



King County

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King County Executive

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September 23, 2024

The Honorable Dave Upthegrove
Chair, King County Council
Room 1200
C O U R T H O U S E

Dear Councilmember Upthegrove:

I am pleased to transmit my proposed budget for 2025 and accompanying proposed legislation for consideration by the King County Council. This proposed budget continues funding for important services and advances priorities that reflect the values of King County residents.

My proposed budget makes strides in key areas, including:

- **Responding to climate change:** \$500 million in investments to reduce greenhouse gas production, including Metro Transit's zero-emissions fleet and more than \$50 million in grant funding for the Executive Climate Office.
- **Restoring fish passage:** \$9 million to continue work to replace culverts and restore stream habitat for salmon, including 29 active projects in the Parks and Road Services divisions. The County is on track to restore 50 percent of habitat blocked by County barriers by 2032.
- **Responding to juvenile justice system-involved youth:** \$2.3 million in investments in the Department of Adult and Juvenile Detention and Superior Court to support youth who are involved in the juvenile justice system, including 13 new juvenile detention officers at the Patricia H. Clark Children and Family Justice Center, two new juvenile probation officers, and funding for additional community programming and transition navigators for youth in and exiting detention.
- **Confronting the harms of racism and dismantling systems of oppression:** Investments to advance equity goals, including \$1.1 million in new staffing and programs to increase disability equity, \$4 million for programs focused on Best Starts

for Kids priority populations, and funds to expand language access in Elections and the Sheriff's Office.

- **Implementing Health through Housing:** Three new Health Through Housing (HTH) facilities will open in 2025, bringing all HTH facilities into operation and bringing the total number of permanent supportive housing and emergency housing units created under HTH to 1,358 since the program began in 2020.
- **Expanding opioid response programs:** \$50 million for substance-use disorder services, including overdose prevention.
- **Supporting Public Health clinics and Harborview Medical Center:** \$74.6 million to fund King County's public hospital, including operations, capital, and maintenance at Harborview Medical Center, and continued care for more than 78,000 clients of King County Public Health clinics, through a proposed County hospital property tax levy of \$0.085 per \$1,000 of assessed value.

Budget Outlook

While all budgets reflect the circumstances in which they are developed, King County's 2025 Proposed Budget is impacted by an unusual combination of circumstances, some highly favorable and others less so. Notably, the County operates about 140 different funds, each with its own revenue sources that have specified uses. Some funds are in strong financial condition while others face challenges.

The outcomes of national and State elections could profoundly affect resources available to address climate change and support for the physical and behavioral health of King County residents. National and regional economies appear to be slowing, but few economists predict a recession in the near term. Inflation has slowed and the Federal Reserve has begun reducing interest rates. Higher inflation during 2021-2023 has driven up the County's costs to do business, creating financial challenges in funds with little revenue flexibility, including the General Fund and Roads Fund.

The August economic and revenue forecast from the County's Office of Economic and Financial Analysis projects that countywide assessed property value will increase by 5.38 percent for 2025. This reflects a rebound in residential property values, which had actually declined the previous year. Some commercial real estate, especially office buildings, is expected to maintain reduced value due to higher vacancy rates following the pandemic.

At the same time, countywide taxable sales have slowed due to reduced construction activity and changes in consumer spending behavior. The latest forecast projects that King County's 2024 taxable retail sales will decline by 1.52 percent from 2023 and then rebound with 4.13 percent growth for 2025. This slower growth in sales tax reduces expected revenue for Metro Transit, the General Fund, and special funds derived from sales taxes, such as the Mental Illness and Drug Dependency (MIDD) Fund.

Most County funds are projected to be in good financial condition for the foreseeable future. However, State-imposed limitations on property tax revenue growth continue to exacerbate

ongoing structural gaps for the General Fund and the Roads Fund. The current forecast estimates that the General Fund faces a deficit of \$150 million for the 2026-2027 biennium. Unless new revenue is received, major budget reductions will be required, mostly from human services and criminal justice functions, to balance the General Fund. In addition, Metro Transit's future operating and capital plans are likely unsustainable within current revenues.

The Budget Transmittal Package

In addition to the 2025 Proposed Budget Ordinance for operating and capital budgets, this transmittal package includes the following separate proposed legislative components and reports.

Proposed Legislation

Property Tax Ordinances - Included in this transmittal package are the proposed property tax ordinances necessary to collect the 2025 property tax revenue supporting the proposed budget. The Office of Performance, Strategy and Budget staff will work with Council staff to ensure final numbers are included in these ordinances once that information is received from the Assessor, consistent with past practice.

Non-Represented Employee 2025 General Wage Increase (GWI) Ordinance – This proposed Ordinance would authorize a 5.5 percent general wage increase from the 2024 schedules, effective January 1, 2025, for regular, short-term temporary and term-limited temporary employees in non-represented county positions. The proposed Ordinance is submitted pursuant to the provisions of King County Code 3.12.130 and 3.12.140. The proposed Ordinance also outlines the insured benefits agreement for non-represented employees beginning January 1, 2025, and approves the enclosed 2025 5.5 GWI King County Hourly Squared Schedules:

- 2025 5.5 GWI King County Hourly Squared Schedule;
- 2025 5.5 GWI King County Annual FLSA Exempt Squared Schedule;
- 2025 5.5 GWI King County Standardized Hourly Salary Schedule; and
- 2025 5.5 GWI King County Standardized Annual FLSA Exempt Salary Schedule.

Metro Transit Department Transit Farebox Recovery Letter – This proposed Ordinance would request an update to Metro's farebox recovery policy. The existing Fund Management Policies, as adopted via Ordinance 18321, require that fare revenue cover at least 25 percent, with a goal of 30 percent, of the operating costs of the fixed route bus system. The department expects its farebox recovery ratio to remain below fifteen percent, on account of changing ridership, increasing costs, the implementation of zero youth fares, and observed post-pandemic farebox recovery. The requested update specifies that Metro should recover 10 percent of operating costs with a goal of 15 percent.

Superior Court Judges Ordinance – This proposed Ordinance would add two new judges in Superior Court and associated support staff in Superior Court and the Department of Judicial Administration. The proposed Ordinance provides approval for the judges as authorized by RCW 2.08.061. The 55th and 56th judges will give the court judicial resources it needs to address the significant backlog in eviction cases related to pandemic era eviction moratoriums and changes that increase legal rights for tenants.

Limited Tax General Obligation (LTGO) Bonds Ordinance - This proposed Ordinance would approve the issuance of not-to-exceed \$585 million of limited tax general obligation (LTGO) bonds to provide funding for various proposed capital projects. Included among such projects are nearly \$178 million for Solid Waste Division capital projects, \$97 million for housing projects, \$166 million for various land acquisitions, \$50 million for various technology projects, and \$90 million for facility improvement and other projects. The proposed Ordinance would also authorize the issuance of LTGO refunding bonds during 2025 to reduce debt service costs on outstanding bonds whenever the savings exceed certain targets identified in the County’s Debt Management Policy as adopted by Motion 15984. It would also continue to delegate authority for the sale of the bonds to the County’s finance director.

Modernizing Public Health Centers Ordinance – Because it is necessary to ensure efficacy and efficiency in the provision of healthcare services, this proposed Ordinance establishes a workgroup. This proposed Ordinance would establish a workgroup to develop recommendations on modernizing Public Health clinic services and operations.

Intent to Utilize Levy Capacity to Mee County Hospital’s Operating, Facility, and Capital Needs Motion – This proposed Motion expresses intent to utilize available levy capacity under RCW 36.62.090 as needed over time to meet the county hospital’s operating, facility, and capital needs.

Fee Ordinances

Department of Natural Resources and Parks Surface Water Management Fee Increase Ordinance – This proposed Ordinance would authorize an 11.765 percent or \$38 fee increase for the Storm and Surface Water Management program, bringing the annual rate from \$323 to \$361 per residential parcel for 2025, with corresponding adjustments in the rates for classes of non-residential property. This increase will sustain the current level of service for the program considering inflationary increases and will provide funding to implement new National Pollution Discharge Elimination System permit requirements and address deferred maintenance of existing stormwater facilities. The increase will also advance or accelerate high priority initiatives such as Clean Water Healthy Habitat, removal of fish barriers, and climate change response.

Superior Court Parent Seminar Fee Increase Ordinance – This proposed Ordinance would increase the fee for the Superior Court Parent Seminar, which is mandatory for all parties with minor children whose family law case requires entry of a parenting plan. This

seminar, entitled “What About the Children,” shares the impact of parental conflict on children. The fee would double from \$40 per person to \$80 per person and would continue to be waived based on ability to pay. About 13 percent of participant fees are currently waived.

Plumbing & Gas Piping Fee Increase Ordinance – This proposed Ordinance would update the rates and fees for Plumbing & Gas Piping in the Environmental Health Services Division of Public Health – Seattle & King County. The proposed hourly rate would increase to \$264/hour in 2025. The fixed base permit fee would be \$132 and the per fixture fee \$26. If approved, the new fees, which were last updated in 2011, will provide for general wage inflation, central rate increases, workload increases, and fund balance restoration.

Department of Local Services Permitting Division Fee Increase Ordinance – The proposed Ordinance would approve a 49 percent Permitting Division fee increase for 2025. This increase funds inflationary increases for current operations; staffing increases and technology investments required to implement Washington State Senate Bill 5290 Cycle Time Reduction Mandates; and public records online self-service solutions. It will also rebuild the Permitting Fund’s fund balance, which was depleted during the pandemic.

Metro Transit Department Adult Fare Increase Ordinance – This proposed Ordinance would increase the fares charged for regularly scheduled service on buses, trolleys, transit vans, dial-a-ride vehicles, and streetcars by \$0.25 per trip, effective September 1, 2025. The child fare, youth fare, low-income fare, seniors and persons with disabilities fare, and fares for Access paratransit service would not be changed by the proposed Ordinance. This increase will align Metro Transit's adult fare with the regular flat fare for Sound Transit.

Metro Transit Department Low-Income Fare Reduction Ordinance – This proposed Ordinance would decrease the low-income fares charged for regularly scheduled services on buses, trolleys, transit vans, dial-a-ride vehicles, and streetcars from \$1.50 to \$1.00, effective January 1, 2025, effectively making permanent the 2023-2024 pilot fare reduction per Ordinance 19532 (as amended).

Metro Transit Department Water Taxi Fare Increase Ordinance – This proposed Ordinance would increase the West Seattle and Vashon Island Water Taxi fares, effective September 1, 2025. Pre-paid fares on both the West Seattle Water Taxi Route and the Vashon Island Water Taxi Route would increase by \$0.25. Cash fares would increase by \$0.50 on the West Seattle Water Taxi Route and \$0.25 on the Vashon Island Water Taxi Route. The proposed Ordinance would not change rates for the child fare, youth fare, senior and persons with disabilities fare, bicycle fare, or low-income fare.

Metro Transit Department Water Taxi Low-Income Fare Reduction Ordinance – This proposed Ordinance would decrease the low-income fare on the West Seattle and Vashon Island Water Taxi Routes to \$1.00, effective September 1, 2025, and remove code language requiring the low-income fare to be 25 percent less than the regular fare. The proposed Ordinance would not change the cash fare, regular prepaid fare, child fare, youth fare, senior and persons with disabilities fare, or bicycle fare.

King County Code (KCC) Changes

County Hospital Changes – This proposed Ordinance amends KCC 2.42 to re-center the county hospital within county government and better serve persons who have traditionally lacked access to high quality health care. The proposed Ordinance establishes the Office of the County Hospital. It also amends KCC to allow Executive appointment of four positions to the county hospital board of trustees. This proposed Ordinance is the foundation for the County Hospital Levy Capital Program and should be adopted prior to the proposed levy Ordinance, the proposed Ordinance establishing a workgroup to provide recommendations on modernizing Public Health-Seattle and King County public health clinic services, and the proposed Motion relating to the review and assessment of the county hospital's operating, facility, and capital needs.

King County Code Section 4A Revenue and Financial Regulation Changes - This proposed Ordinance would amend Ordinance 19534 to repeal the expiration date of January 1, 2025 and permanently increase the appropriation limit on the emergent need contingency project in each of the capital funds from five percent of total fund appropriation or twenty million dollars, whichever is less, to twenty percent of total fund appropriation or fifty million dollars, whichever is less. The proposed Ordinance would also permanently increase the threshold at which projects must submit capital project exception notification for emergent need contingency transfers from fifteen percent to twenty-five percent of total project costs. These changes are proposed to provide capital programs the flexibility to respond to inflation and price volatility, which are particularly acute in the construction sector.

Fund Change Ordinances

County Hospital Levy Fund Ordinance – This proposed Ordinance would establish a new fund to manage all County Hospital Levy revenues and expenditures within the Office of Performance, Strategy and Budget. The County Hospital Levy is a property tax authorized by HB 2348 during the 2024 state legislative session that expanded the eligible uses of an existing councilmanic property tax levy in RCW 36.62.090. The levy covers “the operation, maintenance, and capital expenses of the hospital, and any outpatient clinics operated by the hospital, and for the payment of principal and interest on bonds issued for such purposes.”

Harborview Medical Center Capital Program 2020 Proposition 1 Other Revenues Fund Ordinance – This proposed Ordinance would establish a new fund within the Facilities Management Division of the Department of Executive Services to support and fund projects associated with the Harborview Medical Center capital program approved by voters in 2020 and funded with alternative revenue sources that are not paid for by 2020 Proposition 1 levy funds.

Electric Vehicle Charging Infrastructure (EVCI) Fund Ordinance – This proposed Ordinance would create a new fund in the Facilities Management Division of the Department

of Executive Services for electric vehicle charging infrastructure. This new fund will provide for the receipt of revenues from a new central rate included in the 2025 budget and disbursement of expenditures used to support electric vehicle charging infrastructure in county-owned facilities.

2008-2013 Parks Operating Levy and Open Space and Trails and 2014-2019 Parks, Trails, and Open Space Replacement Levy Funds Ordinance – This proposed Ordinance would close two funds in the Parks and Recreation Division of the Department of Natural Resources and Parks (DNRP). The 2008-2013 Parks Operating Levy and Open Space and Trails fund was created to manage the 2008-2013 parks levy funds via Ordinance 15760. The 2014-2019 Parks, Trails, and Open Space Replacement Levy fund was created to manage the 2014-2019 parks levy funds via Ordinance 17568. Both levies have expired, and no funds are being collected. Both funds are proposed to close, and the residual fund amounts will be transferred to the Parks Operating Fund for the operations and maintenance needs of the 2020-2025 Parks, Recreation, Trails and Open Space Levy. The allowable uses are aligned within the prior levy ordinances.

Additional Materials

Current List of Projects in Project Review Board (PRB) Oversight Report – Pursuant to King County Code (KCC) 2A.380.200, which requires that the Chief Information Officer provide a list of all information technology capital projects with active appropriation authority, including projects not seeking funding in the proposed budget and the unexpended appropriation for each project, to be included with the Executive Proposed Biennial Budget, the attached report is included.

2025 Acceptance of Electronic Payments Report (2025 eCommerce Report) - Included with this transmittal is the Finance and Business Operations Division (FBOD) 2025 Acceptance of Electronic Payments Report as called for by Executive Policy FIN-8-5-2-EP, Accepting Electronic Payments, Section IV.F.1, effective July 1, 2021. The enclosed report lists those agencies countywide that accept electronic payments (credit cards, debit cards, and electronic checks) and the specific subset of agencies that absorb transaction processing costs, instead of passing them on to their customers, as approved by KCC 4A.601.025. For absorbed costs, the report further lists the actual or budgeted amounts for the previous fiscal year, the present budget year, and the upcoming budget year.

4Culture Budget Submittal – The 2025 4Culture Budget is submitted to council for approval in accordance with Ordinance 18684.

Administrative Fund/Subfund Closure Report – The 2023-2024 Administrative Fund/Subfund Closure Report is transmitted to council for approval in accordance with Ordinance 17751 Section 3 and KCC 4A.200.020. As required, the enclosed report describes the administrative funds and subfunds closed, the amount of the residual balances in those funds at the time of closure (if any), and the disposition of those residual balances.

The Honorable Dave Upthegrove

September 23, 2024

Page 8

I certify that funds are available. If you have any questions, please contact Dwight Dively, Director, Office of Performance, Strategy and Budget at 206-263-9727.

Sincerely,



Dow Constantine
King County Executive

Enclosures

cc: King County Councilmembers

ATTN: Stephanie Cirkovich, Chief of Staff, King County Council
Melani Hay, Clerk of the Council

Karan Gill, Chief of Staff, Office of the Executive

Penny Lipsou, Council Relations Director, Office of the Executive

Dwight Dively, Director, Office of Performance, Strategy and Budget

Elected Officials

Department Directors