



**King County**

**Ron Sims**

King County Executive

701 Fifth Avenue, Suite 3210  
Seattle, WA 98104

206-296-4040 Fax 206-296-0194

TTY Relay: 711

[www.metrokc.gov](http://www.metrokc.gov)

RECEIVED  
2006 DEC -1 PM 4:16  
CLERK  
KING COUNTY COUNCIL

December 1, 2006

The Honorable Larry Phillips  
Chair, King County Council  
Room 1200  
COURTHOUSE

Dear Councilmember Phillips:

I have signed Ordinance 15652, the 2007 Budget Ordinance as passed by the King County Council. The council adopted budget reflects most of my proposed budget that I transmitted to the council in October. I would like to take this opportunity to acknowledge and thank you as the Chair of the King County Council and the other members of the council for your work on a difficult budget. I particularly want to thank Dow Constantine for his leadership and thank his budget leadership team members Bob Ferguson, Jane Hague, and Kathy Lambert for their efforts in producing the 2007 budget. This demanding budget was completed through a bipartisan effort and adopted by a 9-0 vote.

Overall, I am pleased with the 2007 budget as adopted by the council. However, there are two important issues which I would ask the council to consider as we move into 2007.

The first issue is Transit Now. With the approval by the voters of the Transit Now package in early November, I submitted to the council for its consideration a recommended change to my 2007 proposed budget for Transit which would implement the voter approved measure and allow us to start service improvements as early as February. While the council did not include my proposed changes in adopting the budget, we were assured that council action would be forthcoming early in 2007. I want to use this opportunity to express my appreciation for that commitment and to continue to urge speedy council action in 2007.

I cannot stress too strongly my support for the promised February service increases. I have directed Transit to comply with the promises we made to the voters and implement service changes in February. I have taken this action in anticipation of council action on Transit Now early in January. In order to implement these service changes in February, Transit was required to make certain decisions by mid-November. These decisions have set the service change



The Honorable Larry Phillips

December 1, 2006

Page 2

process in motion. A decision to revise, modify, or delay these changes in any way would result in the following impacts:

- increased costs due to the inability to efficiently revise operator assignments that will have already been made pursuant to labor contracts;
- additional printing and graphics expense to expedite production of revised schedule information;
- extraordinary revisions to databases and systems used to generate schedule and operator assignment information; and
- increased risk of not being able to deliver scheduled services and/or providing inaccurate information to customers.

Aggressive timelines have also been established for the capital improvements outlined in Transit Now.

It is important that we move as expeditiously as possible to implement Transit Now. My office and Transit Division staff stand ready to assist the council in any way possible to move forward this important voter-approved effort. I can assure you that the ordinance will allow us to implement Transit Now within the parameters outlined in the financial plan that the council approved this past summer when it approved putting Transit Now on the ballot.

Second, the adopted budget contains provisos which touch on the scope of activities and studies to be undertaken as a part of the Public Health Operational Master Plan (PHOMP). The areas of focus are clinical services restructuring and children's health. These provisos call for work beyond the original scope of the PHOMP and in some cases call for implementation or transition plans that are more appropriately done after an agreed upon policy is established. I also must express some concern that while the provisos target important issues for consideration in the PHOMP, they are not the only issues in Public Health. In fact, while the required CX costs of providing clinical services have been rising rapidly, even today they do not represent even half of the total CX and Children's and Family Setaside allocation to Public Health. I believe it is important that the PHOMP address all of Public Health and not just a subset of the programs Public Health delivers.

Further, the provisos call for completion of this work and submittal to the council by May 31, 2007. With the new Director of Public Health coming on board in February and the importance of his participation and input into Phase II of the PHOMP, and with the procedural requirements called for in the provisos, the target date for this work is simply not realistic. This timing issue was raised by my staff in final budget negotiations. Until such time as the new Director and staff working on the PHOMP have had the opportunity to review the plans for PHOMP Phase II, we cannot establish an appropriate date for the completion of this work.

Finally, we appreciate council's support and funding to start the Children's Health Initiative. This arrangement is a positive step in the right direction to improve the health of King County's children. In the coming months, Executive Office staff, health care providers, Children's Task Force members and Public Health staff look forward to working with and educating King

The Honorable Larry Phillips

December 1, 2006

Page 3

County Council members and members of the Public Health Operational Master Plan Steering Committee of the effectiveness and benefits of King County Children's Health and Access Task Force's strategy, and why this strategy is a smart investment of King County funds. We know that once the council has a deeper understanding of the Children's Health Initiative we can establish a productive partnership leading to the release of the \$750,000 reserved by the council.

The 2007 budget continued to show an improvement in outlook from previous years. We were able to balance the CX budget without resorting to further budget reductions. However, the causes of the cyclical deficit that we have lived with for the past five years have not gone away. We have been successful in managing the effects of the causes through our prudent financial management practices. We need to continue those practices in these better times.

I know the council is aware that the out year CX financial plan is showing signs that balancing the budget would require service level reductions or the careful use of reserves. We can continue to manage our budget with our continued joint commitment to efforts to implement several of the initiatives we began over the past few years. They represent our best chance to reduce the effects of the cyclical imbalance by reducing expenditures. The annexation initiative has the potential of significant annual net benefits to the CX fund when all the remaining urban unincorporated areas are annexed or incorporated, and associated county budgets reduced. We have transmitted three interlocal agreements (ILAs) to the council regarding annexations of East Renton, Lea Hill, Auburn's West Hill, Renton's West Hill, Benson Hill and Fairwood, representing a combined population of approximately 75,000 residents. We recognize the council has not had time to review and approve these ILAs, but we urge their swift adoption in 2007. We have begun investments in a number of essential technology projects that will result in improved productivity and enhanced operating efficiencies. The health care initiative has as its goal improved quality of care and lowering the rate of growth in the cost of employee health care benefits. This will translate to millions saved.

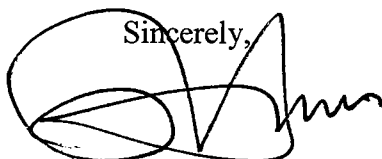
One budget uncertainty does persist. To date no agreement has been reached with the King Conservation District (KCD) on a potential assessment for 2007. If no agreement is reached with the KCD, this will be a budget and policy issue that must be addressed next year.

Finally, the 2007 Adopted Budget Ordinance does have some technical issues. Some of these are summarized on the attached Technical Issues and Other Comments paper. I intend to send the council an ordinance to correct these items and any others not identified in the attached paper early next year.

The Honorable Larry Phillips  
December 1, 2006  
Page 4

I want to thank all of you again for the cooperative and bipartisan approach to the 2006 budget. Our ability to work together in addressing significant financial challenges serves our citizens well.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ron Sims', with a stylized flourish at the end.

Ron Sims  
King County Executive

Enclosure

cc: King County Councilmembers  
ATTN: Ross baker, Chief of Staff  
Shelley Sutton, Policy Staff Director  
William Nogle, Lead Staff, Operating Budget Committee  
Rebecha Cusack, Legislative Committee Director, Capital Budget  
Committee  
Anne Noris, Clerk of the Council  
Bob Cowan, Director, Office of Management and Budget  
Debora Gay, Deputy Director, Office of Management and Budget

**TECHNICAL ISSUES AND OTHER COMMENTS**  
**2007 KING COUNTY ADOPTED BUDGET**  
**(Ordinance 15652)**

**PROVISO DATES**

**Proviso P1, Section 109 and Provisos P1, P2, and P3, Section 119.** Portions of the detailed work plans requested in these provisos are dependent upon reports from the Integrated Regional Jail Initiative that may not be available until after the April 5th due date. A more likely date when the work plans could be completed is June 30, 2007. This will allow a more thorough criminal justice community response.

**Proviso P1, Section 73. Surface Water Management Local Drainage Services.** All of the discussion in the budget panels around this focused on West Nile virus concerns. The actual proviso language is silent on West Nile Virus and asks the division to assess the costs and benefits of retrofitting existing SWM facilities using low impact development standards. In order to give the division adequate time to determine what the council would like to see addressed in the study and to do a reasonable evaluation a later due date (June 30 instead of March 31) is necessary.

**Proviso P2, Section 92, Solid Waste.** Solid Waste has noted that very little wood actually is disposed of in the landfill -- less than 20% of the wood waste generated in King County that could be used as fuel ends up at Cedar Hills, and wood waste is only 4% of what goes in the landfill. Since the purpose of the proviso appears to be related more to heating county buildings than to the management of waste, Solid Waste and the Office of Management and Budget (OMB) will work with the Facilities Management Division as the more appropriate agency to respond to this proviso.

**OTHER COMMENTS**

**Transit SmartCard Support:** In adopting the 2007 budget for Transit, funding was removed for Transit to pay Information and Telecommunications Services (ITS) for network and other support necessary to implement the SmartCard project. Transit's inability to reimburse ITS for costs incurred could mean that deadlines for the project may be difficult to meet, potentially putting the project in jeopardy. In order to address issues raised by council staff about the purpose of these expenditures, Transit, ITS and OMB will work on developing greater clarity on exactly what these expenditures were to be used for. It is anticipated that a supplemental request for these costs will be sought early in 2007.

**Proviso P1, Section 108. Puget Sound Health Alliance.** As noted by Executive staff during budget discussions, the purpose of the database is to provide the county with quality comparison information on healthcare providers. It will not include, nor was it ever intended to include, a comparison of employee benefit costs as called for in (4) of the proviso.

**Expenditure Restriction ER6, Section 119.** To provide additional flexible funding for housing projects, a \$500,000 transfer from CX to the Housing Opportunity Fund (HOF) was added to the budget. This restriction created some confusion because while the CFSA transfer to HOF is all CX it comes via the CFSA. A narrow interpretation of this ER would require that it did not relate to the \$500,000 CX transfer and that the ER restricted CFSA funding to \$500,000 for housing projects instead of administration. We will implement what we believe is council intent and assume that the ER is related to the \$500,000 direct CX addition to the budget. There will be no impact on the amount of general fund support included in the adopted budget and the HOF fund will still have \$500,000 more than the Executive proposed dedicated to housing projects.

**Section 110, Parks Capital Improvement Program, REET 1 and 2 appropriations.** Twelve projects totaling \$570,000 were added to the REET 1 and 2 appropriations. In the absence of information about the scopes of these projects and funding source (REET 1 or REET 2), there is concern about the appropriateness of the funding sources. In order to avoid audit exceptions on the use of REET, which we have experienced in recent years, we will work with the council to address any such issues through the annual corrections ordinance.

We note that several of the council added projects appear to be associated with in-city facilities, which is contrary to the Parks Business Plan adopted by the council. The business plan calls for the county to refocus and reprioritize its role as a regional service provider and limit its involvement in providing local recreation services, particularly within cities, which are given the lowest priority. For in-city projects, it should be noted that the Youth Sports Facilities Grant program provides a stable funding source for sports and recreation facilities, often those located within city boundaries.

**Section 76, Local Hazardous Waste Management Program (LHWMP).** The adopted budget includes a reduction of \$482,000 in Public Health's LHWMP budget that was earmarked for household hazardous waste (HHW) collection services provided by the Solid Waste Division, apparently out of concern for a potential future LHWMP fee increase. Although the budget ordinance itself is silent on this intent; it was made clear in both council staff reports and in the "crosswalk" that was provided to OMB detailing the changes to appropriations. At the same time, the 4.8 FTEs and appropriation authority in the Solid Waste budget was approved. It is not clear exactly whether the intent of these combined actions was to have Solid Waste support LHWMP programs with solid waste tipping fee revenues or eliminate the programs that are funded by the LHWMP. It would not be appropriate for Solid Waste fees to support the programs because LHWMP has its own dedicated funding sources and governance structure, and these program costs are not included in the solid waste rate base.

During the time since the budget was adopted, OMB has worked with LHWMP staff and council staff on issues surrounding this reduction. Given this recent information, the LHWMP reduction will be addressed in a corrections ordinance in 2007. If funding were not to be restored, the Executive would look at potential reductions in HHW collection service levels.

**Expenditure Restriction 3, Section 72. Water and Land Resources Shared Services.** The adopted budget raises four Culver issues: (1) overallocation to EarthCorps for site restoration services; (2) lack of appropriate revenue to cover Waterworks Block Grant Administration staff and Community Outreach staff; (3) impact of reduction of \$40,000 to WSU Cooperative Extension; and (4) use of Culver to cover the revenue shortfall in addition to Shared Services.

The adopted budget provides a direct allocation to EarthCorps, plus additions for Friends of Hylebos and Friends of Issaquah Fish Hatchery. These changes were made by eliminating funding for Community Outreach staff and reducing the funding for WaterWorks Block Grant Administration staff. Other reductions included Waterworks Grants and WSU Cooperative Extension.

A recently issued RFP for site restoration services resulted in only one agency responding (EarthCorps). However, Parks crews can do at least some of this work. The Water and Land Resources Division (WLRD) currently plans to limit the EarthCorps contract no more than \$300,000, and return to Parks \$88,000 they contributed to EarthCorps contract in 2006 to perform ecological restoration work. In addition, some CIP funds that had been identified for the ecological restoration crews contract would need to find other service providers – possibly Parks or Roads crews, if available.

Although the Department of Natural Resources and Parks (DNRP) believes the level of staffing for WaterWorks Block Grant Administration is justified at the proposed level, the council intent to reduce staff will be honored and staff will be reduced by 0.7 FTE. Since the council did not cut the FTE level or the appropriation level, these reductions may be addressed in a corrections ordinance.

The Community Outreach staff funded by Culver constitute parts of three positions whose 2007 work programs include supporting our NPDES permit-renewal efforts. Again, as neither the appropriation or FTE authority were reduced, a corrections ordinance may address funding with alternative revenues. At the present time, however, DNRP will underfill new 2007 NPDES permit staff by 0.8 FTE.

Finally, the Culver allocation to Washington State University (WSU) Extension was reduced. WSU Extension will accommodate this reduction by cutting \$30,000 from various accounts to avoid impacting staff; but \$10,000 will have to be met through a reduction in program staff, which we hope will not adversely impact their support to NPDES permit renewal efforts. More problematic is an additional reduction of \$20,000 that was also made to WSU, perhaps in the belief that this was an increase to the 2006 CX allocation, which it was not. Rather the \$20,000 included in the Executive proposed Budget represented a *continuation* of the 2006 CX allocation into 2007. These funds leverage considerable WSU funds for the 4-H program. Unless restored in a corrections ordinance, staffing support for 4-H will of necessity have to be cut. This may be included in a 2007 corrections ordinance.

**Expenditure Restriction 2, Section 72. Water and Land Resources Shared Services.** The adopted budget adds \$64,000 to Shared Services for Friends of Trail, Denny Creek, and Milfoil Lake Steward but does not identify an appropriate revenue source. In order to provide funding for these projects, it is planned that \$64,000 of the Culver allocation to "ecological restoration crews" (previously noted as no longer needed for EarthCorps) would be used to cover these unfunded mandates. There is adequate appropriation authority to cover.

**Section 28, Records, Elections and Licensing Services (REALS).** The 2007 Executive Proposed Budget made certain allocations to sustain the investments we have made towards increasing accountability and transparency in the administration of elections. There are concerns about the reductions made to the 2007 REALS budget. I appreciate the council's willingness and interest to consider a supplemental appropriation in 2007 should additional appropriation authority be necessary.

**Proviso P2, Section 28, Records, Elections and Licensing Services.** While the timing imposed by this proviso will be a challenge, REALS will endeavor to meet the timelines required by the council. However, the expenditure restrictions effectively mean that Elections cannot spend any of the Vote By Mail planning resources on the planning requirements. The expenditure restriction will pose a significant challenge to REALS in accomplishing the required work.

**Provisos P3, P4 and P5, Section 58 and Provisos P1, P2 and P3, Section 120.** This series of six provisos relate to the Dockton Road North, Dockton Road South and Vashon Highway Preservation projects. In budget discussions it was clear that council expectations for these provisos was not that any alternatives analyses would be done at this time, but rather that the work plan to do such analyses was the requirement. This was an important distinction in the agreement to the wording of these provisos and the Road Services Division will proceed with its work based on this understanding.

**Expenditure Restrictions ER1 and ER2, Section 83, Public Health.** Because no funding was identified for the \$100,000 and \$410,000 expenditure restrictions, the effect of the restrictions is to add \$510,000 to the department's unallocated cuts.

**Proviso P5, Section 83, Public Health.** Public Health can comply with this proviso by compiling information that already exists within the Injury Prevention Program. It should be noted, however, that resources are not available to undertake anything new.

**Section 84, Medical Examiner.** A total of \$81,900 was added to the Medical Examiner's budget. However the CX transfer was not increased accordingly and the Medical Examiner's Office is almost entirely funded by CX. Again, the effect is to increase Public Health's unallocated cuts.