



King County

**Metropolitan King County Council
Budget & Fiscal Management Committee**

Agenda Item No.: 11 & 12

Date: July 21, 2009

Proposed No.: 2009-0434
2009-0445

Prepared By: Patrick Hamacher

STAFF REPORT

SUBJECT:

This staff report covers two propositions that, if approved by the Council would be forwarded to the voters at the November 3, 2009 general election.

SUMMARY:

Proposed Ordinance 2009-0434 is a property tax that would increase and expand the services currently being provided by the existing veterans and human services levy. The ordinance would also revoke the authority for the existing levy.

Proposed Ordinance 2009-0445 is a 1/10th of 1% sales tax increase which the County Executive has titled the "Healthy, Safe & Strong Communities" proposition. The increase would raise the sales tax percentage for most purchases in King County to 9.6%.

BACKGROUND:

The King County Budget:

King County's general fund budget was adopted at \$627 million in 2009, down from \$646 million in 2008. However, in order to balance the 2009 budget the County had to cut approximately \$93 million on costs that would have otherwise occurred.

The current projection is for a general fund deficit in excess of \$50 million for 2010 and an additional deficit of \$60 million for 2011. This creates a deficit of \$110 million over the next two years in the fund that is used to provide many of the mandated services for County Government, including the County's criminal justice system. In 2009, \$453 million or approximately 72% of the County's general fund budget is dedicated to the criminal justice system. This is not expected to decrease in the coming years.

What is expected to decrease, however, is the county's ability to contribute general fund money to public health services and human service programs. In 2009 the County contributed general fund support of \$13.9 million to human service programs and \$28

million to public health programs. Elimination of all support for these programs would generate approximately \$42 million in "savings" which could be used to offset the deficits in the general fund.

Please note, even if general fund contributions to these services are completely eliminated, further reductions to County services supported by the general fund would still be required.

Veterans and Human Services Levy Key Facts:

In 2005, King County voters approved the Veterans and Human Services Levy which generates approximately \$13,300,000 per year (\$0.05 per \$1,000 assessed valuation) for six years. Collections began in 2006.

The purpose of the levy is to fund health and human services such as:

- Housing assistance
- Mental health counseling
- Substance abuse prevention and treatment
- Employment assistance
- Capital facilities
- Improved access to and coordination of services for veterans, military personnel and their families

As stipulated in the ballot measure, fifty percent of the levy proceeds are dedicated to these services for veterans, military personnel and their families; and fifty percent are dedicated to improving health, human services and housing for a wider array of King County citizens in need.

Annually, at least \$2 million of veterans funds are designated for enhancements to the existing King County Veterans' Program, and \$1.5 million in non-veterans funds are dedicated to early childhood prevention and intervention.

In 2006, the Council provided direction as to how the money from the levy should be spent, specifying that "the proceeds shall be used primarily to prevent or reduce homelessness and unnecessary involvement in the criminal justice and emergency medical systems for veterans, military personnel and their families and other individuals and families most at risk."

The Council approved the Veterans and Human Services Levy Service Improvement Plan in 2006 via Ordinance 15362. The Service Improvement Plan details how and on what service areas the levy funds will be expended over its six year lifespan.

The Levy funds and expenditures are monitored and reviewed by two citizen oversight boards, the Veterans Levy Citizen Oversight Board and the Regional Family Services Levy Oversight Board, in accordance with the Service Improvement Plan.

Levy administration costs are limited to five percent of the total funds.

Levy Overarching Strategy Areas

The Service Improvement Plan (SIP) outlines the Levy's five overarching strategy areas for investing funds. These areas are further broken down into specific activities in the SIP. The five areas are:

1. Enhancing services and access for veterans
2. Ending homelessness through outreach, prevention, permanent supportive housing and employment
3. Increasing access to behavioral health services
4. Strengthening families at risk
5. Increasing effectiveness of resource management and evaluation

These five strategy areas are the basis on which all VHSL activities formed and monitored. With the exception of two programs specifically targeting chronic homelessness based in Seattle and South King County, the programs and services detailed in the Plan in the five strategy areas are designated as regional resources to assist those most in need throughout the county.

Levy Target Populations

The SIP identifies four target populations for Levy funded services. The Levy services are primarily low and very low income residents living throughout King County. Selection of these populations was based on research of need, input received from community stakeholders, and the requirements outlined in the Levy ordinance. Broadly, these populations are:

1. ***Veterans, military personnel and their families in need*** who are struggling with or at risk for mental illness, health problems, post traumatic stress disorder, unstable housing or homelessness, and under-employment.
2. ***Individuals and families who experience long-term homelessness*** and are frequent users of hospital emergency departments, have frequent encounters with law-enforcement, and repeated stays in jail or institutions.
3. ***Individuals who have been recently released from prison or jail***, or are under court supervision and who are striving to maintain their family or re-unite with their children.
4. ***Families and young children who are at risk*** for homelessness or involvement with child welfare, behavioral health or the justice systems because of extreme life circumstances.

Levy Principles of Investing

The Service Improvement Plan (SIP) presents the allocation process as a series of investments in housing and human services systems operating throughout King County. As an investor in human services programs, the Levy:

- Applies funds to practices and strategies that are known to produce demonstrable and measurable results.
- Provides additional resources to existing programs and activities already achieving the desired results, in order to increase the capacity and geographic "reach" of services.
- Develops strategies to "braid" resources from multiple sources to simplify allocation and management of funds, and increase efficiency and effectiveness at the service and systems levels.
- Leverages the participation of new investment partners.
- Works with other funders to move the system toward a unified set of goals, objectives and reporting.

The VHSL planners recognize that the range of needs presented by each of the target populations is greater than the Levy alone can meet. The VHSL is but one effort among many local, regional and statewide efforts seeking to improve the lives of King County's most vulnerable residents. The SIP acknowledges that the Levy will be most successful if it promotes collaboration across funding streams and leverages resources from local, state, and national sources in the public and private sectors, and further states that Levy activities should carefully align with efforts targeting the same or similar populations, such as the work of the Committee to End Homelessness.

Sales Tax Authority

For many years the County has had the authority to go to the voters and request that a "criminal justice sales tax" be implemented. This would increase the sales tax rate in the county by as much as 3/10^{ths} of 1%. Until recently, the statute authorizing this tax authority has required that the use of the tax be solely for new or expanded services. Other key facts about the sales tax authority proposed by the Executive.

- Each 1/10th of 1% increase to the sales tax is expected to generate \$42 million in 2011, which would be the first full year of collection.
- In 2010, the County could only collect sales taxes beginning April 1st because of state mandated guidelines for notification. This means the 1/10th proposed by the Executive would generate about \$29 million in 2010.
- Of this, the County would keep \$17.8 million and cities would receive \$11.9 million.
- 1/3 of the taxes collected must be used for criminal justice (both the county portion and the city portion).

Based on current economic conditions, Counties across the state are unable to provide *new or enhanced* criminal justice services. Rather, many counties, including King County are struggling just to maintain current levels of service as tax collections supporting those services continue to decline.

In 2009 the State Legislature approved changes to this statute covering this law to allow for the supplantation of existing services with new tax revenues on a graduated basis. Cities and Counties can now use this tax to continue existing services on a limited basis. The supplantation is phased out over a 5-year period.

ANALYSIS:

Proposed Ordinance 2009-0434 would put the question of a property tax increase to the voters of King County at the November 3, 2009 general election. If approved this new levy would revoke the existing levy.

The ordinance that was introduced did not identify key factors such as the rate and the distribution of proceeds. As such, this staff report will focus on the striking amendment that staff was directed to prepare by Councilmember Patterson.

Key Elements of the Vets, Public Health & Human Services Levy Striking Amendment:

- **The property tax rate under the new levy would be \$0.15 /\$1,000 Assessed Valuation (AV).** The owner of a home valued at \$400,000 would be assessed a tax of \$60 per year. The current levy is a \$0.05 per \$1,000 AV, so it would be a net increase of approximately \$40 per year (the current rate has been reduced because of the 1% tax cap, so the actual cost of the current levy is less than \$20 per year).
- **The duration of the levy would be 6 years.** The new levy would begin in 2009 for 2010 collections. The last year of collection for the current levy will be 2011.
- Upon approval the current levy would be revoked and replaced by the "new" levy.
- **The new levy would generate approximately \$46.5 million in 2010.** The distribution of funds would be as follows:
 - The first \$0.03 would be dedicated to veterans' services consistent with the existing levy. The currently levy dedicates \$0.025 to veterans services.
 - The next \$18 million in collections would be dedicated to human services.
 - The remainder of collections would be dedicated to Public Health.
- The levy inflator factor would be the *lesser* of:
 - The rate of inflation for the Seattle-Tacoma metropolitan area, or
 - 3%.
 - If the lesser of these two numbers is a negative number, the levy would remain the same in the subsequent year.
- Growth in subsequent years of the property would be allocated as follows:
 - Veterans' piece would always receive the first \$0.03 / \$1,000 AV. This means that the value of the veterans portion of the levy increase (or decreases) with the value of property in the county. If the average AV increases by 5%, then the levy amount for veterans would increase by

- 5%. However, the converse is also true. If property values fall in subsequent years, the value of the first \$0.03 would fall with it.
- o The \$18 million amount dedicated to human services would be entered as a hard number. \$18 million would go to human services each year of the levy.
 - o Other growth in the levy would be allocated to Public Health.

Distribution of Proceeds

	Current	Under S1	Difference
Veterans	\$6.65 million	\$9.3 million	\$2.65 million
Human Services	20.53 million ¹	\$18 million	(\$2.53) million
Public Health	\$28 million ²	\$19.2 million ³	(\$8.8) million

This table focuses on funding for the three program areas 1) veterans' services, 2) human services and 3) public health. It shows funding from the current levy and the general fund. Under the striking amendment, funding for veterans' services would increase by approximately \$2.65 million over the current levels contained within the levy. Funding for Human Services would decrease by approximately \$2.5 million. However, the levy would, for the first time, create a stable funding source for human services. Each year, \$18 million from the levy would be dedicated to human services. Finally, the table shows that funding for public health would be reduced by approximately \$8.8 million next year, compared to funding from the general fund this year. In subsequent years, the growth in the levy not associated with increases in Assessed Valuations would be dedicated to public health services.

Proposed Ordinance 2009-0445 would put the question of a 1/10th of a cent property tax increase to the voters of King County. This tax would increase the sales tax rate for most taxable purchases in the county to 9.6%.

The state has a process for increasing local sales and use taxes that would prevent the County from collecting the tax until April 1, 2010, so the 2010 collections would be reduced somewhat because of the loss of one quarter of the year's collection. The Executive estimates that this tax increase would generate \$29.7 million next year (the County's share would be \$17.8 million) and \$42 million in 2011, the first full year of collection.

The Executive indicates that the County's share of the collection would be divided as follows:

- 1/3 dedicated to criminal justice programs (as required by statute)
- 1/3 dedicated to public health clinics and programs
- 1/3 allocated to a dedicated regional human services fund

¹ \$6.65 million from Vets & Human Services Levy, \$13.877 million from General Fund

² From the General Fund

³ In the first year of the levy.

The Executive indicates that the Cities' share of the proceeds would be allocated to:

- 1/3 dedicated to criminal justice or fire protection (as required by statute)
- 1/3 dedicated to local human services as determined by the cities
- 1/3 available for any general government purposed provided by the city

It should be noted that SSSB 5433 created a temporary window for the use of criminal justice sales tax proceeds to supplant existing services. 100% of proceeds can be used to supplant in 2010. The amount of allowable supplantation decreases by 20%/year in each of the next five year until it reaches 0% by 2015. If this tax were not approved this year, but was approved next year, for example, the County could only use 80% of the proceeds next year to supplant existing programs.

If the voters were to approve the sales tax proposed by the County Executive, as with the property tax discussed earlier, the County would still be facing a large deficit for 2010. Specifically, the sales tax would generate approximately \$17.8 million in 2010. This would still leave the County with the need to cut approximately \$32 million next year alone.

Below is a table draws comparisons and differences between the two proposals:

<u>Issue</u>	<u>Property Tax</u>	<u>Sales Tax</u>
Rate	\$0.15/\$1,000 AV	1/10 th of 1%
Amount Collected (1 st year)	\$46.5 million	\$29.7 million
Collected Subsequent Yr.	\$46.5 million + inflator	\$42.1 million
"new" amount collected	\$33.2 million	\$29.7 million (1 st year)
"new" collect full year	\$33.2 million	\$42.1 million (in 2011)
Duration	6 years (2010-2015)	Permanent
Supplantation Issues	NO	Yes – 20% stepdown / year
County Share	100%	60%
"new" cost	\$40 on \$400,000 Home	\$20 per household ⁴

STRIKING AMENDMENT:

Proposed Ordinance 2009-0445: Sales Tax- there is no striking amendment for this ordinance.

Proposed Ordinance 2009-0434: There is a striking amendment, S1, which incorporates the changes discussed throughout the staff report. Specifically:

- The property tax rate will be \$0.15 /\$1,000 Assessed Valuation (AV).
- The duration of the levy will be for 6 years.
- Upon approval the current levy would be revoked and replaced by the "new" levy.
- The distribution of funds would be as follows:
 - The first \$0.03 would be dedicated to veterans' services consistent with the existing levy. The currently levy dedicates \$0.025 to veterans services.

⁴ Per sound transit analysis performed in anticipation of ST2 and discussed in Seattle Times article, January 17, 2007 seattletimes.nwsourc.com/html/localnews/2003521513_soundtransit12m0.html

- The next \$18 million in collections is dedicated to human services.
- The remainder of collections is dedicated to Public Health.
- The levy inflator factor would be the *lesser* of:
 - The rate of inflation for the Seattle-Tacoma metropolitan area, or
 - 3%.
 - If the lesser of these two numbers is a negative number, the levy would remain the same in the subsequent year.
- Growth in subsequent years of the property would be allocated as follows:
 - Veterans' piece always receives the first \$0.03 / \$1,000 AV. This means that the value of the veterans portion of the levy increase (or decreases) with the value of property in the county. If the average AV increases by 5%, then the levy amount for veterans would increase by 5%. However, the converse is also true. If property values fall in subsequent years, the value of the first \$0.03 would fall with it.
 - The \$18 million amount dedicated to human services would be entered as a hard number. \$18 million would go to human services each year of the levy.
 - Other growth in the levy would be allocated to Public Health.

REASONABLENESS:

Adoption of either ordinance would constitute a reasonable way to address part of the County's projected deficit for 2010 through the introduction of new revenues to the County's general fund.

INVITED:

Noel Treat, Chief of Staff, King County Executive
 Beth Goldberg, Deputy Director, Office of Management and Budget

ATTACHMENTS:

1. Striking Amendment S1
2. Title Amendment T1
3. Proposed Ordinance 2009-0434
4. Proposed Ordinance 2009-0445
5. Transmittal letter dated July 17, 2009

S1

07-21-09

ph

Sponsor: Julia Patterson

Proposed No.: 2009-0434

1 **STRIKING AMENDMENT TO PROPOSED ORDINANCE 2009-0434, VERSION 1**

2 On page 2, beginning on line 19, strike everything through page 15 line 312, and insert:

3 "BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

4 **SECTION 1. Findings:**

5 A. Chapter 73.08 RCW is titled "Veterans' Relief" and assigns responsibility for
6 veterans' aid to counties. This provision was originally made in 1888 following the Civil
7 War. RCW 73.08.080 establishes a specific property tax for counties to provide
8 veterans' assistance for eligible veterans and their dependents. This statute requires
9 counties to levy a property tax of between 1.125 cents and 27 cents per one thousand
10 dollars of assessed value for veterans' assistance. This portion of the county's regular
11 property tax levy amount is dedicated to veterans' relief.

12 B. The veterans levy was established by King County and first levied at a rate of
13 \$0.025 per one thousand dollars of assessed value but subsequent changes in state law
14 limiting property tax increases in chapter 84.55 RCW and a recent initiative, Initiative
15 747, have reduced the effective rate.

16 C. Approximately one hundred eighty thousand nine hundred veterans live in
17 King County representing twenty-seven percent of the state's veterans. The population of

18 veterans in the state is growing and Washington ranks twelfth nationwide for the total
19 number of veterans in the state.

20 D. The Puget Sound region has a growing homeless population, estimated to be
21 as many as eight thousand four hundred on any given night. The federal Department of
22 Veterans' Affairs estimates that there are as many as two thousand eight hundred
23 homeless veterans in the Puget Sound region. Many factors contribute to the problem of
24 homelessness among veterans. Unemployment, chemical and substance abuse and
25 mental illness are prominent among them.

26 E. The National Center for Posttraumatic Stress Disorder ("PTSD") estimates that
27 thirty percent of men of women who have served in the military during conflict will
28 suffer from mental illness. PTSD can cause problems such as memory and cognitive
29 disorders, inability to function in social or family life, severe depression and occupational
30 instability. Substance abuse is an extremely common form of self-medication in those
31 suffering from PTSD, according to the PTSD's studies.

32 F. According to the federal Department of Veterans Affairs, about forty-eight
33 percent of homeless veterans suffer from mental illness and slightly more than sixty-eight
34 percent have suffered from drug or alcohol or drug abuse problems. Thirty-five percent
35 have both psychiatric and substance abuse disorders. As the largest and most complex
36 medical center in the Veterans Integrated Service Network 20, VA Puget Sound Health
37 Care system reported the highest percentage of homeless veterans in its acute mental
38 health programs.

39 G. According to the federal Department of Veterans Affairs, across the nation
40 one-third of adult homeless men and nearly one-quarter of all homeless adults have

41 served in the armed forces. More than two hundred ninety-nine thousand veterans may
42 be homeless on any given night and as many as five hundred thousand may experience
43 homelessness during a year. Many other veterans are considered at risk because of
44 poverty, lack of support from family and friends and precarious living conditions in
45 overcrowded or substandard housing.

46 H. According to the National Coalition for Homeless Veterans, despite statutory
47 requirements and annual increases in the Veterans Health Administration (VA) budget
48 each year, the Veterans Health Administration's mental health and addiction treatment
49 capacity has deteriorated. Closures or curtailment of inpatient psychiatric and residential
50 substance abuse rehabilitation facilities have not been counteracted by complementary
51 increases in outpatient treatment capacity. According to the Veterans Health
52 Administration Committee on the Care of Veterans with Serious Mental Illness, Veterans
53 Health Administration spending on mental health and addiction services has declined by
54 eight percent over the past seven years, and by twenty-five percent when adjusted for
55 inflation.

56 I. King County's veteran services include:

57 1. Financial aid and emergency assistance for rent, food, utilities, medical needs
58 and burial;

59 2. Employment services such as job placement, career counseling, job training;
60 transportation and employment support services, such as clothing and tools;

61 3. Mental health counseling, including crisis and PTSD counseling and
62 intervention service and Traumatic Brain Injury (TBI) services; and

63 4. Case management services, which provide assistance for those needing
64 transitional or permanent housing, or help getting into treatment programs.

65 J. King County also contracts for veteran services to provide long-term housing,
66 short-term housing, and treatment for trauma, homeless prevention, veterans' incarcerated
67 prevention and other programs.

68 K. In King County several public and private not-for-profit organizations
69 comprise a health safety net providing medical care and other health services to low-
70 income populations who are uninsured, underinsured, or insured through publicly-funded
71 programs. The estimated total number of adults and children in King County who are
72 uninsured, underinsured or who are enrolled in publicly-funded insurance programs is six
73 hundred thirty-five thousand, or about one-third of the population.

74 L. Public health centers in King County provide services supporting low-income
75 families and young children such as women, infants and children nutrition programs,
76 family and maternal support services and family planning and sexually transmitted
77 disease services. In addition, some centers provide access to primary care and dental
78 services for certain low-income populations, such as people who are homeless. The
79 county operates ten public health centers that provided services to over 160,000 clients in
80 2008. Nonprofit community health centers provide comprehensive primary care services,
81 dental services and other health services to uninsured people and people enrolled in
82 government-funded insurance programs, serving well over one hundred thousand clients.
83 Other nonprofit organizations offer a wide range of health-related services to populations
84 in need and without other access.

85 M. Investments in the services offered through the health safety net are proven to
86 reduce costs to society. Maternal support services and women, infants and children
87 nutrition programs are proven to improve the health, development and social outcomes
88 for families and children. These services prevent low-birth weight and preterm births
89 which are many times more costly than full-term births and often result in higher future
90 health care and special education needs. They also contribute to a reduction in infant
91 deaths. Investments in family planning services save four dollars for every dollar spent
92 by reducing unintended pregnancy. Women, and especially teens, who experience
93 intended pregnancy, are more likely to have healthy babies, less likely to have abortions,
94 more likely to stay in school and more likely to be fully employed. Primary care and
95 dental services are cost-effective ways to improve health. People with access to these
96 services are more likely to receive preventive health services and have lower rates of
97 illness and death, and access can reduce more expensive interventions such as emergency
98 care.

99 N. A set of intensive family support services offered through the public health
100 centers are proven to reduce families' and children's involvement in the criminal justice
101 system. Some of these services have rates of return to society as high as seventeen
102 dollars for every dollar invested through a number of positive health and social outcomes,
103 including increased rates of financial self-sufficiency and lower rates of child abuse and
104 neglect, and reduced involvement by offspring in the criminal justice system.

105 O. King County and other local public health jurisdictions are facing a structural
106 funding challenge in public health. The funding challenge is related to several factors on
107 the international, national and state level that are converging on the local level. The 2006

108 report of the state Legislature's Joint Select Committee on Public Health Financing
109 documents the statewide funding challenge for local public health jurisdictions arising
110 from these factors, including the reemergence of infectious diseases and the increasing
111 lack of access for individuals to health care services.

112 P. In addition, the loss of statewide, stable, dedicated funding for public health
113 has led to reductions in public health services and other significant funding challenges.
114 Before 1994, both cities and counties shared financial responsibility for the provision of
115 public health services. When the state Legislature eliminated cities from this
116 responsibility, they also authorized a motor vehicle excise tax with part of the revenues
117 from that tax dedicated to public health services. In 1999, the voters of the State passed
118 Initiative 695, which resulted in the elimination of the motor vehicle excise tax by the
119 state Legislature. Since then, the state has partially backfilled the loss of motor vehicle
120 excise tax revenue for local public health with contributions from the state's general fund.
121 However, the state flexible funding has not grown since 2003 and, with the significant
122 shortfalls facing the state's budget, is increasingly at risk from year to year.

123 Q. Before 2009, the county was able to avoid deep cuts in public health through
124 the use of reserves and additional contributions from the county's general fund to sustain
125 roughly the same level of services. The county's general fund contribution for public
126 health services has doubled from fifteen million dollars in 2003 to over thirty million
127 dollars in 2009 in order to compensate for the loss of other funding sources.

128 R. In 2009, the county's general fund faced a substantial shortfall and thus the
129 general fund contribution to public health did not grow to cover the public health
130 structural imbalance. As a result, the public health fund faced significant reductions in

131 order to balance to its structural imbalance. On top of this, the shortfall in the county's
132 general fund resulted in an absolute reduction in the general fund contribution to public
133 health in 2009, necessitating even deeper cuts in public health services. As the county's
134 general fund continues to face challenges in 2010 and beyond, we can expect the public
135 health fund to continue to face reductions in future years as well.

136 S. King County contracts with local agencies, using county discretionary funds,
137 to provide adult day health and senior services, child care information and referral,
138 domestic violence and sexual assault survivor assistance, homeless and shelter services,
139 housing assistance, youth and family services, youth shelters, youth prevention and
140 juvenile justice services, adult justice diversion and transition services, health services for
141 low-income, uninsured persons and other supportive services for the community. The
142 county also manages several human service systems mandated by state and federal
143 governments, including services for seriously mentally ill people, drug and alcohol
144 services, veteran's services, services for people with developmental disabilities and
145 regional public health services.

146 T. King County provides human services for two reasons: due to contractual
147 obligations with the state of Washington for the planning and provision of publically
148 funded services, such as mental health, substance abuse, veterans and developmental
149 disabilities; or to enable mandated criminal justice and public health programs operate
150 more effectively and efficiently.

151 U. King County funded human services that were provided to over five hundred
152 eighty-three thousand families and individuals in 2007.

153 V. The county's general fund contribution to human services has been in a steady
154 decline since 2006. Between 2006 and 2009, nearly fifty percent of the county's general
155 fund contribution was reduced from human services.

156 W. Because the majority of the county's human services are not mandated by
157 state or federal laws, general fund support for human services beyond 2009 is at risk of
158 complete elimination as county resources shrink.

159 X. Since 1999, King County has redefined criminal justice and human services
160 priorities and populations to reduce recidivism and improve services. The Juvenile
161 Justice Operational Master Plan and the Adult Justice Operational Master Plans focused
162 on developing alternatives to detention and incarceration for youth and adults as a means
163 of stabilizing lives and reducing census and costs. These alternatives include human
164 service programs including assessment, treatment in jail and upon discharge, housing,
165 employment and job training and other cost-effective prevention and intervention
166 services for individuals and their families. The County adopted Framework Policies for
167 Human Services clarified the County's role in human services and established priorities
168 for the county's financial investment in human services. The Ten-Year Plan to End
169 Homelessness in King County prioritizes investments in preventing or reducing
170 homelessness, moving people quickly to stable housing and improving linkages to
171 treatment and other supportive services to create stability and increase self-sufficiency.

172 Y. The county's current expense fund faces continuing challenges in future years.
173 To balance the 2009 budget, the county was forced to cut ninety-three million dollars.
174 For 2010, the deficit is project to approach fifty million dollars with another sixty million
175 in cuts necessary for 2011.

176 Z. To balance the 2009 budget, the county reduced its general fund contribution
177 to human services by seven million. While the overall amount from the general fund
178 contributed to public health in 2009 was virtually the same as 2008, this amount still
179 reflects significant service cuts due to cost growth and increased demand for services.

180 AA. If additional revenues are not added to the health and human service
181 programs for the county, the results will likely be the dramatic reduction of services and
182 closure of public health centers or reduction of support for the health safety net.

183 SECTION 2. Definitions. The definitions in this section apply throughout this
184 ordinance unless the context clearly require otherwise.

185 A. "Consumer Protection Index" means the most recent September Consumer
186 Price Index to the immediately previous September Consumer Price Index (final
187 published CPI-W All City Average, as calculated by the United States Bureau of Labor
188 Statistics, or its successor) for Seattle.

189 B. "Family" means a veteran's or military personnel's spouse, domestic partner or
190 child or the child of the spouse or domestic partner or other dependent relatives if living in
191 the household of a veteran or military personnel.

192 C. "Human services" means a range of services and related capital facilities,
193 including housing, that meet basic human needs and promote safe and healthy
194 communities including but not limited to:

195 1. Prevention and early intervention services that reduce or prevent adverse
196 human behaviors and social conditions that lead to crises, serious dysfunction or
197 disability;

198 2. Criminal justice linked services that assist individuals and their families avoid
199 or mitigate their involvement with the justice system;

200 3. Crisis intervention services that address life threatening situations and other
201 crises;

202 4. Rehabilitation and support services that provide treatment for individual and
203 family problems or provides support to maintain or enhance their present level of
204 independence.

205 D. "Human services for veterans" means services and projects of the King
206 County veterans' program specifically developed to meet the needs of veterans, military
207 personnel and their families in King County.

208 E. "Levy" means the levy of regular property taxes for the specific purpose and
209 term provided in this ordinance and authorized by the electorate in accordance with state
210 law.

211 F. "Levy proceeds" means the principal amount of funds raised by the levy and
212 any interest earnings on the funds.

213 G. "Military personnel" means those persons currently serving in a branch of the
214 military, including the National Guard and reservists for any branch of the military.

215 H. "Public health services" means a range of services and related capital facilities
216 that meet basic needs and promote better public health including but not limited to:

217 1. Regional public health services supporting individual, community and
218 population health;

219 2. Operation of public health centers or support for community based health
220 clinics;

- 221 3. Provision of primary medical care for low-income individuals;
222 4. Prevention of the spread of communicable disease; and
223 5. Operation of and maintenance of certification for the king county medical
224 examiner.

225 I. "Veterans" mean those persons who have served in any branch of the military,
226 including the National Guard and reservists for any branch of the military.

227 **SECTION 3. Levy submittal to voters.** To provide necessary funds for the
228 provision of veterans, health and human services to residents of King County, the county
229 council shall submit to the qualified electors of the county a proposition to stop levying
230 the 2005 voter-approved veterans and human services levy, which was approved on
231 November 8, 2005, under King County Proposition No. 1 and Ordinance 15279, and
232 authorizing a regular property tax levy in excess of the levy limitation contained in
233 chapter 84.55 RCW for a consecutive six year period at a rate not to exceed \$0.15 per one
234 thousand dollars of assessed valuation in the first year with collection beginning in 2010,
235 and authorizing annual increases by the lesser of either three percent or the Consumer
236 Price Index, but not less than zero, in years two through six of the levy.

237 **SECTION 4. Deposit of levy proceeds.**

238 A. The levy proceeds shall be deposited in three special revenue funds, which
239 shall be created by ordinance. The levy proceeds shall be divided to place the first three
240 cents of the levy proceeds in one fund designated for the provision of health and human
241 services for veterans, military personnel and their families. Of the proceeds remaining,
242 eighteen million dollars shall be placed in another fund designated for the provision of
243 human services to a wide range of low-income people in need of those services, and the

244 remaining proceeds of the levy proceeds shall be placed in a fund designated for the
245 provision of public health services to a wide-range of people in need of those services.

246 B. Each fund shall be a first tier fund and any levy proceeds deposited in the fund
247 shall be limited to the uses identified in section 5 of this ordinance.

248 SECTION 5. Eligible expenditures. If approved by the qualified electors of the
249 county, the levy proceeds shall be used for the purposes described in this section.

250 A. In each year of the levy, an amount equal to \$0.03 per one thousand dollars of
251 assessed valuation of the levy proceeds shall be used solely for the provision of health
252 and human services for veterans, military personnel and their families.

253 B. In each year of the levy, eighteen million dollars of the levy proceeds
254 remaining after the distribution in subsection A. of this section, or if that amount is not
255 available, then \$0.06 per one thousand dollars of assessed valuation, of the levy proceeds
256 shall be used solely for the provision of human services to a wide range of low-income
257 people in need of those services, to pay the costs associated with provision of health and
258 human services to a wide range of low-income people in need of such services, including,
259 but not limited to, services for veterans, military personnel and their families, services for
260 children and youth, the elderly, the unemployed and underemployed and services specific
261 to veterans' needs such as treatment for posttraumatic stress disorder and specialized
262 employment assistance. The health and human services will also include a range of
263 regional health and human services and related capital facilities including, but not limited
264 to, operation of public health centers, public health services, housing assistance,
265 homelessness prevention, mental health counseling substance abuse prevention and
266 treatment and employment assistance.

267 C. After the distributions under subsections A. and B. of this section are made,
268 the remaining levy proceeds shall be used solely for the provision of public health
269 services to a wide-range of people in need of such services, to pay the costs associated
270 with provision of public health and human services to a wide range of low-income people
271 in need of those services, including, but not limited to, services for veterans, military
272 personnel and their families, services for children and youth, the elderly, the unemployed
273 and underemployed and for services specific to veterans' needs such as treatment for
274 posttraumatic stress disorder and specialized employment assistance. The health and
275 human services shall also include a range of regional health and human services and
276 related capital facilities including, but not limited to, operation of public health centers,
277 public health services, housing assistance, homelessness prevention, mental health
278 counseling substance abuse prevention and treatment and employment assistance.

279 Eligible expenditures shall also include payment of costs to strengthen and
280 improve the public health and human services system and infrastructure to provide
281 greater access to services and engender better coordination and integration of regional
282 public health and human services addressing the needs of low-income populations and
283 veterans, military personnel and their families.

284 **SECTION 6. Call for special election.** In accordance with RCW 29A.04.321, it
285 is hereby deemed that an emergency exists requiring the submission to the qualified
286 electors of the county at a special election to be held on November 3, 2009, a proposition
287 authorizing a regular property tax levy for the purposes described in this ordinance. The
288 manager of the elections division shall cause notice to be given of this ordinance in
289 accordance with the state constitution and general law and to submit to the qualified

290 electors of the county, at the said special county election, the proposition hereinafter set
291 forth. The clerk of the council shall certify that proposition to the manager of the
292 elections, in substantially the following form, with such additions, deletions or
293 modifications as may be required for the proposition listed below by the prosecuting
294 attorney:

295 PROPOSITION ____: The King County council has passed Ordinance
296 : _____ concerning funding for veterans' services, public health
297 services, and human services. If approved, this proposition would stop
298 levying the 2005 voter-approved Veterans and Humans Services Levy
299 (Ordinance 15279); authorize increased funding for veterans, public
300 health, and human services; authorize King County to exceed RCW 84.55
301 regular property tax limitations and levy an additional property tax of
302 \$0.15 (fifteen cents) per \$1,000 of assessed valuation in the first year for
303 collection beginning in 2010; and, authorize increases in years two
304 through six by the lesser of three percent or the Consumer Price Index, but
305 not less than zero. Should this proposition be:

306 Approved? _____

307 Rejected? _____

308 **SECTION 7. Ratification.** Certification of the proposition by the clerk of the
309 county council to the manager of the elections division in accordance with law before the
310 election on November 3, 2009, and any other act consistent with the authority and before
311 the effective date of this ordinance are hereby ratified and confirmed.

312 SECTION 8. If the voters approve the proposition in section 6 of this ordinance,
313 then the additional regular property tax levy authorized by the 2005 voter-approved
314 veterans and human services levy (November 8, 2005 King County Proposition No. 1 and
315 Ordinance 15279) shall not be levied after the date the proposition authorized by section
316 6 of this ordinance is approved and certified.

317 SECTION 9. Severability. If any provision of this ordinance or its application to
318 any person or circumstance is held invalid, the remainder of the ordinance or the
319 application of the provision to other persons or circumstances is not affected.”

320

321 **EFFECT: inserts details of the property tax proposal into the proposed**
322 **ordinance.**



T1

07-21-09

ph

Sponsor: Julia Patterson

Proposed No.: 2009-0434

1 **TITLE AMENDMENT TO PROPOSED ORDINANCE 2009-0434, VERSION 1**

2 On page 1, beginning on line 1, strike everything through page 1 line 17, and insert:

3 “AN ORDINANCE providing for the submission to the
4 qualified electors of King County at a special election to be
5 held in King County on November 3, 2009, of a proposition
6 to stop levying the 2005 voter-approved Veterans and
7 Human Services Levy, which was approved on November
8 8, 2005, under King County Proposition No. 1 and
9 Ordinance 15279, and to provide funding for veterans'
10 services and health and human services to residents of King
11 County by authorizing a property tax levy in excess of the
12 levy limitation contained in chapter 84.55 RCW, for a
13 consecutive six year period at a rate of not more than \$0.15
14 per one thousand dollars of assessed valuation in the first
15 year with collection beginning in 2010, and authorizing
16 annual increases in years two through six by the lesser of
17 either three percent or the Consumer Price Index, but not

18 less than zero, and establishing a citizen oversight board to
19 review and report on expenditures of levy proceeds,
20 contingent on voter approval.”

21

22 **EFFECT: inserts the correct title into the ordinance.**



KING COUNTY

Attachment 3

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

July 20, 2009

Ordinance

Proposed No. 2009-0434.1

Sponsors Patterson and Gossett

1 AN ORDINANCE providing for the submission to the
2 qualified electors of King County at a special election to be
3 held in King County on November 3, 2009, of a proposition
4 to provide health and human services to residents of King
5 County by authorizing a property tax levy in excess of the
6 levy limitation contained in chapter 84.55 RCW, for a
7 consecutive six year period at a rate of not more than
8 \$_____ per one thousand dollars of assessed valuation,
9 for the purpose of providing funding to enable the
10 provision of health and human services such as housing,
11 mental health counseling, substance abuse prevention and
12 treatment, employment assistance and other essential
13 health and human services for residents of King County
14 and contingent on voter approval of the ballot proposition
15 revoking the additional regular property tax levy authorized
16 in 2005 by County Proposition No. 1 and Ordinance 15279
17 for any levy after voter approval.

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BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. Findings:

A. Chapter 73.08 RCW is titled "Veterans' Relief" and assigns responsibility for veterans' aid to counties. This provision was originally made in 1888 following the Civil War. RCW 73.08.080 establishes a specific property tax for counties to provide veterans' assistance for eligible veterans and their dependents. This statute requires counties to levy a property tax of between 1.125 cents and 27 cents per one thousand dollars of assessed value for veterans' assistance. This portion of the county's regular property tax levy amount is dedicated to veterans' relief.

B. The veterans levy was established by King County and first levied at a rate of \$0.025 per one thousand dollars of assessed value but subsequent changes in state law limiting property tax increases in chapter 84.55 RCW and a recent initiative, Initiative 747, have reduced the effective rate.

C. Approximately 180,900 veterans live in King County representing twenty-seven percent of the state's veterans. The population of veterans in the state is growing and Washington ranks twelfth nationwide for the total number of veterans in the state.

D. The Puget Sound region has a growing homeless population, estimated to be as many as 8,400 on any given night. The Department of Veterans' Affairs (DVA) estimates that there are as many as 2,800 homeless veterans in the Puget Sound region. Many factors contribute to the problem of homelessness among veterans. Unemployment, chemical and substance abuse and mental illness are prominent among them.

41 E. The National Center for Post Traumatic Stress Disorder ("PTSD") estimates
42 that thirty percent of men of women who have served in the military during conflict will
43 suffer from mental illness. PTSD can cause problems such as memory and cognitive
44 disorders, inability to function in social or family life, severe depression and occupational
45 instability. Substance abuse is an extremely common form of self-medication in those
46 suffering from PTSD, according to the center's studies.

47 F. According to the DVA, about forty-eight percent of homeless veterans suffer
48 from mental illness and slightly more than sixty-eight percent have suffered from drug or
49 alcohol or drug abuse problems. Thirty-five percent have both psychiatric and substance
50 abuse disorders. As the largest and most complex medical center in the VISN 20
51 network, VA Puget Sound Health Care system reported the highest percentage of
52 homeless veterans in its acute mental health programs.

53 G. According to the DVA, across the nation one-third of adult homeless men and
54 nearly one-quarter of all homeless adults have served in the armed forces. More than
55 299,000 veterans may be homeless on any given night and as many as 500,000 may
56 experience homelessness during a year. Many other veterans are considered at risk
57 because of poverty, lack of support from family and friends and precarious living
58 conditions in overcrowded or substandard housing.

59 H. According to the National Coalition for Homeless Veterans, despite statutory
60 requirements and annual increases in the Veterans Health Administration (VA) budget
61 each year, the VA's mental health and addiction treatment capacity has deteriorated.
62 Closures or curtailment of inpatient psychiatric and residential substance abuse
63 rehabilitation facilities have not been counteracted by complementary increases in

64 outpatient treatment capacity. According to the VA Committee on the Care of Veterans
65 with Serious Mental Illness, VA spending on mental health and addiction services has
66 declined by eight percent over the past seven years, and by twenty-five percent when
67 adjusted for inflation.

68 I. King County's veteran services include:

69 1. Financial aid and emergency assistance for rent, food, utilities, medical needs
70 and burial;

71 2. Employment services such as job placement, career counseling, job training;
72 transportation and employment support services, such as clothing and tools;

73 3. Mental health counseling, including crisis and PTSD counseling and
74 intervention services; and

75 4. Case management services, which provide assistance for those needing
76 transitional or permanent housing, claims or help getting into treatment programs.

77 J. King County also contracts for veteran services to provide long-term housing,
78 short-term housing, and treatment for trauma, homeless prevention, veterans' incarcerated
79 prevention and other programs.

80 K. In King County several public and private not-for-profit organizations
81 comprise a health safety net providing medical care and other health services to low-
82 income populations who are uninsured, underinsured, or insured through publicly-funded
83 programs. The estimated total number of adults and children in King County who are
84 uninsured, underinsured or who are enrolled in publicly-funded insurance programs is
85 635,000, or about one-third of the population.

86 L. Public Health Centers in King County provide services supporting low-income
87 families and young children such as women, infants & children (WIC) nutrition
88 programs, family & maternal support services, and family planning and sexually
89 transmitted disease services. In addition, some centers provide access to primary care
90 and dental services for certain low-income populations, such as people who are homeless.
91 The county operates ten public health centers that provided services to over 160,000
92 clients in 2008. Non-profit community health centers provide comprehensive primary
93 care services, dental services, and other health services to uninsured people and people
94 enrolled in government-funded insurance programs, serving well over 100,000 clients.
95 Other non-profit organizations offer a wide range of health-related services to
96 populations in need and without other access.

97 M. Investments in the services offered through the health safety net are proven to
98 reduce costs to society. Maternal support services and WIC nutrition programs are
99 proven to improve the health, development and social outcomes for families and
100 children. These services prevent low-birth weight and preterm births which are many
101 times more costly than full-term births and often result in higher future health care and
102 special education needs. They also contribute to a reduction in infant
103 deaths. Investments in family planning services save \$4 for every \$1 spent by reducing
104 unintended pregnancy. Women, and especially teens, who experience intended
105 pregnancy are more likely to have healthy babies, less likely to have abortions, more
106 likely to stay in school and more likely to be fully employed. Primary care and dental
107 services are cost effective ways to improve health. People with access to these services

108 are more likely to receive preventive health services, have lower rates of illness and
109 death, and access can reduce more expensive interventions such as emergency care.

110 N. A set of intensive family support services offered through the public health
111 centers are proven to reduce families' and children's involvement in the criminal justice
112 system. Some of these services have rates of return to society as high as \$17 for every
113 \$1 invested through a number of positive health and social outcomes, including increased
114 rates of financial self-sufficiency and lower rates of child abuse and neglect, and reduced
115 involvement by offspring in the criminal justice system.

116 O. King County and other local public health jurisdictions are facing a structural
117 funding challenge in Public Health. The funding challenge is related to several factors on
118 the international, national, and State level that are converging on the local level. These
119 The 2006 report of the State Legislature's Joint Select Committee on Public Health
120 Financing documents the statewide funding challenge for local public health jurisdictions
121 arising from these factors, including the reemergence of infectious diseases and the
122 increasing lack of access for individuals to health care services.

123 P. In addition, the loss of statewide, stable, dedicated funding for public health
124 has led to reductions in public health services and other significant funding challenges.
125 Prior to 1994, both cities and counties shared financial responsibility for the provision of
126 public health services. When the State legislature eliminated cities from this
127 responsibility, they also authorized a motor vehicle excise tax (MVET) with part of the
128 revenues from that tax dedicated to public health services. In 1999, the voters of the
129 State passed Initiative 695, which resulted in the elimination of the MVET by the State
130 Legislature. Since then, the State has partially backfilled the loss of MVET revenue for

131 local public health with contributions from the State's General Fund. However, this State
132 flexible funding has not grown since 2003 and, with the significant shortfalls facing the
133 State's budget, is increasingly at risk from year to year.

134 Q. Prior to 2009, the County was able to avoid deep cuts in public health through
135 the use of reserves and additional contributions from the County's General Fund to
136 sustain roughly the same level of services. The County's General Fund contribution for
137 public health services has doubled from \$15 million in 2003 to over \$30 million in 2009
138 in order to compensate for the loss of other funding sources.

139 R. In 2009, the County's General Fund faced a substantial shortfall and thus the
140 General Fund contribution to Public Health did not grow to cover the Public Health
141 structural imbalance. As a result, the Public Health Fund faced significant reductions in
142 order to balance to its structural imbalance. On top of this, the shortfall in the County's
143 General Fund resulted in an absolute reduction in the General Fund contribution to Public
144 Health in 2009, necessitating even deeper cuts in public health services. As the County's
145 General Fund continues to face challenges in 2010 and beyond, we can expect the Public
146 Health Fund to continue to face reductions in future years as well.

147 S. King County contracts with local agencies, using county discretionary funds,
148 to provide adult day health and senior services, child care referral, domestic violence and
149 sexual assault victim's assistance, homeless and shelter services, housing assistance,
150 youth and family services, youth shelters, youth prevention and juvenile justice services,
151 adult justice diversion and transition services, health services for low-income, uninsured
152 persons and other supportive services for the community. The county also manages
153 several human service systems mandated by state and federal governments, including

Ordinance

154 services for seriously mentally ill people, drug and alcohol services, veteran's services,
155 services for people with developmental disabilities and regional public health services.

156 T. King County provides human services for two reasons: due to contractual
157 obligations with the State of Washington for the planning and provision of publically
158 funded services, such as mental health, substance abuse, veterans, and developmental
159 disabilities; or to enable mandated criminal justice and public health programs operate
160 more effectively and efficiently.

161 U. King County funded human services that were provided to over 583,000
162 families and individuals in 2007.

163 V. The County's general fund contribution to human services has been in a
164 steady decline since 2006. Between 2006 and 2009, nearly fifty percent of the County's
165 general fund contribution was reduced from human services.

166 W. Because the majority of the County's human services are not mandated by
167 state or federal laws, general fund support for human services beyond 2009 is at risk of
168 complete elimination as County resources shrink.

169 X. Since 1999, King County has redefined criminal justice and human services
170 priorities and populations to reduce recidivism and improve services. The Juvenile Justice
171 Operational Master Plan and the Adult Justice Operational Master Plans focused on
172 developing alternatives to detention and incarceration for youth and adults as a means of
173 stabilizing lives and reducing census and costs. These alternatives include human service
174 programs including assessment, treatment in jail and upon discharge, housing,
175 employment and job training and other cost-effective prevention and intervention
176 services for individuals and their families. The Framework Policies for Human Services

177 clarified the County's role in human services and established priorities for the County's
178 financial investment in human services. The Ten-Year Plan to End Homelessness in King
179 County prioritizes investments in preventing or reducing homelessness, moving people
180 quickly to stable housing, and improving linkages to treatment and other supportive
181 services to create stability and increase self-sufficiency.

182 Y. The county's current expense fund faces continuing challenges in future years.
183 To balance the 2009 budget, the County was forced to cut ninety-three million dollars.
184 For 2010, the deficit is project to approach fifty million dollars with another sixty million
185 in cuts necessary for 2011.

186 Z. To balance the 2009 budget the County reduced its general fund contribution
187 to human services by seven million. While the overall amount from the general fund
188 contributed to public health in 2009 was virtually the same as 2008, this amount still
189 reflects significant service cuts due to cost growth and increased demand for services.

190 AA. If additional revenues are not added to the health and human service
191 programs for the county, the results will likely be the dramatic reduction of services and
192 closure of public health centers or reduction of support for the health safety net.

193 SECTION 2. Definitions. The definitions in this section apply throughout this
194 ordinance unless the context clearly require otherwise.

195 A. "Family" means a veteran's or military personnel's spouse, domestic partner or
196 child or the child of the spouse or domestic partner or other dependent relatives if living in
197 the household of a veteran or military personnel.

198 B. "Human services for veterans" means services and projects of the King County
199 veterans' program specifically developed to meet the needs of veterans, military
200 personnel and their families in King County.

201 C. "Levy" means the levy of regular property taxes for the specific purpose and
202 term provided in this ordinance and authorized by the electorate in accordance with state
203 law.

204 D. "Levy proceeds" means the principal amount of funds raised by the levy and
205 any interest earnings on the funds.

206 E. "Military personnel" means those persons currently serving in a branch of the
207 military, including the National Guard and reservists for any branch of the military.

208 F. "Public health and human services" means a range of services and related
209 capital facilities, including housing, that meet basic human needs and promote safe and
210 healthy communities including but not limited to:

211 1. Prevention and early intervention services that reduce or prevent adverse
212 human behaviors and social conditions that lead to crises, serious dysfunction or
213 disability;

214 2. Criminal justice linked services that assist individuals and their families avoid
215 or mitigate their involvement with the justice system;

216 3. Crisis intervention services that address life threatening situations and other
217 crises;

218 4. Rehabilitation and support services that provide treatment for individual and
219 family problems or provides support to maintain or enhance their present level of
220 independence.

221 5. Regional public health services supporting individual, community, and
222 population health.

223 G. "Veterans" mean those persons who have served in any branch of the military,
224 including the National Guard and reservists for any branch of the military.

225 SECTION 3. Levy submittal to voters. To provide necessary funds for the
226 provision of veterans, health and human services to residents of King County, the county
227 council shall submit to the qualified electors of the county a proposition authorizing a
228 regular property tax levy in excess of the levy limitation contained in chapter 84.55 RCW
229 for six consecutive years, commencing in 2009, with collection beginning in 2010, at a
230 rate not to exceed _____ cents per one thousand dollars of assessed value. In
231 accordance with RCW 84.55.050, this levy shall be a regular property tax levy, which is
232 subject to the statutory rate limit of RCW 84.52.043.

233 SECTION 4. Deposit of levy proceeds.

234 A. The levy proceeds shall be deposited in three special revenue funds which
235 shall be created by ordinance. The levy proceeds shall be divided to place the first three
236 cents of the levy proceeds in one fund designated for the provision of health and human
237 services for veterans, military personnel and their families. Of the proceeds remaining,
238 _____ percent shall be placed in another fund designated for the provision of human
239 services to a wide range of low-income people in need of such services, and _____
240 percent of the levy proceeds shall be place in a fund designated for the provision of
241 public health services to a wide-range of people in need of such services.

242 B. Each fund shall be a first tier fund and any levy proceeds deposited in the fund
243 shall be limited to the uses identified in Section 5 of this ordinance.

244 SECTION 5. Eligible expenditures. If approved by the qualified electors of the
245 county, the levy proceeds shall be used for the purposes described in this section.

246 A. The levy proceeds derived from the three of the levy shall be used solely for
247 the provision of health and human services for veterans, military personnel and their
248 families,

249 B. _____ percent of the remaining levy proceeds shall be used solely for the
250 provision of human services to a wide range of low-income people in need of such
251 services, to pay the costs associated with provision of health and human services to a
252 wide range of low-income people in need of such services, including, but not limited to,
253 services for veterans, military personnel and their families, services for children and
254 youth, the elderly, the unemployed and underemployed and for services specific to
255 veterans' needs such as treatment for posttraumatic stress disorder and specialized
256 employment assistance. The health and human services will also include a range of
257 regional health and human services and related capital facilities including, but not limited
258 to, operation of public health centers, public health services, housing assistance,
259 homelessness prevention, mental health counseling substance abuse prevention and
260 treatment and employment assistance, and

261 C. _____ percent of the remaining levy proceeds shall be used solely for the
262 provision of public health services to a wide-range of people in need of such services, to
263 pay the costs associated with provision of health and human services to a wide range of
264 low-income people in need of such services, including, but not limited to, services for
265 veterans, military personnel and their families, services for children and youth, the
266 elderly, the unemployed and underemployed and for services specific to veterans' needs

267 such as treatment for posttraumatic stress disorder and specialized employment
268 assistance. The health and human services will also include a range of regional health
269 and human services and related capital facilities including, but not limited to, operation of
270 public health centers, public health services, housing assistance, homelessness
271 prevention, mental health counseling substance abuse prevention and treatment and
272 employment assistance.

273 Eligible expenditures shall also include payment of costs to strengthen and
274 improve the public health and human services system and infrastructure to provide
275 greater access to services and engender better coordination and integration of regional
276 public health and human services addressing the needs of low-income populations and
277 veterans, military personnel and their families.

278 SECTION 6. Call for special election. In accordance with RCW 29A.04.321, it
279 is hereby deemed that an emergency exists requiring the submission to the qualified
280 electors of the county at a special election to be held on November 3, 2009, a proposition
281 authorizing a regular property tax levy for the purposes described in this ordinance. The
282 manager of the elections division shall cause notice to be given of this ordinance in
283 accordance with the state constitution and general law and to submit to the qualified
284 electors of the county, at the said special county election, the proposition hereinafter set
285 forth. The clerk of the council shall certify that proposition to the manager of the
286 elections, in substantially the following form, with such additions, deletions or
287 modifications as may be required for the proposition listed below by the prosecuting
288 attorney:

289 PROPOSITION ____: The King County council has passed Ordinance _____
290 concerning funding for health and human services. This proposition would fund health
291 and human services such as housing assistance, mental health counseling, substance
292 abuse prevention and treatment and employment assistance. It would also fund capital
293 facilities and improved access to and coordination of services for veterans, military
294 personnel and their families. It would authorize King County to exceed RCW 84.55
295 regular property tax limitations and levy an additional property tax of _ cents per \$1,000
296 of assessed valuation for six consecutive years with collection beginning in 2010, and
297 rescind 2005 King County Proposition No. 1 levy authority for regular property tax levies
298 after voter approval. Should this proposition be:

299 Approved? _____

300 Rejected? _____

301 **SECTION 7. Ratification.** Certification of the proposition by the clerk of the
302 county council to the manager of the elections division in accordance with law before the
303 election on November 3, 2009, and any other act consistent with the authority and before
304 the effective date of this ordinance are hereby ratified and confirmed.

305 SECTION 8. If the voters approve the proposition contained within Section 6 of
306 this ordinance, then the additional regular property tax levy authorized by 2005 King
307 County Proposition No. 1 and ordinance 15279 is hereby revoked for any levy made after
308 the proposition authorized by section 6 of this ordinance is approved.

309 **SECTION 9. Severability.** If any provision of this ordinance or its application to
310

Ordinance

311 any person or circumstance is held invalid, the remainder of the ordinance or the
312 application of the provision to other persons or circumstances is not affected.
313

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

ATTEST:

APPROVED this ____ day of _____, _____.

Attachments None



King County

KING COUNTY

Signature Report

July 20, 2009

Ordinance

Attachment 4

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Proposed No. 2009-0445.1

Sponsors Gossett

1 AN ORDINANCE directing the submission to the qualified
 2 voters of King County a Safe and Strong Communities
 3 proposition authorizing an additional sales and use tax of
 4 one-tenth of one percent pursuant to RCW 82.14.450 for
 5 criminal justice purposes including police protection, fire
 6 protection, public health such as pandemic flu preparation,
 7 human services and general city purposes and appointing
 8 committees to write the voters' pamphlet statements for the
 9 November 3, 2009, general election.

10

11 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

12 SECTION 1. Findings:

13 A. Public safety, public health and human services are some of the most
 14 fundamental purposes of government.

15 B. A strong system of criminal justice, public health and human services is
 16 necessary to maintain safe and livable communities.

17 C. Criminal justice, public health and human services are interrelated and public
18 investments in public health and human services lessen the public costs for criminal
19 justice and other programs.

20 D. Under the Washington state Constitution, counties provide many regional and
21 local criminal justice functions, including police protection services such as patrols and
22 responding to emergencies and specialized law enforcement services such as helicopter
23 air support, bomb squads and marine patrols.

24 E. King County government also has a responsibility to provide regional public
25 health services to the one million eight hundred thousand residents as well as the
26 hundreds of thousand of workers and tourists who enter the county each day.

27 F. Over the past century, public health functions have led to remarkable gains in
28 health that have significantly increased longevity and improved quality of life, public
29 health services benefit the entire population of King County every day and address
30 multiple determinants of health, including biological, behavioral, environmental, social
31 and economic conditions, and therefore complement the criminal justice and human
32 services systems.

33 G. In 2007, King County provided critical health care services to one hundred
34 forty-three thousand twenty-five people through its public health centers, of whom one
35 hundred seven thousand ninety-six were below the poverty line and forty-four thousand
36 six hundred fifty-seven had no insurance.

37 H. King County and its public health centers are part of a larger safety net that
38 provides health care to residents without insurance, and the entire safety net is facing

39 financial crisis due to declining revenues and an increasing number of uninsured, with
40 over one hundred forty thousand uninsured residents in King County in 2008.

41 I. The need for and scope of public health services provided is increasing as new
42 mandates are instituted, new communicable disease and environmental health threats
43 emerge, health disparities within the population of King County intensify, the number of
44 medically underserved increases, more people become uninsured or have inadequate
45 health insurance, and the burden of preventable chronic disease grows.

46 J. The current H1N1 influenza pandemic spreading around the world highlights
47 our vulnerability to extreme public health threats and the critical need for a robust public
48 health response to: identify and track the disease; quickly mobilize antiviral medications
49 and vaccines to King County residents; enhance our community-wide medical care
50 capacity; and educate and inform the public about personal preparedness and protecting
51 oneself from infection.

52 K. Vulnerable individuals and families of all ages across King County are facing
53 incredible challenges everyday in finding safe and affordable housing and meeting other
54 basic needs. On any given night in King County, about eight thousand three hundred
55 people, including families with children, are living without a permanent place to call
56 home. The state unemployment rate is now 9.4 percent. Even for those who are
57 working, sixty-four percent of jobs in King County do not pay a wage sufficient to
58 support a family of four with one wage earner. Since the 2000 census, the percent of
59 children living in poverty increased from ten percent to fourteen percent.

60 L. King County plays a strong role in the coordination of the regional human
61 services system, building coalitions and partnerships to leverage and maximize resources
62 in an effort to stabilize the regional safety net.

63 M. In order to have the greatest possible impact in helping those most in need
64 and the highest return on its investments, King County focuses on prevention and
65 intervention efforts, job readiness and employment services, ending homelessness, and
66 providing services that reduce criminal justice involvement and costs.

67 N. Working with many partners, King County funds and helps to administer vital
68 regional human services such as domestic violence and sexual assault victim's services,
69 job training, senior services, youth and family services, and homeless prevention and
70 housing assistance.

71 O. King County's financial support of human services are an investment in the
72 health and safety of the community and its residents, playing a critical role in helping
73 some of our most vulnerable and at-risk citizens to receive the help they need in times of
74 crisis toward achieving and maintaining long-term stability and self-sufficiency.

75 P. The current funding for criminal justice, public health and human services is
76 limited and insufficient to provide King County residents with the level of services that
77 are needed to build and maintain safe and strong communities.

78 Q. The current economic downturn has exacerbated the county's revenue
79 challenges, and contributed to a projected shortfall of at least fifty-million-dollar shortfall
80 for 2010 and a projected shortfall of sixty million dollars for 2011.

81 R. King County has very aggressively worked to reduce expenditures by
82 consolidating departments and functions, reducing labor costs, and eliminating positions
83 and programs.

84 S. For many years, King County has also worked to obtain additional revenue
85 tools from the State Legislature to offset the structural funding problem facing King and
86 all other Washington counties. In the 2009 legislative session, King County was
87 successful in obtaining a number of the changes sought over the years such as additional
88 flexibility for using certain revenues for a limited period of time. However, these
89 changes were not sufficient to solve the county's projected revenue shortfalls. The state
90 Legislature did, however, modify the sales and use tax authority in 2009 to help counties
91 address budget challenges. This proposal seeks to make use of that legislative change.

92 T. The county's projected 2010 and 2011 deficits threaten important criminal
93 justice, public health and human service functions and will require that cuts be made to
94 basic services unless additional revenue is approved by the voters. In order to limit these
95 cuts and maintain safe and strong communities, it is important for the voters to consider a
96 sales and use tax proposition to support criminal justice, public health and human
97 services.

98 **SECTION 2. Authorization of additional sales and use tax.**

99 A. In order to provide funding for the purposes identified in section 4 of this
100 ordinance, the council hereby directs the submission of a proposition to the voters of the
101 county substantially as set forth in section 5 of this ordinance to authorize the county to
102 fix and impose pursuant to RCW 82.14.450 an additional sales and use tax of one-tenth
103 of one percent.

- 104 B. If approved by the voters, this additional sales and use tax:
- 105 1. Shall be in addition to other existing sales and use taxes currently imposed by
- 106 the county;
- 107 2. Shall be imposed on all taxable events as authorized under chapters 82.08 and
- 108 82.12 RCW and collected as of a date as determined by the council; and
- 109 3. Shall not apply to any exempt transactions identified in RCW 82.14.450.
- 110 C. If, as a result of the adoption of this proposition by the voters of the county,
- 111 the county imposes an additional sales and use tax upon sales of lodging in excess of the
- 112 limits contained in RCW 82.14.410, those sales shall be exempt from the imposition of
- 113 that additional sales and use tax.

114 **SECTION 3. Distribution of taxes collected.**

- 115 A. If approved by the voters, sixty percent of any sale and use tax authorized by
- 116 section 2 of this ordinance and collected by the state Department of Revenue shall be
- 117 paid to the county.
- 118 B. If approved by the voters, forty percent of any sales and use tax authorized by
- 119 section 2 of this ordinance and collected by the state Department of Revenue shall be
- 120 distributed to cities within King County on a per capita basis.

121 **SECTION 4. Use of tax proceeds.**

- 122 A. If approved by the voters, one third of the county proceeds from the sales and
- 123 use tax authorized under section 2 of this ordinance shall be used solely for criminal
- 124 justice purposes as defined in RCW 82.14.450(4) including police protection, one-third
- 125 shall be used solely for public health including pandemic flu preparation and public
- 126 health clinics, and one-third shall be used solely for regional human services.

127 B. If approved by the voters, at least one third of the city proceeds from the sales
128 and use tax authorized under section 2 of this ordinance shall be used solely for criminal
129 justice purposes as defined in RCW 82.14.450(4) or fire protection services or both, one
130 third of the city proceeds shall be used solely for human services as defined by the city,
131 and the remaining city proceeds may be used for any general city purpose.

132 C. If approved by the voters, proceeds from the tax authorized under section 2 of
133 this ordinance may supplant existing funds to the extent allowed now and hereafter by
134 state law.

135 D. For the purposes of this section, "proceeds from the tax" means the principal
136 amount of funds raised by the additional sales and use tax authorized by this ordinance
137 and any interest earnings on the principal amount of funds.

138 SECTION 5. Call for election. Pursuant to RCW 29A.04.321, it is hereby found
139 that the proposition, substantially as hereinafter set forth, be submitted to the qualified
140 electors of the county at a county special election to be held in conjunction with the
141 general election on November 3, 2009. King County elections is hereby requested to
142 assume jurisdiction of and to call and conduct such election to be held within the county
143 on said date and to submit to the qualified voters of the county at such election said
144 proposition.

145 The clerk of the council is hereby authorized and directed to certify said
146 proposition to the director of elections in substantially the following form:

147 The Metropolitan King County Council adopted Ordinance
148 _____ concerning funding for criminal justice, fire protection, and other
149 government purposes. This proposition would authorize King County to

150 fix and impose an additional sales and use tax of one-tenth of one percent
151 to be split between the county (60%) and the cities (40%). County
152 proceeds would fund criminal justice, including police protection, public
153 health programs such as pandemic flu preparation and health clinics, and
154 human services. City proceeds would fund criminal justice or fire
155 protection, human services, and other city purposes, as provided in
156 Ordinance _____. Should this proposition be:

157 Approved? __

158 Rejected? __

159 **SECTION 6. Voters' pamphlet.** RCW 29A.32.280 provides that for each
160 measure from a jurisdiction that is included in a local voters' pamphlet, the legislative
161 authority of that jurisdiction shall formally appoint one committee to write a statement
162 for voter approval of the measure and one committee to write a statement against the
163 measure.

164 **SECTION 7. Appointment of voters' pamphlet committees.** Pursuant to RCW
165 29A.32.280, the following individuals are appointed to serve on the voters' pamphlet
166 committees, each committee to write a statement for or against the proposed criminal
167 justice sales and use tax ballot measure:

168	FOR	AGAINST
169	1. _____	1. _____
170	2. _____	2. _____
171	3. _____	3. _____

172 SECTION 8. Ratification. Certification of the proposition by the clerk of the
173 council to the director of elections in accordance with law before the election on
174 November 3, 2009, and any other acts consistent with the authority and before the
175 effective date of this ordinance are hereby ratified and confirmed.

176 SECTION 9. Authority supplemental. The authority granted in this ordinance
177 is supplemental to all other powers of the county, and nothing in this ordinance shall be
178 construed as limiting or restricting any powers or authority conferred upon the county by
179 law.

180 SECTION 10. Severability. If any provision of this ordinance or its application
181

Ordinance

182 to any person or circumstance is held invalid, the remainder of the ordinance or the
183 application of the provision to other persons or circumstances is not affected.
184

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

ATTEST:

APPROVED this _____ day of _____, _____.

Attachments None

July 17, 2009

The Honorable Dow Constantine
Chair, King County Council
Room 1200
COURTHOUSE

Dear Councilmember Constantine:

It is with grave concern for the future of King County government and for the health and safety of our residents that I transmit to you today the “**Healthy, Safe and Strong Communities**” sales tax ballot proposition. I also fully support the property tax proposal recently introduced by Councilmember Patterson as an alternative to this measure. I look forward to working with you on that measure as well should the council decide to pursue it instead. Nonetheless, I am transmitting this sales tax measure so that council has the full range of alternatives to consider. I urge you to carefully consider both proposals and place one before the voters this November in order to fund the very critical services that are at stake.

I do not transmit this ballot measure lightly. I am well aware that the challenging economic times we face in King County make any proposed tax increase a difficult choice for our residents. But our communities are made safe and livable in part by a combination of criminal justice, public health and human service programs that we provide. King County faces a projected general fund deficit of at least \$110 million for 2010 and 2011. While the county has taken significant steps to reduce costs and improve efficiencies in the past several years, and will do much more in the coming year, the magnitude of these budget deficits will require a dismantling of much of King County government that keeps our community safe and healthy.

As you are aware, King County, like many jurisdictions around the nation, faces one of its most daunting budget challenges in decades. As a result of the structural funding problem facing Washington counties coupled with the dramatic economic recession, the county faces a 2010 deficit in excess of fifty million dollars based on current forecasts. This problem will be even more severe in 2011 with a projected deficit of an estimated additional sixty million dollars. These projections could worsen as our forecasts are finalized in preparation of the proposed 2010 budget.

Let me be clear this ballot measure is not an attempt to avoid hard choices. I will make them. This September I will be transmitting to the council a budget that must be balanced without knowing whether the ballot measure is successful. Therefore, as I have promised, I will be transmitting a budget to you this fall that makes the reductions necessary to provide a balanced budget even in light of the deficits we face. That budget will close the at least fifty million dollar gap through difficult reductions for 2010 that will be spread across criminal justice, public health and human services.

I believe the magnitude of these cuts and the very real impact they will have on the lives of all our residents require that we ask the voters whether they wish to protect some of these services through the ballot. Earlier this week human services providers and their clients came before the council and described in heartbreaking detail the dramatic impact to the lives of thousands of our most vulnerable seniors, women, children, our homeless, our poor and infirm if the county is forced to eliminate regional human services funding.

Without King County programs funding domestic violence and sexual assault victim's services, job training, senior services, youth and family services and homeless prevention and housing assistance, many people would simply have nowhere else to go.

On June 16th, the Prosecutor, the Sheriff and the Presiding Judges of Superior and District Court testified before your Budget and Fiscal Management Committee that they cannot take additional cuts without compromising public safety. I agree with them.

Finally, the ability of the county to provide health clinics and prepare for the pandemic flu is threatened by the budget reductions that will be necessary. This will pose a risk to all our citizens.

Simply put, without new revenue, within two years King County will no longer be able to meet its mandates to keep King County residents healthy and safe. Without new revenue by 2011, we will be required to eliminate general fund support for human services, dramatically reduce the remaining Public Health clinics and staff, and then we would still be faced with draconian cuts to Public Health, the Sheriff, the Prosecutor, Public Defense, the Courts and the King County Jail, each of which King County is required to provide by state law.

The **Healthy, Safe and Strong Communities** proposal provides the council and the public with the choice to restore cuts that will otherwise be made to some of our most important neighborhood protection and safety net services.

I urge the council to give the citizens the chance to make this investment in the health and well being of our communities.

The Honorable Dow Constantine

July 17, 2009

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Not a new problem, not a new idea

Asking the voters for help should always be a last resort. So it is important to understand the history of our fiscal challenges and what steps we have already taken to address them.

The budget problem we face is not new. The budget deficit is due in part to an on-going structural funding problem faced by all Washington counties. Counties do not have the same revenue tools that both the State of Washington and our cities possess. The state and our cities rely on property, sales, utility and business & operations (B &O) taxes, while counties only have the sales and property tax. Counties are too dependent on these existing revenue tools, making them prone to bigger fluctuations in revenue in down economic times than other jurisdictions. In addition, these existing revenue tools do not keep pace with inflation and increasing costs. This problem is exacerbated in urban counties such as ours, where we must provide city level services to over 234,000 urban residents without having the same revenue tools granted to cities.

In a December 2007 report to the Governor, the State's Department of Community, Trade and Economic Development found that "all counties...are fiscally distressed" and recommended counties be given new revenue tools including a countywide utility tax to help meet the structural budget challenge.

The elected leadership of King County has recognized the structural problem and need for additional revenue. On January 12, 2009, the council unanimously approved the county's legislative agenda which called for seeking new revenue sources such as a local utility tax or a dedicated public health fund. In addition, the Sheriff, Prosecutor and the Presiding Judges all signed a letter to the State Legislature endorsing the revenue toolkit legislation calling for new revenue options for all counties.

Last fall, in an effort to fix the structural gap from state legislature, I met personally with over 30 state legislators from King County to discuss the structural funding problem and the need for a revenue and flexibility tool kit. In the end, we got very close. We had the votes in the House for a utility tax or dedicated public health tax as part of the toolkit but fell just a few votes short in the Senate.

While we did not receive new revenue authority for criminal justice or public health, we had some success and the legislature allowed expanded use of the mental illness and drug dependency (MIDD) tax and expanded use of the voter approved sales tax that is proposed in this Healthy, Safe and Strong Communities measure. We pledged to use the tools the state provided and we must do so before we can ask the state again for new tools.

I will be using the MIDD sales tax flexibility as part of my proposed 2010 budget. But it will not come close to solving the problem and is not sustainable over time. Therefore, I believe we must use the sales tax authority granted by the state and place the **Healthy, Safe and Strong Communities** measure (or the Council's property tax alternative) on the November ballot.

Innovations, Efficiencies and Reductions

Before we seek voter approval, the council and the public must understand that we have gone to extraordinary lengths to innovate, find efficiencies, control costs, prioritize critical functions over discretionary spending and make difficult cuts.

In past years we have successfully eliminated less essential programs and inefficiencies in managing the budget. In order to address the on-going budget challenges, in 2002 King County convened the Budget Advisory Task Force, a panel of external experts to provide specific recommendations. The Task Force concluded that the King County deficits were structural in nature, and required structural solutions. They advised the county not to reduce any general fund service area entirely, as each is vital to the well-being of our community.

In response, between 2002 and 2009, the county has undertaken numerous measures to reduce expenditures, improve efficiencies and increase revenue. These actions include:

2002-2005

Efficiencies and structural changes:

- Consolidated Executive departments from fourteen to seven, saving millions in administrative and overhead costs;
- Developed a parks business plan, which led to the approval of a property tax levy and private sector investment in parks, which resulted in \$17 million in annual saving to the general fund; and
- Eliminated the Office of Cultural Resources, and created 4Culture, a Public Development Authority, resulting in \$1.1 million in annual saving to the general fund.

Reduced Expenditures and Identified New Revenues:

- Instituted annual rent payments for the Cedar Hills Landfill, generating over \$7 million in annual revenues to the general fund;
- Realized \$40.9 million in reductions and new revenues for the county's criminal justice system;
- Reduced general fund contributions to health and human service programs by \$12.2 million; and
- Lowered employee costs by \$8.4 million through renegotiated benefit programs.

AAA Credit Rating

These actions, coupled with sound fiscal discipline by both the County Council and the Executive resulted in King County receiving AAA credit ratings – the highest bond rating available - in 2005 for strong financial management. The county has retained these AAA credit ratings every year since then and we are one of the few governments at any level to do so.

In awarding the AAA bond rating, Moody's noted in 2005 that "King County has maintained its strong financial position despite significant challenges." Moody's went on to state that the county's "strong financial management ensures continued financial strength."

More recently in April 2009, Standard & Poor's (S&P) noted "the county's exceptional financial management through a spectrum of economic climates, including the current economic downturn regionally and nationally." S&P went on to highlight the county's "very strong financial management practices, despite limited capacity to raise revenues on a relatively narrow revenue base."

Fitch noted in its April 2009 affirmation of King County's AAA, "Excellent management is evidenced by sound fund balance levels, adherence to strong council-adopted financial management policies, and a low debt burden." Fitch goes on to state, "The county's financial operations benefit from strong management policies and practices."

I reaffirm my commitment to maintain these policies and to continue to find solutions to our budget difficulties that do not endanger the county's ability to meet its debt obligations. The tax measures currently before us offers important tools for preserving our fiscal health by allowing us to preserve vital services. But, I also know that we must maintain a balanced budget and that sound financial policies serve our government and citizens.

Central to that credit rating is the preservation of our emergency reserves. These include the \$15 million "rainy day" sales tax reserve and the 6% general fund under expenditure reserve – both of which are designed to serve as a resource in times of unforeseen emergencies, such as natural disasters. Unfortunately we face two very real emergencies this fall. The first is the return of the H1N1 virus and the second is the potentially devastating impacts to King County government and the region of the Green River flood. We know there is a high likelihood that one or both events will occur. It is our fundamental responsibility to protect our reserves to be ready for these and other potential unforeseen emergencies.

In order to maintain our fiscal health, I reiterate that I will propose the reductions necessary to maintaining a balanced budget in the absence of a new revenue source.

2006-2008

In the period from 2006-2008 the strength in the economy provided a brief respite from annual budget deficits, with higher than anticipated revenues allowing King County to overcome the structural challenges in the short term. But we knew the gap would return if we could not achieve annexations of the urban areas of King County to the cities or achieve a new revenue source such as a utility tax. While we had modest success with annexations and will have more, we did not achieve a new revenue source and we entered 2008 with projected out year deficit of \$24.7 million for 2009.

2009

The Great Recession that has rattled the globe and battered every state and local government and every business large and small in the United States caused King County's 2009 general fund deficit to balloon to \$93.4 million. Through extraordinary hard work we closed that deficit through

- Revenue increases and service reductions totaling \$46.1 million; negotiated salary savings of \$8.7 million including savings from 10 unpaid furlough days for most King County employees through our partnership with our unions; overhead and internal services reductions of \$5.7 million; Using \$24.9 million of reserves, and
- Placing \$16 million worth of programs in the "lifeboat" and funding them for only six months resulting in \$8 million in reductions in 2009.

Current Situation and the 2010 budget

Because the council must decide whether to place a revenue measure on the ballot prior to receiving my proposed budget, I am going to provide the council with a preview of that budget in this letter. This continues my commitment to have one of the most transparent and collaborative budget processes in King County's history.

Unfortunately, a collaborative budget does not mean an easy budget. But I will start with outlining all the efforts we are making to reduce costs and save programs before making dramatic reductions to direct health, safety and human services. My proposed 2010 budget reductions will start with the three point plan outlined by Noel Treat, my Chief of Staff at the June 16, 2009 Budget and Fiscal Management Committee meeting:

- **Seeking additional contributions from labor similar to the savings achieved by the ten unpaid furlough days in 2009. We are having productive discussions with union leadership and I am confident we will reach a mutual agreement.**
- **Redirecting between \$10 million and \$13 million of the MIDD fund dollars to save our drug and mental health courts and related services in the District Court, Superior Court, Prosecutor's office and Public Defense.**
- **Reduction in overhead, internal services and general government exceeding \$10 million, including ten percent reductions to the Executive's Office, Office of Management and Budget and the Office of Strategic Planning and Performance Measurement.**

Even with these savings, we will fall tens of millions of dollars short of closing the gap. Additional difficult actions I am almost certain to propose are:

- **Elimination of all general fund support for regional human services programs.**
- **Closure of several public health clinics.**

- **Elimination of funding for certain criminal justice programs such as selected regional police services and criminal justice capital facilities planning.**
- **Closure of all 39 urban unincorporated local parks.**
- **Deep reductions to the operation of King County Animal Care and Control.**

Final decisions have not been made and my budget team is working diligently on developing the full detailed package of these reductions. I will share additional information regarding these choices over the next few weeks as they are completed and will strive to continue to provide timely and transparent information on our 2010 budget process.

2011

It is critical to recognize that in addition to the cuts I will propose in 2010, King County faces a projected additional 2011 deficit of an estimated \$60 million. With virtually no discretionary services left in the general fund, King County will have NO choice but to require further deep cuts to our already under-funded Public Health, Sheriff, Prosecuting Attorney, Courts and Jail as well as Elections and the Assessor's office. The 2011 cuts will place the health and safety of the community in further jeopardy.

What is at stake?

In 2007, King County provided critical health care services to 143,025 people through its public health centers, of whom 127,096 were below the poverty line and 44,657 had no insurance. King County and its public health centers are part of a larger safety net that provides health care to residents without insurance, and the entire safety net is facing financial crisis due to declining revenues and an increasing number of uninsured, with over 140,000 uninsured residents in King County in 2008.

The need for and scope of public health services provided is increasing as new mandates are instituted, new communicable disease and environmental health threats emerge, health disparities within the population of King County intensify, the number of medically underserved increases, more people become uninsured or have inadequate health insurance, and the burden of preventable chronic disease grows.

The current H1N1 influenza pandemic spreading around the world highlights our vulnerability to extreme public health threats and the critical need for a robust public health response to: identify and track the disease; quickly mobilize antiviral medications and vaccines to King County residents; enhance our community-wide medical care capacity; and educate and inform the public about personal preparedness and protecting oneself from infection.

On the human services side, vulnerable individuals and families of all ages across King County are facing incredible challenges everyday in finding safe and affordable housing and meeting other basic needs. On any given night in King County, about 8300, including families with children, are living without a permanent place to call home. The state unemployment rate is

now 9.3 percent. Even for those who are working, 64% of jobs in King County do not pay a wage sufficient to support a family of four with one wage earner. Since the 2000 census, the percent of children living in poverty increased from 10% to 14%.

King County currently plays a strong role in the coordination of the regional human services system, building coalitions and partnerships to leverage and maximize resources in an effort to stabilize the regional safety net. Working with many partners, King County funds and helps to administer vital regional human services such as domestic violence and sexual assault victim's services, job training, senior services, youth and family services, and homeless prevention and housing assistance.

King County's financial support of human services are an investment in the health and safety of the community and its residents, playing a critical role in helping some of our most vulnerable and at-risk citizens to receive the help they need in times of crisis toward achieving and maintaining long-term stability and self-sufficiency.

By 2011, without new revenue King County's general fund support of public health clinics and regional human services will likely be eliminated and deep cuts to the remainder of public health and criminal justice programs will follow.

Given what is at stake and what will be lost, I believe that it is important to provide the council and our citizens with an option to "buy back" funding for some of these critical services. It is in this spirit that I am transmitting the enclosed **Healthy, Safe and Strong Communities** ballot measure. Given the severity and nature of these cuts to public safety and our safety net, I believe we have an obligation to allow our citizens to choose whether to sustain the painful cuts that balanced budgets will require for 2010 and 2011.

Criminal justice, public health and human services all play an integral and inter-related part in making our communities safe and livable. Without a new revenue source, the protections afforded to our communities will deteriorate rapidly.

The Sales Tax Ballot Proposal

To avoid this outcome, the enclosed measure would place a sales tax proposition before the voters on November 3, 2009. The measure would authorize the levying of an additional one-tenth of one percent sales and use tax. The tax would be utilized to fund criminal justice, public health and human services for King County and also provide revenue to every city in the county for police and fire protection, human services funding and other general city government services.

The proposed tax is authorized by RCW 84.14.450, which allows counties to submit a proposition to voters that would authorize a sales and use tax increase of up to 0.3 percent. At least one third of revenue must be dedicated to criminal justice purposes. The remaining two thirds can be used for any general government purposes, including criminal justice.

While the tax is imposed by the county, revenue is required by state law to be shared with the 39 cities in King County. The proceeds of this sales tax must be split such that the county receives 60 percent of revenue and cities within the county receive the remaining 40 percent on a per capita basis. A projection of the revenue that would be provided to the county and cities is attached.

As originally written, the statute did not allow the tax revenue to be used to supplant existing funds for the specified purposes. The state law was amended in 2007 to clarify how existing funds are defined. Existing funding is based upon actual operating expenses in the calendar year in which voters approve the tax increase, but excludes lost federal funds and state grants, changes in contract revenue beyond control of the county, and nonrecurring major capital expenses.

In response to pleas from local jurisdictions to expand local resources available for basic programs, the legislature adopted Second Substitute Senate Bill 5433 in 2009. This bill created a temporary window in which the voter-approved sales tax can be used for existing costs for ongoing programs. The amount of funds that can be applied toward existing costs is ramped down over five years, and then eliminated. Beginning in 2010, 100 percent of revenue can be used to supplant existing funds for the specified purposes. The percentage of revenue that can be used to supplant existing funding is ramped down over time: 2011: 80 percent; 2012: 60 percent; 2013: 40 percent; 2014: 20 percent; 2015 and from then on: 0 percent.

If approved by the voters, this proposal would provide approximately \$17.8 million to the county in 2010. The amount will grow over time but can only be collected for three quarters of the year in 2010 given the notification deadline requirements of the state Department of Revenue. This \$17.8 million would be sufficient to fund the following county programs for 2010:

- Continue the 2009 level of general fund support to human services through the Children and Family Set-Aside contribution;
- Operate 3 to 5 public health clinics and support pandemic flu preparedness and response; and
- Fund the Sheriff's helicopter, marine unit, special operations and bomb squad as well as other criminal justice programs.

Given the statute's requirement that use of the revenue to fund existing programs diminish over time, there will be a necessary shift as to the exact programs and expenditures funded on an annual basis. In future years, as the tax revenue authorized for existing programs is ramped down under the statute, the revenue could still be used to pay for the inflationary costs of existing services over time (which do not count as existing costs under the statute) and/or for new or different criminal justice, health and human service programs. The exact criminal justice, public health and human service programs to be funded each year could be determined during the county's annual budget process.

The detailed funding plan for 2010 may be established in an ordinance to be adopted by the council in its 2010 budget process. Action on the enclosed **Healthy, Safe and Strong Communities** proposal does not foreclose the council from further refining the exact mix and nature of programs to be funded as the 2010 budget is developed and adopted later this year.

As required by the statute, this ordinance makes it clear that the proceeds from this tax are shared between the county and cities and also sets guidelines for how the money would be spent.

I proposed to allocate county proceeds would under the enclosed ballot measure as follows:

- One third dedicated to criminal justice programs such as police protection and capital facilities,
- One third dedicated to public health clinics and programs, and
- One third allocated to a dedicated regional human services fund.

The cities proceeds would be allocated as follows:

- One third dedicated to criminal justice or fire protections,
- One third dedicated to local human services as defined by the cities, and
- One third available for any general government purposes provided by the city.

Let the Voters Decide

In closing, I understand that considering a tax proposal is difficult, especially in light of the economic conditions our citizens face. I also readily recognize that the council has by no means the time it would like for consideration of this measure. If I had the choice, I would have provided you with several months or more to consider this proposal however; we are in an unprecedented budget situation and must take extraordinary steps under imperfect conditions.

While the timing is compressed, the basic choice is straightforward – whether or not to allow the voters a choice to increase sales tax by .1% to provide a dedicated revenue stream of funding for county and city public safety, public health and human services for 2010 and beyond.

This measure will not solve all of the county's budget problems and we must continue to seek other tools to fully address the on-going structural funding problem that counties face. The measure will, however, help to continue critical public safety, health and human service programs while we strive for on-going solutions.

Each argument I have made for the **Healthy, Safe and Strong Communities** applies equally to the Veterans, Health and Human Services Levy recently proposed by Councilmember

The Honorable Dow Constantine
July 17, 2009
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Patterson. If the council chooses the property tax measure instead of this sales tax proposal you will have my complete support for that alternative as well.

I am not asking King County Councilmembers to support this tax. With the future of King County at stake, I am asking that you give the voters of King County a chance to make that decision for themselves.

I strongly encourage you place either measure on the ballot this November so that the public will have the opportunity to make the choice to keep King County communities safe and strong.

If you have any questions, please contact Noel Treat, Chief of Staff in the King County Executive Office, at 206-263-9661.

Sincerely,

Kurt Triplett
King County Executive

Enclosures

cc: King County Councilmembers
ATTN: Tom Bristow, Interim Chief of Staff
Saroja Reddy, Policy Staff Director
Anne Noris, Clerk of the Council
Frank Abe, Communications Director
Noel Treat, Chief of Staff, King County Executive Office
Bob Cowan, Director, Office of Management and Budget (OMB)
Beth Goldberg, Deputy Director, OMB