## STAFF REPORT

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| **Agenda Item:** |  5 | **Name:** | Katherine CortesRachelle Celebrezze |
| **Proposed No**.: | 2015-0363 | **Date:** | February 17, 2016 |

**SUBJECT**

PO 2015-0363 would amend and add new sections to the King County Code to allow Public Health – Seattle & King County to solicit and accept donations to support services provided by the department, including by participation in the Employee Giving Program Annual Giving Campaign. If adopted, it would create an exception in County Code to enable the department to accept donations up to $75,000 without action by the King County Council.

**SUMMARY**

The proposed ordinance would allow Public Health – Seattle & King County to solicit and accept donations to address the ongoing funding challenges experienced by that department. Under existing King County Code provisions, PHSKC is not authorized to solicit donations. Additionally, with the exception of the Emergency Medical Services (EMS) division, donations of more than two thousand dollars must be accepted by motion of the County Council. This ordinance would delegate the authority to accept donations up to $75,000 to department leadership without Council action, in order to facilitate and streamline the efforts of the department to realize gift revenue.

Public Health is seeking these changes to the Code in the context of ongoing financial challenges, in the interest of realizing all possible revenue sources. Staff analysis suggests that the changes in PO 2015-0363 would enable this strategy, while modestly constraining the use of these gifts to activities that support the department's services. The proposed ordinance would not anticipate and avoid all possible challenges and conflicts that could arise as a result of a lower degree of Council control over gift solicitation and acceptance, including the issue of whether expenditures initially funded with donation revenue would create an implied commitment for continued funding from other sources.

**BACKGROUND**

PHSKC faces continuing financial challenges and anticipates ending the 2015-16 biennium with a negative fund balance of approximately $11 million. During the 2015-16 biennial budget development process, Public Health collaborated with the Executive and Council to solicit and accept contributions from local municipalities and other stakeholders to maintain services at Public Health clinics throughout the County that were slated for closure. Although these donations were accepted through a separate process than would be defined by the proposed ordinance, the need and application of these efforts to support the Public Health budget prompted the department and the Executive to further explore any possible avenues to realize gift revenue for public health purposes. Also during the 2015-16 budget development, Public Health got feedback from employees that they would like the opportunity for the department to participate in the Employee Giving Program's Annual Giving Drive, which is not possible under current Code.

**ANALYSIS**

Given ongoing fiscal challenges, executive staff note that Public Health is seeking ways to realize as much revenue as possible. The proposed change would allow the department to participate in the King County Employee giving drive. In prior years, the deadline for applications from agencies to participate in the program has been April or May.

Executive staff anticipate a modest increase in gift revenue may be realized by granting Public Health leadership the opportunity to solicit gifts. Further, they believe that employee and stakeholder morale will benefit from implementing this change in an attempt to be exhaustive in efforts to realize new revenue and avoid service cuts.

Delegating authority to department leadership and the Executive to solicit and accept gifts under $75,000, as opposed to the under $2,000 presently allowed, to support department of public health services would give Council less control over gift acceptance. Some possible challenges or issues that could arise and, under the new policy, would be resolved by the Executive branch without a requirement to consult Council, are as follows:

* Restrictions and directions imposed by the donor for expenditure of gift funds might conflict with the policies of King County. Discretion to conform services funded by donations to the desires of the donor is allocated to the PHSKC director.
* Donated funds could be used to support services presently supported by dedicated ongoing revenue (replacing that revenue) rather than to alleviate funding gaps – the issue that executive staff indicate the proposed ordinance was intended to address.
* Donated funds that support new programs or activities could create an implied commitment for King County to sustain those activities with other revenue sources after the donated funds are expended.

**Effect on Emergency Medical Services Division**

Unlike other divisions of Public Health—Seattle and King County, donations to the Emergency Management Services (EMS) division are governed by Motion 6605 (July 3, 1986). Under Motion 6605, the EMS division may accept donations of any amount without the approval of the Council. As a result, if adopted, Proposed Ordinance 2015-0363 would change current practice and require the EMS division to seek Council's approval for all donations of more than $75,000.

EMS division staff indicate that placing the $75,000 restriction on the acceptance of donations should not have an impact on the process for accepting the majority of donations received by the division. EMS division staff report that the majority of donations to the EMS division are between $25 and $100. In addition, EMS division staff report that the division has received larger donations from 6 estates between 2012-2015, ranging from $20,000 to $53,000. According to Public Health staff, EMS received a total of approximately $110,000 in donations in 2014 and approximately $50,000 in 2015.

Proposed Ordinance 2015-0363 would also allow the EMS division, like the other divisions of Public Health—Seattle and King County, to solicit donations. EMS division staff indicate that, if enacted, one area for which the EMS division is likely to solicit donations is to support the division's community programs, particularly the fall prevention and child car seat programs.

**AMENDMENT**

Staff are preparing technical and title amendments to ensure consistency in the Code language describing the Public Health exception to general county policy with respect to gift solicitation and acceptance.

**UPDATE**

At the February 2, 2016, Health, Housing and Human Services Committee meeting, Councilmembers requested the following amendments to the ordinance:

* clarification that Public Health’s acceptance and use of a donation in a given year does not create an ongoing obligation on the County to continue to fund the program or service after the donation is spent; and
* setting the threshold for Public Health’s acceptance of donations without seeking Council approval to $50,000 or less, bringing Public Health in line with other departments that have received such an exemption.

These two changes were included in the striking amendment, S1, which also includes the technical changes necessary to ensure consistency in the Code. There is also a title amendment, T1, which conforms the title to Striking Amendment S1.

**ATTACHMENTS**

1. Proposed Ordinance 2015-0363
2. Striking Amendment S1
3. Title Amendment T1
4. Transmittal Letter
5. Fiscal Note

**INVITED**

1. Patty Hayes, Director, Public Health—Seattle/King County