purposes, Metro has assumed that ST will fund the express bus service levels noted above. A full examination of the use of ST revenues for its various services and related capital projects is beyond the scope of this report.

Potential Additional Level of Service

As with Metro Transit service, this report utilizes the MC interim network as the proposed additional level of service for ST express bus. As detailed in Figure 17 below, ST anticipates reducing express bus service in the mid-2020s as various light rail lines open, including reductions in routes serving urban unincorporated areas and park and rides. The MC unincorporated area ST hours equate to an operating cost for Metro of approximately $337 million from 2021-2036.

Figure 17: Sound Transit Express Bus Service Hours for UKC (hours in thousands)

	2020 Budget	Interim Network	Change	Percent Change
Total hours	**198**	**81**	**-118**	**-59%**
Rural	0	0	0	0%
Urban	28	0	-28	-100%
Park & Rides	170	81	-90	-53%

Regional Growth Management Planning
RP-102 King County shall actively solicit public participation from a wide variety of sources in its planning processes, including the development, update, and implementation of its plans.

RP-110 King County's planning should strengthen communities by addressing all the elements, resources and needs that make a community whole, including: economic growth and the built environment, environmental sustainability, regional and local mobility, health and human potential, and justice and safety.

RP-203 King County shall continue to support the reduction of sprawl by focusing growth and future development in the Urban Growth Area, consistent with adopted growth targets.

Rural Area and Natural Resource Lands
R-301 A low growth rate is desirable for the Rural Area, including Rural Towns and Rural Neighborhood Commercial Centers, to comply with the State Growth Management Act, continue preventing sprawl and the overburdening of rural services, reduce the need for capital expenditures for rural roads, maintain rural character, protect the environment and reduce transportation-related greenhouse gas emissions. All possible tools may be used to limit growth in the Rural Area. Appropriate tools include land use designations, development regulations, level of service standards and incentives.

R-304 Rural Area zoned residential densities shall be applied in accordance with R-305 – R-309. Individual zone reclassifications are discouraged and should not be allowed in the Rural Area. Property owners seeking individual zone reclassifications should demonstrate compliance with R-305 – R-309.

R-324 Nonresidential uses in the Rural Area shall be limited to those that: a. Provide convenient local products and services for nearby residents; b. Require location in a Rural Area; c. Support natural resource-based industries; d. Provide adaptive reuse of significant historic resources; or e. Provide recreational and tourism opportunities that are compatible with the surrounding Rural Area. These uses shall be sited, sized, and landscaped to complement rural character as defined in policy R-101 and R-201, prevent impacts to the environment and function with rural services including on-site wastewater disposal.

R-501 The Rural Neighborhood Commercial Centers designated on the Comprehensive Plan Land Use Map are small-scale business areas that should provide convenience shopping and services for the surrounding community. No new Rural Neighborhood Commercial Centers are needed to serve the Rural Area and Natural Resource Lands. Expansion of the boundaries of the existing Rural Neighborhood Commercial Centers shall not be permitted except through a subarea study.
R-502 Rural Neighborhood Commercial Centers should accommodate only small-scale retail, community and human services, and personal service uses that provide convenience shopping and services to nearby Rural Area and Natural Resource Lands residents.

R-504 King County designates the Rural Towns of Fall City, Snoqualmie Pass, and the Town of Vashon as unincorporated Rural Towns. These historical settlements in unincorporated King County should provide services and a range of housing choices for Rural Area residents. The boundaries of the designated Rural Towns are shown on the Comprehensive Plan Land Use Map. Adjustments to these boundaries shall only occur through a subarea study and shall not allow significant increases in development potential or environmental impacts. No new Rural Towns are needed to serve the Rural Area.

R-511 Within Potential Annexation Areas of Cities in the Rural Area the following uses shall be permitted until the area annexes to the city: a. Residential development at a density of one home per five acres or less with mandatory clustering; and b. Nonresidential development such as commercial and industrial as determined through previous subarea plans.

R-512 The creation of new Industrial-zoned lands in the Rural Area shall be limited to those that have long been used for industrial purposes, do not have potential for conversion to residential use due to a historic designation and that may be accessed directly from State Route 169.

Urban Communities

U-125 King County should support proposed zoning changes to increase density within the unincorporated urban area when consistent with the King County Comprehensive Plan Land Use Map and when the following conditions are present:

a. The development will be compatible with the character and scale of the surrounding neighborhood;
b. Urban public facilities and services are adequate, consistent with adopted levels of service and meet Growth Management Act concurrency requirements, including King County transportation concurrency standards;
c. The proposed density change will not increase unmitigated adverse impacts on environmentally critical areas or increase unmitigated adverse displacement impacts on residents or businesses, either on site or in the vicinity of the proposed development;
d. The proposed density increase will be consistent with or contribute to achieving the goals and policies of this comprehensive plan, and subarea plan or subarea study, if applicable, or the development is within walking distance of transit corridors or transit activity centers, retail and commercial activities, and is accessible to parks and other recreation opportunities; and 2016 Comprehensive Plan – updated July 24, 2020 Ordinance 18427, as amended by Ordinance 18623, Ordinance 18810, Ordinance 19034, and Ordinance 19146 Urban Communities – Page 2-14
e. An equity impact analysis has been completed that identifies all potential equity impacts and displacement risk to residents or businesses located on or adjacent to the site proposed for zoning reclassification:
    1. For area zoning or zoning reclassifications initiated by the County, the analysis shall include, at a minimum, use of the County's Equity Impact Review tool.
    2. For zoning reclassifications not initiated by the County, a community meeting shall be held that meets the requirements of K.C.C. 20.20.035 prior to submittal of the application. Notice of the community meeting should be provided, at a minimum, in the top six languages identified by the tier map of limited-English-proficient persons maintained by the office of equity and social justice and the county demographer.

U-126 King County, when evaluating rezone requests, shall consult with the city whose PAA includes the property under review; if a pre-annexation agreement exists, King County shall work with the city to ensure compatibility with the city's pre-annexation zoning for the area. King County shall also notify special purpose districts and local providers of urban utility services and should work with these service providers on issues raised by the proposal.

U-152 King County may designate new unincorporated activity centers or expand existing unincorporated activity centers only through a subarea planning process that should address: a. The relationship of the entire center to its surrounding uses including adjacent cities; b. Availability of supporting public services; c. The function of the center to other centers in the sub-region; d. The need for additional commercial and industrial development; e. The size and boundaries of the center; and f. Zoning.

U-160 Designated community business centers are shown on the Comprehensive Plan Land Use Map. Expansion of existing or designation of new community business centers shall be permitted only through a subarea study. Redevelopment and infill development of existing community business centers is encouraged.

U-165 Designated neighborhood business centers are shown on the Comprehensive Plan Land Use Map. Expansion of existing or the designation of new neighborhood business centers shall only be permitted through a subarea study. Redevelopment and infill development of existing neighborhood business centers is encouraged.

U-169 Stand-alone commercial developments legally established outside designated centers in the unincorporated urban area may be recognized with the CO designation and appropriate commercial zoning, including any identified potential zoning classification. An action to implement a potential zoning classification shall not require a detailed subarea study, if the current CO designation is to remain unchanged. When more detailed subarea plans are prepared, these developments may be designated as centers and allowed to grow if appropriate or may be encouraged to redevelop consistent with the residential density and design policies of the Comprehensive Plan.

U-170 The CO designation may be applied as a transitional designation in Potential Annexation Areas identified in a signed memorandum of understanding between a city and the county for areas with a mix of urban uses and zoning in order to facilitate the joint planning effort directed by the memorandum of understanding. Zoning to implement this transitional designation should recognize the mix of existing and planned uses. No zone changes to these properties to allow other nonresidential uses, or zone changes to allow expansion of existing nonresidential uses onto other properties, should occur unless or until a subarea study with the city is completed.

U-176 Sites for potential new Urban Planned Developments may be designated within the established Urban Growth Area to realize mutual benefits for the public and the property owner. Two Urban Planned Developments areas have been designated by the county: the Bear Creek Urban Planned Development area, comprised of the Redmond Ridge (formerly known as Northridge) Urban Planned Development, the Trilogy at Redmond Ridge (formerly known as Blakely Ridge) Urban Planned Development, and the Redmond Ridge East Urban Planned Development; and Cougar Mountain Village Urban Planned Development. Future Urban Planned Development sites in the Urban Growth Area shall be designated through a subarea planning process, or through a Comprehensive Plan amendment initiated by the property owner.

U-202a The County should seek state legislative authority to impose taxes in unincorporated urban areas consistent with the taxing authorities and rates of cities and seek to impose rates consistent with the city to improve service delivery and infrastructure levels.

Facilities and Services

F-208 Public spending to support growth should be directed to the Urban Growth Area and to maintain existing unincorporated infrastructure and should be prioritized through the Capital Facility Plan to comply with the concurrency requirements of the Growth Management Act.

F-209 In the Rural Area and Natural Resource Lands, services provided by agencies should support a rural level of development and support service that meets the needs of the community and not facilitate urbanization.

Community Planning

CP-100 King County shall implement a Community Service Area subarea planning program. This program includes the following components for the development and implementation of each subarea plan:

a. A subarea plan shall be adopted for each of the six rural Community Service Areas and five large urban Potential Annexation Areas consistent with the scheduled established in the Comprehensive Plan and King County Code Title 20. Each subarea plan shall be streamlined to be focused on local-specific policies that address long-range community needs.
b. The County shall adopt and update on an ongoing basis, a list of services, programs, facilities, and capital improvements that are identified by the community for each geography, known as a community needs list, to implement the vision and policies in the subarea plan and other County plans and to build on the strengths and assets of the community.
c. Implementation of each subarea plan and community needs list shall be monitored on an ongoing basis via established performance metrics.
d. Community engagement for development, review, amendment, adoption, and implementation of each subarea plan shall use the Office of Equity and Social Justice's equity toolkit.
e. The King County Council shall have an established role in the Community Service Area subarea planning process, including in the development, review, amendment, adoption, and monitoring the implementation of each subarea plan and community needs list.

Implementation

I-101a Equity and social justice principles will be used by King County as an important consideration in developing zoning and development regulations governing public and private uses, in siting public facilities, and in evaluating land use decisions. Results from the Equity Impact Review Tool will be used where appropriate.