

Metropolitan King County Council

#### Budget & Fiscal Management Committee

**2010 Budget**

**Reconciliation – Issues**

|  |  |
| --- | --- |
| **Issue Area:** | **Public Safety & General Government** |

General Fund Overhead Allocation

Agencies in the General Fund provide extensive levels of support to other funds throughout the course of the year. The cost of these services is recovered through a cost allocation plan. The agencies and cost pools covered in this plan are:

* Council Agencies
* Executive Offices
* Office of Management and Budget
* Human Resources
* State Auditor
* Asset Management
* Records Management
* Department of Executive Services (Admin)
* Office of Strategic Planning and Performance Management
* Emergency Management
* Countywide mail services
* Employee Transportation Program

Each of the agencies in the General Fund (GF) overhead cost pool provides a service to non-General Fund agencies and funds as well as the General Fund agencies and funds. All of the costs of the pool are allocated out based upon formulas that differ by agency. A large portion of these costs are owed by or allocated to the General Fund and not allocated out to other agencies. For many of the agencies that comprise the General Fund overhead pool, the formula for allocation is based on the paying agency’s budget as a percent of the County’s total budget. This is true for agencies such as Council Agencies, Executive Offices and the Office of Management and Budget. Other overhead agencies have a different formula based upon the service they provide. For example, Asset Management fees are based upon the value of the asset and Human Resources charges are based on the number of employees in an agency.

**Summary of Proposed Budget and Changes**

In 2010, $63.8 million in General Fund overhead costs will be allocated. As shown above, the 2010 proposed cost allocation pool decreased by $7.3 million or 10.2 percent from the 2009 adopted budget. The non General Fund portion of the pool decreased by 17.3 percent while the General Fund portion decreased by 2.8 percent.

The significant decrease in the allocation pool from 2009 is largely due to two factors. First, there are significant expenditure reductions proposed for 2010 across all agencies in the current expense fund. Second, based on the State Auditor’s recommendations, OMB has adopted the best practice of adjusting the budgeted overhead rates to actual expenses on an annual basis. As a result, the 2010 total cost allocation includes a $3.4 million rebate to adjust for the fact that in 2008 actual expenses were $3.4 million less than budgeted/adopted. This type of adjustment will likely appear in future proposed budgets as well since actual expenditures are often less than budgeted expenditures.

**Issue - Councilmember & Executive Expense Exclusion:**

This issue was reviewed by the Panel during the Week 2 meeting of the Public Safety and General Government Panel. However, a further issue has been raised. Beginning with the 2008 adopted budget, the County began excluding the direct expenses from County Councilmembers and County Executive from the cost-pool. This was a decision that the Executive made in an attempt to comply with a new interpretation of standards from the State Auditor. The County Council was notified about this change, but never took a formal policy decision on the matter.

With the 2009 work of reviewing and hearing from the State Auditor (SAO) regarding the Accountability Audit and the Utility Audit, there was further question regarding this interpretation by the SAO. In effect, the County Council did not concur with the SAO’s opinion that these costs should be excluded from the General Fund cost allocation model. There was a belief that the services of the County Executive and County Councilmembers provided a direct benefit to other county funds through policy direction and implementation. There does not appear to be a clear administrative rule or regulation on the proper allocation of these costs.

In response to Motion 13026, the County Executive, on October 19, 2009 filed a report summarizing the procedures, assumptions and methodology used to develop the overhead cost allocation model. A component of that report was a comparison of other jurisdictions and whether the salaries for their executive (Mayor, County Executive or Administrator) and legislative branch were included in their overhead allocation plan. This report found that there was mixed results. Some agencies like King County, Pierce County, City of Seattle and Multnomah County excluded the salaries and benefits of elected officials, while other organizations like Spokane County, the City of Spokane and Maricopa County included the costs of their elected officials in their overhead allocation plans. This, once again, points to lack of clear policy or direction on inclusion of these costs.

The Executive’s 2010 budget proposal does not include the salaries and benefits of the County Executive and County Councilmembers. An option would be to include these costs in the overhead allocation plan. This would have two added benefits: 1) it would reinforce the belief that non-general funds receive a benefit from policy direction of the County Council and administration by the County Executive and 2) it would generate approximately $1,000,000 in additional general fund revenue.

**Option 1: Include County Executive and County Councilmembers salaries and benefits into the general fund overhead allocation plan.**

**Option 2: Adopt as transmitted.**

**Facilities Management Division**

**Budget Table**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2009  Adopted | 2010  Proposed | % Change 2010 v. 2009 |
| Budget Appropriation | $47,136,265 | $47,177,643 | 0.1% |
| FTEs | 331.51 | 336.51 | 1.5% |
| TLTs | 0.5 | 0.0 | -100.0% |
| Estimated Revenues | $47,819,082 | $47,484,274 | -0.1% |
| Major Revenue Sources | Overhead Charges to other King County agencies | | |

**Issues**

**Issue 1 – Print Shop Temporary Labor Proposed to Convert to FTE, 2.0 FTE**

The Print Shop has employed two temporary positions for graphic design and administrative support. The funding for these positions is already budgeted in existing accounts for temporary help, so adding 2.0 FTEs does not have a new cost impact.

At the October 13 panel meeting, Councilmembers expressed an interest in holding this issue open pending receipt of updated data on the Print Shop’s revenues. ***Updated revenues have not yet been provided.*** *Council staff will provide information when it is received.*

**Issue 2 – Potential Additional Reductions in Facilities Management Division**

During the panel meeting on October 6, Councilmembers expressed interest in why FMD’s budget is not being reduced comparably to other agencies. This is due to the overall reduction in central rates, which reduced FMD’s operating costs without making any 2010 service level or program reductions. In addition, FMD is lowering the central rates it charges to other agencies by rebating approximately $1 million from the internal service fund balance.

Councilmembers also asked staff to consider other potential reductions to the FMD budget. Several options are discussed below.

**Courthouse Information Desk:**

*At the last panel meeting, members directed staff to hold this item open.*

The King County Courthouse information desk is currently staffed by a 1.0 FTE Administrative Specialist, who helps direct citizens to courtrooms and services located in the courthouse. During last year’s budget process, this position was proposed for elimination, but was restored in the adopted budget. The information desk is also occasionally backfilled by security staffing as they are available between other duties.

Eliminating the position in 2010 would yield savings of $61,000, including benefits. About $58,000 (95 percent) of the savings would accrue to the General Fund.

**Option 1: Eliminate the position for savings of $61,000, including $58,000 in the General Fund**

**Option 2: Retain the position, as proposed in the Executive’s budget**

**Eliminate or Hold Open Vacant Positions:**

The Executive’s proposed 2010 budget includes 23 positions, which are currently vacant and have not been filled due to the hiring freeze. Of these positions, 16 are within Building Services, which provides custodial, electrical, HVAC, and security services. The Building Services positions are being backfilled using a significant amount of overtime.

In addition, FMD also has 3.0 vacant FTEs in the Capital Planning section and 4.0 vacant FTEs in the Director’s Office. While the 3.0 FTEs in Capital Planning charge off to capital projects (primarily parks and general government projects), the costs of the 4.0 vacant FTEs in the Director’s Office are recovered through central rate charges. About 60 percent of the costs of the Director’s Office positions would be incurred by the General Fund.

*Director’s Office Vacant Positions*

FMD indicates that all four Director’s Office positions, described in the table below, are critical to the mission of the division.

|  |  |  |  |
| --- | --- | --- | --- |
| **FMD Director’s Office Vacancies** | | | |
| **Vacancy**  **Date** | **Salary and Benefits Cost** | **Position Title** | **FMD Justification for Retaining** |
| 12/02/08 | $150,244 | Assistant Division Director | Critical to FMD mission. Unable to fill due to the hiring freeze. |
| 08/04/09 | $71,143 | Fiscal Specialist III | Payroll processing for Building Services, which has almost 300 employees in 13 bargaining units. Especially complex with impact of Green River flood work. Vacant due to hiring freeze. |
| 02/09/09 | $109,504 | Human Resources Service Delivery Manager I | Critical to FMD mission. Unable to fill due to the hiring freeze. |
| 02/01/09 | $112,133 | Special Projects Manager II | FMD’s liaison for ABT accounting and handles coordination of our business system needs. Also, some Print Shop oversight. Vacant due to hiring freeze. |

Council staff requested information on why the Human Resources Service Delivery Manager and Special Projects Manager positions were not filled prior to the hiring freeze and how these duties are being accomplished currently. Facilities Management Division indicated that the duties are being absorbed by existing staff. However, this includes existing term-limited temporary staff and a staff person who is fulfilling the duties of the Human Resources Service Delivery Manager as a special duty assignment. The division has indicated staff who have absorbed the work of the vacant positions are less able to meet the demands of their regular duties.

The total annual salary and benefit cost for the four Director’s Office positions is $443,024, with $265,814 in General Fund costs.

During its last meeting, the panel discussed reducing funding in the Director’s Office, but not eliminating specific positions. Reducing funding in the Director’s Office, could result in a delay in filling some or all these positions, but would allow FMD to prioritize how to best fill or leave open the vacancies. For example, if Council reduces Director’s Office funding by $100,000 (achieving $60,000 in General Fund savings), the practical effect could be that FMD would need to hold all four positions vacant for three months, or it could result in not filling one of the positions through all of 2010.

**Option 1: Eliminate the four positions listed above.** The total annual salary and benefit cost for the four Director’s Office positions is $443,024, with $265,814 in General Fund costs.

**Option 2: Allow the division an opportunity to propose a prioritization of the identified positions and make a reduction equivalent to some combination of the positions in the Chair’s Striking Amendment.**

**Option 3: Keep Director’s Office funding at the level proposed in the Executive’s budget.**

*Capital Planning Vacant Positions*

The Facilities Management Division indicated that vacancies in the Capital Planning section could result in delays in delivery of capital projects.

|  |  |  |  |
| --- | --- | --- | --- |
| **FMD Capital Planning Vacancies** | | | |
| **Vacancy**  **Date** | **Salary and Benefits Cost** | **Position Title** | **FMD Justification for Retaining** |
| 08/01/08 | $109,504 | Capital Projects Manager IV | Works on parks capital projects. Currently filled by a TLT. Vacant due to hiring freeze. |
| 04/02/07 | $117,580 | Capital Projects Managing Supervisor | Supervises project managers on general government and major maintenance projects. Vacant due to hiring freeze. |
| 10/24/07 | $117,580 | Capital Projects Managing Supervisor | Works on parks capital projects. Vacant due to hiring freeze. *Update: FMD has no immediate plans to fill due to downturn in Parks capital program.* |

The Capital Planning positions’ duties have been absorbed by other staff within that section. Facilities Management Division informed Council staff that the three positions were vacant due to the hiring freeze, but note that the positions have been vacant since 2007 or 2008, with one position being backfilled by a term-limited temporary position.

At its last meeting, the panel asked Council staff to continue to work with Executive staff to identify the General Fund impact of eliminating these positions. As noted earlier, these positions charge off to capital projects, so the funding support varies depending on which funds support the projects to which they are assigned. The level of funding from the General Fund supporting the positions varies depending on what capital projects are approved and implemented during each year. Accordingly, there would be no direct General Fund savings if a specific vacant position were to be eliminated from the FMD budget.

Also note that the Parks capital program has been funded through non-General Fund sources (primarily Real Estate Excise Tax and levy funding), so eliminating either of the vacant Parks capital planning positions would not yield any General Fund savings.

The general government Capital Projects Managing Supervisor position would generally work on projects supported by Major Maintenance and/or Building Maintenance and Repair. Annual General Fund support of major maintenance has varied from 53 percent to 87 percent and General Fund support of the Building Maintenance fund has ranged from 9 to 15 percent.

**Option 1: Eliminate vacant parks Capital Projects Managing Supervisor, which Facilities Management Division does not intend to fill in the immediate term.** Savings would be $117,580, with no savings in the General Fund.

**Option 2: Eliminate vacant general government Capital Projects Managing Supervisor.** Savings would be $117,580, but savings cannot be tied back directly to the General Fund.

**Option 3: Eliminate vacant parks government Capital Projects Manager IV.** Savings would be $109,504, with no savings in the General Fund. This position is currently filled by a term-limited temporary staff.

**Rebate an Additional Portion of Fund Balance**

*At the last panel meeting, members directed staff to hold this option open.*

FMD is already proposing to rebate about $1 million in fund balance as part of a multi-year effort to bring the fund balance in line with the target balance. The financial plan shows a target fund balance of $2.8 million in 2010, but an ending undesignated fund balance of $4.3 million.

FMD proposed a multi-year plan based on an interpretation that Motion 12144, passed by the Council in 2005, calls for “gradual fund balance correction… over a two to three year period to avoid a one-time jump in rates.” However, the motion appears to primarily address how to increase fund balance, without directly addressing how to correct for a fund balance that exceeds the target. Council could direct that an additional amount of the undesignated fund balance be rebated, but this would not be a sustainable approach and would reduce FMD’s ability to contain any growth in its central rate charges for 2011. If the Council chose to rebate an additional $1 million to $1.5 million, the Office of Management and Budget indicated that about 80 percent of the savings would be realized by the General Fund.

**Option 1: Rebate an additional $500,000 in fund balance.** Savings to the General Fund would be about $400,000.

**Option 2: Rebate an additional $1 million in fund balance.** Savings to the General Fund would be about $800,000.

**Option 3: Rebate an additional $1.5 million in fund balance.** Savings to the General Fund would be about $1.2 million.

**Option 4: Maintain as proposed in Executive’s budget.**

**Contras in the Budget**

**Operational Shutdown Savings Contra** ($807,735)

**Employee Benefits**

**Budget Table**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2009  Adopted | 2010  Proposed | % Change 2010 v. 2009 |
| Budget Appropriation | $213,734,316 | $221,694,435 | 3.7% |
| FTEs | 12.00 | 13.00 | 8.3% |
| TLTs | 1.00 | 0.00 | -100.0% |
| Estimated Revenues | $207,865,328 | $206,150,535 | -0.8% |
| Major Revenue Sources | Per-employee flex rate charged to other county agencies to provide benefits. | | |

**Issues**

**Issue 1 – Reduction in Contribution to Puget Sound Health Alliance - ($50,000)**

The proposed budget also includes a reduction in the county’s contribution to the Puget Sound Health Alliance (PSHA). In past years, the county has contributed beyond the membership fee to provide additional support to the Puget Sound Health Alliance, which is a regional partnership involving employers, healthcare providers, patients and others, working to improve quality and efficiency of health care in the Puget Sound region. King County has been a leader in the PSHA since its inception.

The membership fee for 2010 is $150,000, which is derived from a fee structure based on the size of member organizations. Within Employee Benefits, there is also a 1.0 FTE that is assigned primarily to support PSHA.

**Option 1: Eliminate financial support of the Puget Sound Health Alliance, which would save about $150,000 overall and $50,000 in the General Fund.** Overall funding for the Puget Sound Health Alliance is $2.2 million in 2009. While the Alliance is anticipating the proposed reduction from $200,000 to $150,000, complete elimination of county support would send a visible public message, as the county is the Alliance’s key founding agency. It is unlikely that the county could maintain a significant relationship with the Alliance if it withdrew all financial support.

**Option 2: Eliminate dedicated staff support for the Puget Sound Health Alliance.** The total cost of this position is $116,558. Elimination of the position would save $38,000in the General Fund.

**Option 3: Approve as proposed.**

**Contras in the Budget**

**Operational Shutdown Savings Contra** ($50,201)

**Department of Assessments**

**Budget Table**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2009  Adopted | 2010  Proposed | % Change 2010 v. 2009 |
| Budget Appropriation | $20,445,263 | $19,431,162 | -5.0% |
| FTEs | 224.0 | 224.0 | 0.0% |
| TLTs | 0.0 | 0.0 | 0.0% |
| Estimated Revenues | NA | NA | NA |
| Major Revenue Sources | NA | | |

**Issues**

At a previous Law, Justice and General Government panel meeting, members requested that staff move the Assessor’s budget to reconciliation.

**Issue 1** – **Assessor Indicates Cuts Could Require Further Staff Reductions and Impede Ability to Meet Statutory Requirements or Identify New Construction**

The proposed budget includes a $1.2 million unallocated reduction and a $587,000 operational shutdown contra. The Assessor indicated that required mailings have already been delayed as a result of budget conditions. Further reductions in the budget could reduce the Assessor’s ability to mail required notices within required timelines, as well as impairing the department’s ability to respond to taxpayer appeals or provide requested information to the public.

It is worth noting that the proposed budget does accommodate the department’s budget request. However, the Assessor has indicated to Council staff that the unallocated contra and the operational shutdown savings contra could result in as many as 18 filled appraiser positions being eliminated. (Based on an analysis of the staff salary data by the Office of Management and Budget and Council staff, this appears to be a worst-case scenario and may be lower depending on the salary/benefit costs associated with the eliminated positions.)

Although the Assessor indicates that budget reductions would likely eliminate appraisers, the department does have other functions, such as GIS and the public information office, which could also potentially be reduced. The pending change in leadership in the Assessor’s Office also adds to the difficulty in determining the likely cuts in 2010.

**Option 1:** Restore a portion of the unallocated cut.

**Option 2:** Insert a proviso to require the Assessor to establish and report on objective workload measures in 2010, which would be necessary to accurately assess impact of budget reductions on the Assessor’s the ability to meet statutory requirements.

**Option 3:** Approve as proposed.

**To Address Concerns Regarding Identification of New Construction:**

**Option 1:** Restore an amount up to the Assessor’s typical annual overtime budget ($478,000) and place an expenditure restriction that requires the additional funding be used to identify new construction. Note that the Assessor’s Office typically only spends about $250,000 to $300,000 of the amount budgeted for overtime. The amount restored would be a General Fund supported expenditure.

**Option 2:** Do not restore any funding and place an expenditure restriction requiring that a specified amount of the Assessor’s budget be used to identify new construction.

**Contras in the Budget**

**Operational Shutdown Savings Contra** ($587,018)

**Unallocated Reduction Contra** ($1,164,285)

**Real Estate Services**

**Budget Table**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2009  Adopted | 2010  Proposed | % Change 2010 v. 2009 |
| Budget Appropriation | $3,581,541 | $3,705,390 | 3.3% |
| FTEs | 28.0 | 28.0 | 0 |
| TLTs | 0 | 0 | 0 |
| Estimated Revenues | $12,594,685 | $13,024,443 | 3.3% |
| Major Revenue Sources | Licenses & permits, charges for services, and miscellaneous revenue. | | |

**Issues**

**Issue 1** – **Identify FTE reduction options in the Real Estate Services budge**t

**Option 1: Approve as proposed.**

**Option 2:**  **Eliminate the Government Relations Position.**

Below is a table of how FTEs are allocated in Real Estate Services.

**Table 1. FTEs Allocated within Real Estate Services**

|  |  |  |  |
| --- | --- | --- | --- |
| **Group** | **FTEs** | **Salaries & Benefits** | **2010 Proposed Expenditures** |
| Real Property Administration | 6 | $ 696,138 | $ 1,425,497 |
| Real Property Acquisition | 9 | $ 903,656 | $ 927,377 |
| Permits & Franchising | 5 | $ 452,564 | $ 550,417 |
| Leasing/Inventory & Control | 8 | $ 786,589 | $ 802,099 |
| Total | 28 | $ 2,838,947 | $ 3,705,390 |

One indicator that RES is functioning at capacity is that it has had the same number of FTEs for the past five years and has been carrying about the same workload for those FTEs during that time. The last change in RES’s FTEs was a reduction by two in 2004. RES reports no change in workload since 2004. Over the past ten years, acquisition activity is slightly down. However, RES expects workload to increase for capital acquisitions (new and continuing CIP projects for DOT and DNRP clients) and flood-related mitigation. RES also now manages the Real Estate Portfolio Management System, has expanded property management responsibilities, and has taken on more complex surplus property sales.

There are three current vacancies in RES, as discussed below.

There is one vacancy in the acquisitions group, the Lead Appraiser. It is currently being backfilled during the hiring freeze by the same person who retired from the position earlier this year. The consequences of losing this position as reported by RES include delays in acquisitions, loss of consistency in valuations, and loss of direction for contracted appraisals.

There is one vacancy in the permits group. RES is partially covering the vacancy with a temp and the Supervisor is covering the workload with re-assignments and work task deferrals.

As a result of the hiring freeze, RES reports that it has had to turn down Capital Improvement Project assignments for relocation services for DNRP-WRLD and DOT Roads Services due to staff shortages. The relocation services are being performed by consultants instead.

Therefore, it appears that for these two vacancies, RES is experiencing a workforce shortage that is being compensated for with temporary hires and task deferrals.

The Government Relations position has been vacant for eight months. It has a budgeted salary and benefits of approximately $120,000. (There is discrepancy between Vacancy Report ($121,858) and OSS plan amount ($119,097).) In the Executive’s proposed alternative plan in lieu of Operational Shutdown Savings, the Executive identified this position for elimination in addition to non-represented employee furloughs (five employees). The Executive’s alternative plan retains $38,047 to hire temporary staff to assist with compliance efforts. General fund savings from eliminating this position would depend on the specific capital projects to be worked on, although RES estimates that around 50% of the salary for this position might be revenue-backed by capital projects.

The Government Relations position could be eliminated with minimal impact to current status quo. First, the position has been vacant for eight months. Second, during that time, some duties that would have been performed by this position are being absorbed by other staff. The coverage for the position’s duties as reported by RES are listed in the table below. RES states that there are no other positions currently able to perform the tasks except as identified in the table.

**Table 2. Government Relations Position Task Coverage Reported by Executive**

|  |  |
| --- | --- |
| Task | Coverage |
| 1. Review of consultant environmental work | Performed by Kathy Brown and Glenn Evans after-hours. (2-4 reviews per year, 20-30 hrs per review) |
| 2. Monitoring state and federal environmental regulations to ensure FMD compliance | None except for communication from other county agencies or specific compliance issues raised by regulatory agencies. |
| 3. Designing regulatory compliance programs and developing compliance strategies | Indirectly and piecemeal through other county agencies. |
| 4. Negotiating intergovernmental agreements with environmental or other agencies. | Not being done. |
| 5. Managing and implementing contracts for consultants relating to environmental compliance. | Glenn Evans and program managers within Capital Planning & Development. |
| 6. Representing and advising the county in permit and development matters | Sometimes done by outside contractors or program managers within Capital Planning & Development |
| 7. Providing advice and oversight for FMD compliance with State Environmental Policy Act, NPDES permits and other environmental and permit matters. | Not being done. (Per Item #1 above, Brown and Evans are doing due diligence review of consultant work on SEPA, erosion/sediment control plans, and other environmental work for RES.) |
| 8. Working with other local governments on environmental initiatives and policy development. | Not being done. |
| 9. Advising division on green building practices. | Individual staff may get involved in responding to DNRP on individual issues, but no comprehensive and cohesive initiative from FMD. |

As explained by RES, the Government Relations position deals exclusively with environmental issues, and consolidates environmental issues that apply to the Major Projects Group, Capital Planning and Development, Building Services, and Real Estate Services. The position creates a dedicated resource with the appropriate skill sets to assist these groups in developing appropriate policies and procedures and promoting best practices on environmental issues. The position would also be a resource for National Pollutant Discharge Elimination System (NPDES) permit compliance and the Green Building Initiative (“green” building in county capital projects).

RES reports that if the position were eliminated, a level of environmental coordination would be lost, which might increase the potential of environmental issues arising. FMD would continue to address environmental issues as required by law and in accordance with county environmental initiatives. RES’s response to how some of the tasks are being handled is that some of these activities would be performed “indirectly and piecemeal.”

As a side note, the previous staff report mentioned the possibility of transferring the communications position to the Facilities Management Division (FMD) internal service fund. The position provides communication support to all FMD Sections and DES Administration. However, the position is already fully reimbursed by the FMD internal service fund and Department of Executive Services administration. Therefore moving the communications position would result in no general fund savings.

**Total Contras:** $102,896 (Operational Shutdown)

**Public safety Outstanding Issues**

In 2009, savings were achieved through the implementation of a ten-day building and/or operational closure program, resulting in labor furloughs. The 2010 budget assumes savings across all funds assuming that a similar level of savings will be achieved in each agency based on the furlough of eligible employees as was adopted for 2009.

**Proposed 2010 Reductions in**

**Law and Justice Agency General Fund Budgets**

Operational Shutdowns



\* The Executive’s 2010 Proposed Budget transfers the Screeners to the Sheriff’s Office.

**Annexation Reductions** Several years ago, the county embarked on a strategy for addressing the structural imbalance in the General Fund with its Annexation Initiative by encouraging the annexation or incorporation of urban unincorporated areas west of the urban growth boundary. On August 18, 2009, the residents of the southern portion of North Highline voted to annex to the City of Burien. The annexation is expected to be effective March 2, 2010. Because responsibility for providing local services to the approximately 14,350 residents of the area will shift to Burien, the executive is proposing to make reductions in a variety of agency budgets. The following table shows the proposed annexation reductions in each budget.

**Proposed 2010 Reductions in**

**Law and Justice Agency General Fund Budgets**

**Annexations**

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\* The Executive’s 2010 Proposed Budget transfers the Screeners to the Sheriff’s Office.

**District Court**

**Budget Table**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2009  Adopted | 2010  Proposed | % Change 2010 v. 2009 |
| Budget Appropriation | $26,147,480 | $25,342,116 | (3.1%) |
| FTEs | 252.75 | 252.45 | (0.1%) |
| TLTs | 0 | 0 | 0% |
| Estimated Revenues | $15,791,987 | $16,616,534 | 5.2% |
| Major Revenue Sources | GF, Contract Revenues, Fines, & Fees | | |

**Issues**

**Issue 1 – Operational Shutdown Reduction**

The court’s proposed budget includes an unspecified reduction of $487,982 entitled “Operational Shutdown Savings.” The 2010 budget assumes savings across all funds assuming that a similar level of savings will be achieved in each agency based on the furlough of eligible employees as was adopted for 2009. Under state law, the courts can only close on days designated by the Chief Justice of Washington State Supreme Court. The court’s target amount is based on a more limited savings amount, because the court stayed open when the rest of the county closed offices. Eligible court staff did, however, take ten furlough days.

**Issue 2 – Annexation**

The court’s budget has a reduction of $430,961 associated with the “savings” related to the North Highline annexation. Because Burien is a contract city, the workload will actually not disappear with the annexation. The workload will be transferred to the contract with the city. The reduction, however, could be offset by revenues from the court’s existing contract with the City of Burien for municipal court services. Council staff are working with District Court to identify projections for the anticipated contract revenues associated with work for the City of Burien in 2010.

**Total Contras** $918,943

**Judicial Administration**

**Budget Table**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2009  Adopted | 2010  Proposed | % Change 2010 v. 2009 |
| Budget Appropriation | $19,875,017 | $18,503,467 | (6.9%) |
| FTEs | 227.5 | 218.5 | (4.0%) |
| TLTs | 0 | 0 | 0% |
| Estimated Revenues | $12,870,028 | $12,423,674 | (3.5%) |
| Major Revenue Sources | General Fund | | |

**Issues**

**Issue 1 – Operational Shutdown Reduction**

The DJA’s proposed budget includes an unspecified reduction of $204,929 entitled “Operational Shutdown Savings.” The 2010 budget assumes savings across all funds assuming that a similar level of savings will be achieved in each agency based on the furlough of eligible employees as was adopted for 2009. Under state law, the courts—including DJA--can only close on days designated by the Chief Justice of Washington State Supreme Court. The DJA’s target amount is based on a more limited savings amount, because the Superior Court stayed open when the rest of the county closed offices (the savings assumed four days of furlough).

**Total Contras** $204,929

**Prosecutor**

**Budget Table**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2009  Adopted | 2010  Proposed | % Change 2010 v. 2009 |
| Budget Appropriation | $56,194,292 | $55,835,245 | (0.6%) |
| FTEs | 486.4 | 482.8 | (0.7%) |
| TLTs | 0 | 0 | 0% |
| Estimated Revenues | $18,180,364 | $18,383,451 | 1.1% |
| Major Revenue Sources | General Fund | | |

**Issues**

**Issue 1 – Operational Shutdown Reduction**

The prosecutor’s proposed budget includes an unspecified reduction of $987,256 entitled “Operational Shutdown Savings.” The 2010 budget assumes savings across all funds assuming that a similar level of savings will be achieved in each agency based on the furlough of eligible employees as was adopted for 2009. Under state law, the courts can only close on days designated by the Chief Justice of Washington State Supreme Court. Therefore, the prosecutor’s criminal division staff (about 65% of the total staff) had to continue working even when the county was closed for furlough.

**Issue 2 – Annexation**

The prosecutor’s budget has a reduction of $126,919 associated with the “savings” related to the North Highline annexation. The reduction, however, ***will not be offset with*** revenues from any contract with the City of Burien for prosecutorial services.

**Total Contras** $1,114,175

**King County Sheriff**

**Budget Table**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2009  Adopted | 2010  Proposed | % Change 2010 v. 2009 |
| Budget Appropriation | $135,290,117 | $141,664,098 | 4.7% |
| FTEs | 1,078.0 | 1,053.0 | (2.3%) |
| TLTs | 0 | 0 | 0% |
| Estimated Revenues | $62,735,999 | $87,602,976 | 39.6% |
| Major Revenue Sources | General Fund, Contracts, Fees | | |

**Issues**

**Issue 1 – Operational Shutdown Reduction**

The sheriff’s office proposed budget includes an unspecified reduction of $592,256 entitled “Operational Shutdown Savings.” The 2010 budget assumes savings across all funds assuming that a similar level of savings will be achieved in each agency based on the furlough of eligible employees as was adopted for 2009. The savings is based on employees who are not commissioned or serve in 24/7 essential positions (emergency dispatchers, for example) taking ten furlough days.

**Issue 2 – Annexation**

The sheriff’s budget has a reduction of $3,438,040 associated with the savings related to the North Highline annexation. On August 18, 2009, the residents of the southern portion of North Highline voted to annex to the City of Burien. The annexation is expected to be effective March 2, 2010. Because responsibility for providing local policing services to the approximately 14,350 residents of the area will shift to Burien, the executive is proposing to make reductions in the sheriff’s office budget. Some amount of this reduction will be offset through police service contracts with the City of Burien although the sheriff has indicated that the amount of the reduction in the Executive’s proposed budget does not appear to be commensurate with the actual reduction in workload for the sheriff.

**Total Contras** $4,030,296

**Superior Court**

**Budget Table**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2009  Adopted | 2010  Proposed | % Change 2010 v. 2009 |
| Budget Appropriation | $42,919,304 | $42,710,781 | (0.5%) |
| FTEs | 383.0 | 377.45 | (1.4%) |
| TLTs | 0 | 0 | 0% |
| Estimated Revenues | $5,123,174 | $4,207,093 | (17.9%) |
| Major Revenue Sources | General Fund | | |

**Issues**

**Issue 1 – Operational Shutdown Reduction** The court’s proposed budget includes an unspecified reduction of $358,673 entitled “Operational Shutdown Savings.” The Executive’s 2010 Proposed Budget includes unspecified savings assumptions related to labor or closure in all agencies. In 2009, savings were achieved through the implementation of a ten-day building and/or operational closure program, resulting in labor furloughs. For 2009, the county was unable to achieve the full amount of projected savings from a 10 day furlough for the Superior Court and Department of judicial Administration because of statutory restrictions on the closure of the courts. As a consequence, the court agreed to an adjusted savings amount, and stayed open when the rest of the county closed offices (the savings is based on four days of furlough).

**Total Contras** $358,673

|  |  |
| --- | --- |
| **Issue Area:** | **Physical Environment** |

**DEPARTMENT OF TRANSPORTATION**

**Division/Program Name- Public Transportation (Transit)**

**Budget Table**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2008-2009 Adopted  (1,000s) | 2010-2011 Proposed  (1,000s) | % Change 10/11 v. 08/09 |
| Budget Appropriation |  | | |
| Transit Operating | $1,139,814 | $1,209,142 | 6.1% |
| Transit Revenue Vehicle Replacement | $39,475 | $128,375 | 225.2% |
| Transit CIP Transfer to Transit Operating | $83,954 | $66,688 | -20.6% |
| Transit CIP | $61,076 | $66,688 | 9.2% |
| FTEs | 4,137.97 | 4,038.62 | -2.4% |
| TLTs | 27.71 | 23.00 | -17.0% |
| Estimated Revenues | $1,440,117 | $1,679,465 | 16.6% |
| Major Revenue Sources | Sales Tax, New Property Tax, Grants, Fares, and Service Contracts | | |

**Contras in the Budget**

**Transit Operational Shutdown Contra:** $1,417,791

**Issues**

**issue 1: transit performance audit implementation**

The Executive concurs with thirty-one of the thirty-four recommendations in the recently completed Transit Performance Audit and is seeking an addition of 3 FTEs, 1.5 TLTs and $1.22 million to begin implementation.

After meeting with Executive staff from the Office of Strategic Planning and Performance Management (“OSPPM”) and Transit Division management, a hybrid scenario was formulated. Rather than as described above, the new approach would have 1.5 TLT in the Transit Division and 1.0 TLT in OSPPM under joint supervision and a biennial cost of $0.92 million.

All parties acknowledge that this new proposal can lead to a greater use of existing staff and technical knowledge. It will require that the Transit Division prioritize its work efforts around audit findings. Finally, this approach relies on a mix of in-house and contracting assistance to meet program requirements.

The net results also include:

* a reduction of $300,000 over the initially proposed program,
* a higher level of integration and accountability with the County at-large; and
* a greater commitment to inter-branch collaboration.

**Option 1:** Approve as transmitted

**Option 2:** Approve the hybrid approach to implementing the Transit Performance Audit and direct staff to prepare a proviso that withholds certain funds program funds until specific audit implementation work plan is reported via transmittal to Council and the Physical Environment Committee or its successor. This work plan should at least include (specific to the Transit Performance Audit Implementation Program):

* staff objectives and deliverables timelines;
* training plans for scheduling software;
* interbranch collaboration efforts; and
* base conditions and savings analysis timeline the Ride Free Area.

**Issue 2: Transit Audit Follow-Up**

When Council initiated the Transit Performance Audit, an expenditure of up to $1 million from the Public Transportation Fund (“PTF”) was authorized through an expenditure restriction on the 2008/2009 biennial budget. The Auditor used a combination of external consultants and existing staff to deliver this Audit. Because of the efficiency of using existing staff within the Auditor Office, only 60% of authorized funds were expended on this priority, leaving the remaining funds within the PTF, though still restricted to the specific use of audit work in 2008/2009.

**Option 1:** Continue to set aside the $350,000 unspent portion of the audit appropriation through an expenditure restriction to biennial budget and establish the scope of audit follow-up work in the King County Auditor’s 2010 Work Program.

The following list of possible audit follow-up elements is drawn from staff discussions with Councilmembers and auditor staff during development and review of the 2009 Performance Audit:

* procurement of buses (analysis of process, criteria, financial and other analyses used by Transit)
* vehicle maintenance staffing
* ride free area methodology
* additional review of the financial plan
* tracking of implementation of new (onboard) data systems and ORCA systems (including business accounts)
* ACCESS Program staffing and efficient use of the ACCESS fleet

**Option 2:** Allow the unspent $350,000 to revert to the Public Transportation Fund to be used for other transit purposes.

**Issue 3: – Non-Revenue Vehicle Replacement**

The proposed budget includes $4.4 million to replace 95 vehicles in the Transit Non-Revenue (“NRV”) Fleet. Fifteen passenger vehicles on this list, including eight police pursuit vehicles, will not have reached either the mileage or age replacement criteria by the end of the biennium.

**Option 1:** Approve as proposed.

**Option 2:** Reduce the NRV replacement appropriation by $360,006 to reflect the savings from deferring replacement of the fifteen vehicles until the next biennium.

**Issue 4: –** **Trolleywire Simplification CIP Project**

The Transit CIP includes a new project (A00616 Trolleywire Simplification) to reconfigure some of the trolley wires in downtown Seattle “*to help smooth traffic operations”* using at least $1.6 million of County funding. By 2012, King County will have to decide to make a major reinvestment in the electric trolley system or replace it with another propulsion technology in which case the entire overhead wire system would be removed.

**Option 1:** Remove Project A00616 Trolleywire Simplification from the CIP pending a trolley fleet procurement decision in the next biennium making the $1.6 million County share of the project available for other purposes.

**Option 2:** Approve as proposed.

**Issue 5 - The Transit Financial Gap**

As an outcropping of the global recession, the County’s underlying structural gap, and transit service delivery plans, the Transit Division has identified $213 million financial gap for the 2010/2011 biennium.

To address this gap, the Executive has proposed a nine-point plan, which includes specific financial and policy actions with this budget, as well as changing service delivery and financial planning assumptions. Each of these actions has policy options for the Council to make during this budget process.

**Issue 5.1 Defer future transit service**

Policy Question: Should non-RapidRide and non-Partnership Transit Now service be deferred?

With the global recession, forecasted sales tax revenues for transit have dropped significantly. This has caused a need to reduce all areas of transit operations, including transit service. Specific to Transit Now, 177,000 hours worth of transit service cannot be funded or deployed just due to the drop in sales tax revenue.

In addition to this drop in fundable service, the Executive has proposed indefinitely deferring another 140,000 service hours of High Ridership Corridor and Developing Areas, Transit Now service.

Deferral of this service will result in $7 million of operational savings in this biennium, as well as bus purchase savings as identified in Issue 5.2 below. This policy decision is a balancing act between the two options facing the Council 1) maintain existing service at the expense of not being able to expand service through Transit Now, or 2) cut existing service to be able to fund the expanded services contained within the Transit Now program.

**Option 1:** Approve as transmitted

**Option 2:** Do not defer this service

**Option 3:** Defer 140,000 non-Partnership, non-RapidRide Transit Now service hours to years 11-16 by extending the Transit Now Implementation Plan.

**Issue 5.2 Capital savings**

Policy Question: Should capital projects be deferred to “flatten” cash needs and capital acquisitions be reduced to reflect operational reductions?

Deferral of capital projects will result in a $3.4 million transfer from the Capital Subfund to the Operating Subfund for this biennium. Additionally, reducing bus purchases concurrent with bus service reductions will make an additional $24 million potentially available for future transit operations.

**Option 1:** Approve as transmitted

**Option 2:** Accept the Executive-proposed reductions and consider further reductions identified during the Council’s current budget deliberations.

**Issue 5.3 Non-transit service reductions**

Policy Question: Should non-transit service programs be reduced by approximately 10%?

Reduction of these planned services and positions will result in a savings of $13 million. These include eliminating the 27 vacant FTE and program reductions such as:

* Frequency and type of Park & Ride maintenance
* Future transit security plans, coupled with a redeployment policing resources based on need/activity
* Quantity of printed materials/schedules
* Frequency of steam cleaning of buses (does not affect daily cleaning)

**Option 1:** Approve as transmitted

**Option 2:** Approve as transmitted; plus reduce 43 FTE, based on vacant position analysis, resulting in $8 million in biennial savings.

**Issue 5.4.A Enact a property tax for public transportation**

Policy Question: In a tax neutral manner, should the King County Council enact a $0.055 per $1,000 of assessed value property tax for public transportation purposes?

In 2009, the State of Washington authorized a property tax for public transportation purposes up to $0.075 per $1,000 of assessed property value. The first penny of which must, pursuant to state law, be dedicated to the State’s Urban Partnership on SR 520.

Based on current valuations, it is estimated that each one cent of property tax will generate approximately $3.3 million, which is the equivalent of approximately 33,000 transit service hours. If the full property tax authority were enacted, $24.75 million could be generated - $21.5 million of which would be available for the County’s discretionary public transportation purposes. The policy decision on this matter will be made when the Council votes to levy taxes for 2010. The Executive has proposed levying a 5.5 cents per $1,000 of assessed valuation. This would be offset by reductions elsewhere.

**Issues 5.4.B Broaden the use of Transit Now funds**

Policy Question: Should Transit Now funds be dedicated to existing public transportation services including but not limited to existing bus service?

This issue is linked with issues 5.1 and 5.2 above. Proposed Ordinance 2009-0534, as transmitted by the Executive, would amend Transit Now to fund any general transit purpose until transit service hours return to current levels. This would allow for an implementation of a Transit Now service deferral and subsequently and free up approximately $80 million through 2016 that could be used to fund any general transit purposes.

This issue is before the Regional Transit Committee for discussion and possible action November 5, 2009.

**Option 1:** Approve as transmitted

**Option 2:** Direct staff to analyze whether the existing Transit Now policy can stay the same, and use some of the Transit Now funds only to shore-up the underlying RapidRide service, which is currently funded with general transit funds. Additionally, if this proves feasible, extend the Transit Now Implementation Plan as many years as is necessary to fully implement the deferred 140,000 Transit Now service hours in accordance with service implementation policies. This could eliminate the necessity to amend the Transit Now ordinance and the Council could simply amend the service implementation plan.

**Issue 5.5 Operating Reserves**

Policy Question: Should the Transit Division’s policy to maintain a 30-Day Operating Reserve be amended to reduce this to a 2-week operating reserve while addressing the financial gap?

Amending this policy will result in a $32 million not dedicated in the financial plan and thereby available to address the underlying gap.

This issue is before the Regional Transit Committee for discussion and possible action November 5, 2009.

**Option 1:** Approve as transmitted. This is consistent with the Executive’s budget proposal.

**Option 2:** Do not change the 30-Day Operating Reserve Policy. This would require the identification of $32 million in additional revenues or service cuts.

**Issue 5.6 Fare Increase**

Policy Question: Should a $0.25 “across the board” fare increase be enacted for 2011?

With a fare increase to regular adult fares already approved for 2010, Proposed Ordinance 2009-0572 increases fares to all fare categories by $0.25 in 2011. This proposed increase will generate $12 million annually beginning in 2011. The actual fare decisions will be handled through the fare ordinance, however, staff have included the various options below.

**Option 1:** Do not increase fares in 2011

**Option 2: Approve as transmitted including the following elements:**

* Approve regular adult fares as transmitted for $9.15 million annual revenue
* Approve senior/disabled fares as transmitted for $1.42 million annual revenue
* Approve youth fares as transmitted for $1.73 million annual revenue
* Approve all-day pass fares as transmitted for $0.4 million annual revenue

**Option 3:** Approve as proposed but retain the senior/disabled annual pass at a higher price as the first step in phasing it out over several years. Through a proviso, direct the Transit Division to engage Sound Transit and other regional transit agencies in a 2010 effort to standardize fares. Setting discounted fares at a percentage of adult fares could be considered in that process.

**Issue 5.7 Revenue Fleet Replacement Fund**

Policy Question: The Auditor identified approximately $100 million of excess fund balance in the Revenue Fleet Replacement Fund. Should the Transit Division use these funds over the course of the proposed financial plan to reduce immediate service reductions and optimize the financial plan?

Under the Executive’s proposal, $45 million of the $100 million would be transferred to the Transit Operating Fund in the 2010/2011 biennium.

**Option 1:** Approve as transmitted

**Option 2:** Approve as transmitted; but direct staff to work with the Executive to use this fund to optimize the financial plan based on any Council-directed changes to the Executive’s 9-Point Plan. This could result in an adjustment prior to final adoption.

**Issue 5.8 Performance Audit Efficiencies**

Policy Question: Should the Transit Division implement the scheduling efficiencies identified in the findings of the 2009 King County Auditor’s Transit Performance Audit; and should savings, when efficiencies are implemented, be used to reduce planned transit 310,000 2010/2011 biennium service hour reductions (Issue 5.9)?

The Auditor has identified that up to $23 million in scheduling efficiencies could be found through a different style of scheduling, and the Executive has generally agreed with these Auditor findings. The Division has planned a measured approach in which no savings are assumed for the biennium. But the Division commits that to using any audit-related efficiencies to reduce the size of planned service reductions. Specifically, the Division is planning an efficiency implementation test beginning in February 2010, which will inform their planning for future efficiencies.

**Option 1:** Approve as transmitted

**Option 2: Budget for Audit Savings**.Using the Executive’s timeline for 2010/2011 service hour reductions, direct the Division to implement at least 50,000 service hours of efficiency in September 2010, and at least 50,000 service hours of efficiency in June 2011. This would result in at least $8.8 million of savings during the 2010/2011 biennium.

NOTE: On an annualized basis these 100,000+ service hours of scheduling efficiency represent less than half of the potential savings identified by the Auditor.

**Issue 5.9 Service Hour Reductions**

Policy Question: Should Transit reduce 310,000 hours of service during the biennium?

The Executive has proposed to reduce 310,000 hours of transit service during the biennium, which would be the equivalent of a 9% reduction in the transit system. As represented by the Executive, this proposal would result in saving $20.3 million during the biennium and more than $30 million each year thereafter.

It is also important to note that these proposed reductions have raised policy questions regarding allocation of new service (also referred to as “40/40/20”) and system-wide service reductions.

**Option 1:** Approve as transmitted

**Option 2:** Authorize only 50,000 hours of service reductions for February 2010 (with the Executive utilizing his administrative authority). This would result in $9.2 million of savings for the biennium.

**Option 3:** As this single service reduction does not solve the longer term financial gap, direct staff to develop a proviso calling for a 2010 stakeholders process to engage stakeholders such as King County, the Regional Transit Committee, the cities of Seattle and Bellevue, the Suburban Cities Association in an effort to develop policy framework for service hour reduction and restoration to then be considered by the Regional Transit Committee and the Council. This effort should also include up to $100,000 for technical assistance.

**Road Services Division**

**Budget Table\***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2009 Adopted | 2010 Proposed | % Change 2010 v. 2009 | 2011 Proposed | % Change 2011 v. 2010 |
| Budget Appropriation |  | | | | |
| Roads Operating | $83,684,758 | $88,835,836 | 6.20% | $90,550,452 | 1.90% |
| Road Construction Transfer | $42,609,744 | $38,789,633 | -9.00% | $33,608,151 | -13.40% |
| Stormwater Decant | $917,830 | $609,230 | -33.60% | $627,507 | 3.00% |
| Roads CIP | $58,847,000 | $202,019,000 | 243.30% | $42,708,000 | -78.90% |
| FTEs | 605.4 | 588.55 | -2.80% | 588.55 | 0.00% |
| TLTs | 10.75 | 9.75 | -9.30% | 9.75 | 0.00% |
| Estimated Revenues | $128,393,848 | $127,372,539 | -0.80% | $127,881,971 | 0.40% |
| Major Revenue Sources | Road levy, share of state gas tax receipts, reimbursable fees for service, grants, asset sales | | | | |

\*Budgets contained within this budget table are transitioning from an annual budget to a biennial budget with this budget cycle.

**Contras in the Budget**

**Operational Shutdown** **Contra** - $ 656,512

**Issue: Roads Capital Improvement Program (“CIP”) – South Regional Maintenance Facility**

At the third meeting of the Physical Environment Panel, members requested more information regarding the South Regional Maintenance Facility project costs. Revenues for the construction of this replacement facility are the proceeds from the sale of the current maintenance facility property commonly referred to as “Summit Pit.” The Summit Pit land sale is expected to generate $47 million in revenue to the Roads Service Division (“RSD”) (net of the $4 million Elk Run Golf Course lease buyout). As currently contemplated by the executed Purchase and Sale Agreement (“PSA”), the purchaser will be making annual partial payments, scheduled over a period of several years, with the first payment of $16 million to be received in 2011.

The sale requires the relocation of all functions currently located at Summit Pit, a major RSD maintenance facility. The replacement facility is the **South Regional Maintenance Facility (CIP #300808)**. Estimated costs of the South Regional Maintenance Facility have risen to $41.6 million in County costs (this assumes $5 million of the total $46.6 cost will be covered by a projected Department of Energy grant). For the biennium, RSD is only asking for authority for 2010, in the amount of $7,491,000 is requested.[[1]](#footnote-1) This amount will pay for the design, permitting, the purchase of the Ravensdale property and surrounding rights-of-way, and construction of the necessary road infrastructure to allow for access to the building site, all to be performed during the year of 2011.

Executive staff have provided the following information to account for the $46.6 million cost to develop the South Regional Maintenance Facility project.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Element | Prior years | 2009 | 2010 | 2011-2013 | Total |
| 100% design | $ 88,662 | $2,008,338 | $2,052,000 |  | $ 4,149,000 |
| Permits/application fees, non-DDES agencies | $557,968 | $2,623,032 | $1,070,000 | $ 1,146,000 | $ 5,397,000 |
| Acquire Ravensdale site and ROWs & County forces used to acquire | $ 8,051 |  | $3,260,000 |  | $ 3,260,000 |
| Access road & facility construction | $ 986 |  | $1,035,000 | $29,436,000 | $30,471,000 |
| 1% for Art | $ 13,000 | $38,000 | $74,000 | $ 304,000 | $ 429,000 |
| Construction eng. |  |  |  | $ 2,911,000 | $ 2,911,000 |
| **Total** | **$668,608** | **$4,660,392** | **$7,491,000** | **$33,797,000** | **$46,617,000** |

RSD reports that the full amount of design dollars is necessary to ensure that it can get its permitting on time to be able to construct the new facility starting 2011. If all the critical dates were delayed a year, construction on the new facility would start in 2012

The total project cost could be revised downward after the current “schematic design” phase is completed (projected to be the end of April 2010). At that point, some of the multiple contingencies included in the current cost estimate may be resolved.

In addition to appropriations for the South Regional Maintenance Facility, the Executive’s proposed budget includes these Summit Pit-funded requests in 2010 and 2011:

**Summit Pit-Backed Appropriations, 2010-2011 (Executive Proposed)**

|  |  |  |
| --- | --- | --- |
|  | 2010 | 2011 |
| Skykomish Shop Repairs | $228,000 |  |
| Renton Energy Efficiency Improvements | $346,000 | $496,000 |

**One-Year Delay Request** – the purchaser of the Summit Pit property has asked for a one-year delay in the transaction, which would result in RSD not receiving the first payment of approximately at the earliest – April, 2012. Staff asked RSD to provide expenditure paths for three alternatives: (1) the current Purchase and Sale Agreement (PSA), and (2) a one-year delay for all parties.

In response to a request from council staff to project what the costs would be if the PSA were extended a year, Executive staff prepared a “Version 12” funding appropriation for the South Regional Maintenance Facility. RSD and OMB currently estimate the net impact of a one-year delay to be $1.2 million ($900,000 in higher interfund borrowing costs and $300,000 in construction cost escalation).

RSD stated that in order to stay on the current construction schedule, all of the facility design must be completed in 2010 to allow for the permitting to be complete before construction of the facility starts in the spring of 2011. In order to access, the facility construction site, road right-of-way acquisition and road improvements must be made. As currently planned, this work will start in the Fall of 2010.

If the project is delayed a year, the start date for all of the work can also be pushed back the corresponding year, with the road construction beginning completed in the Fall of 2010 and the facility construction beginning in the Spring of 2012.

To illustrate how the transmitted budget request differs from the Version 12, the first table breaks the 2010 appropriation request of $7,491,000 into expenditure categories. The second table breaks down Version 12.

|  |  |  |
| --- | --- | --- |
| **Executive Proposed 2010 Budget Request** | 2010 | 2011 |
| Design – contract architects and engineers | $2,052,000 | $0 |
| Permits/application fees, non-DDES agencies | $1,070,000 | $0 |
| Acquire Ravensdale site and access road property | $3,260,000 | $0 |
| Construction: road | $1,035,000 | $0 |
| 1% for Art | $74,000 | $0 |
| **Total** | **$7,491,000** | **$0** |

|  |  |  |
| --- | --- | --- |
| **Version 12 Proposal - One-Year Delay** | 2010 | 2011 |
| Design – contract architects and engineers | $2,052,000 | $0 |
| Permits/application fees, non-DDES agencies | $1,070,000 | $0 |
| Acquire Ravensdale site and access road property | $0 | $3,260 ,000 |
| Access road construction only | $0 | $1,087,000 |
| 1% for Art | $ 32,000 | $ 43,000 |
| **Subtotal** | **$3,154,000** | **$4,390,000** |
| **Total $7,544,000** |  |  |

Because Version 11 would delay access road construction, the Executive has included an inflationary factor to these activities, adding $53,000 to the projected costs. Again over the course of the life of the project (2009-2013), Executive staff has concluded that it will cost the County an additional $1.2 million (which includes this $53,000 construction escalation) for a one-year delay. Under Version 12, construction of the facility would not begin until 2012.

Based on the information provided to date, staff has identified these options:

**Option 1:** Pass as proposed.

**Option 2: Version 12 - appropriate funding for the south regional maintenance facility based on a one-year delay –** Adopt the Executive’s “Version 12” alternative funding proposal for the South Regional Maintenance Facility (CIP #300808), which assumes negotiation of a one-year delay for all parties. If the amendment is not achieved and the parties proceed as the PSA is now written, the Executive could come back with a supplemental appropriation to keep pace with the current PSA move out date.

**Option 3:**: **Version 12 - appropriate funding for the south regional maintenance facility based on a one-year delay but with an expenditure restriction –** Adopt the Executive’s “Version 12” alternative funding proposal for the South Regional Maintenance Facility (CIP #300808), which assumes negotiation of a one-year delay for all parties; but restrict the use of the funding until the PSA amendment is negotiated. This could give the Executive incentive to complete the negotiations on the PSA amendment.

**Option 4: delete south regional maintenance facility funding until an amendment to the psa can be reached –** Deletion of the entire $7,491,000 funding request for CIP #300808 and $145,000 in Property Sale Transaction Cost funds. Currently, the fund balance in project # 300808 is approximately $3 million dollars. This means that totally deleting the requested 2010/11 appropriation would not stop RSD from moving forward with design. However, it would mean that the Executive would have incentive to complete the negotiations on the PSA amendment thus justifying a supplemental appropriation. A supplemental request could be brought forward early in the year. Again the is some risk that already-appropriated funds would be insufficient for design and permitting work to keep pace with the one-year delay schedule.

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**DEPARTMENT OF NATURAL RESOURCES AND PARKS**

**Division/Program Name- wlrd/surface water management-local drainage**

**Budget Table**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2009  Adopted | 2010  Proposed | % Change 2010 v. 2009 |
| Budget Appropriation | 22,792,340 | 22,836,887 | 0.02% |
| FTEs | 109.4 | 105.4 | -3.6% |
| TLTs | 2 | 2 | 0 |
| Estimated Revenues | 22,856,525 | 22,900,541 | 0.02% |
| Major Revenue Sources | * Surface Water Management Fee * General Fund * Other | | |

**Contras in the Budget**

**Operational Shutdown** **Contra** -$316,965

**issue**

**issue – support for farmers markets**

In recent months, Council members have expressed concerns about the viability of farmers markets and requested additional information about the level of direct King County support over the years, as well as, potential steps for improving their economic viability in the future.

In regards to direct support, when the County had its Arts and Natural Resources Initiative funding, grants to individual farmers markets were provided by the Agriculture Program. However, when that funding was depleted in the mid-2000s, the Agriculture Program discontinued that grant support.

Since 2006, the County began providing “pass through” funds ranging between $30,000 and $50,000 to support farmers markets within the Community Services Division’s (“CSD”) operating budget. The funding was typically not included in the Executive-proposed budget, but were Council additions using General Fund resources.

The funding was allocated either in specific amounts to identified farmers markets or to a single umbrella group entitled “Puget Sound Farmers Markets.” In the 2009 CSD budget, the funding went to three specific farmers markets:

* $15,000 for the Bellevue Farmers Market,
* $5,000 for the Mercer Island Farmers Market and
* $10,000 to the Kirkland Downtown Association for the Kirkland Farmers Market.

During the third Physical Environment Panel meeting, Councilmember Hague outlined that this year there will be no ability to use “discretionary funding” for the farmers markets and inquired what the Marketing and Economic Development section of the Agriculture Program is and could do to help fill this gap.

In response, the Executive states that currently, the section provides in-kind support, such as technical assistance and consulting advice to area farmers markets. In addition, the section participates in the Cascade Harvest Coalition and the Puget Sound Fresh program to support the viability of farmers markets.

In particular, the Puget Sound Fresh contract supports area farmers markets by providing:

* Funds for farmers markets that use the Puget Sound Fresh logo,
* Provide reusable shopping bags that farmers markets can customize, and
* A website that provides information about area farmer markets.

Council staff believes that this support is valuable, but that additional steps could be taken to further explore other support options.

Council staff also notes that the long-awaited FARMS report is due to be completed by the end of 2009. The FARMS report could provide additional valuable insights about the challenges faced by farmers markets. Building upon the FARMS report, discussions between representatives for farmers markets and Marketing and Economic Development section staff could produce suggestions for improving the long-term viability of farmers markets throughout the County.

**Option 1:** Adopt a budget for the Marketing and Economic Development section of the Agriculture Program with no additional provisions.[[2]](#footnote-2)

**Option 2:** Adopt a budget for the Marketing and Economic Development section with a proviso that requires the section to convene discussions with key groups representing farmer markets and farmers to determine steps that can be taken to improve the financial viability of farmer markets and to facilitate farmer access to such markets; and by April 1, 2010, provide a report identifying challenges and potential solutions identified by the discussion participants.

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**Solid Waste Division**

**Operating Budget Table**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2009  Adopted | 2010  Proposed | % Change 2010 v. 2009 |
| Budget Appropriation | $104,108,767 | $93,385,594 | -10.3% |
| FTEs | 419.91 | 401.72 | -4.3% |
| TLTs | 4 | 4 | 0 |
| Estimated Revenues | $104,598,682 | $93,089,676 | -11% |
| Major Revenue Sources | Waste Disposal Fees | | |

**contras**

**Operational Shutdown Solid Waste Operating Contra:** $450,968

**Operational Shutdown Solid Waste Post-Closure Landfill Maintenance Contra:** $2,330

**Total for Contras:** $453,298

**Issues**

**issue 1: audit recommendation for formal overtime policies**

State Auditor Recommendation: The Auditor asserted that the Solid Waste Division employees accrue significant amounts of unmonitored overtime hours and that the Division should adopt formal overtime policies specified in the Auditor’s report.

Solid Waste Response: The Division’s disagreement with the Auditor was more on the conclusions the Auditor reached based on a review of the Division’s current overtime policies. In response to the Auditor, the Division pointed out that 94% of overtime at transfer stations is to cover absences due to required training, sick leave and vacations.

Relying on the actual use of overtime, the Division did not concur that a formal overtime policy as proposed by the Auditor was either necessary or enforceable. However, the Division did indicate that it is considering a different overtime policy.

Staff Analysis: The Division has credible arguments against wholesale acceptance of the Auditor’s recommendation. However, after the Division has had an opportunity to investigate the ramifications of instituting an overtime policy, based on those portions of the Auditor’s recommendations that are not prohibited by law, the results should be reported to the Council.

**Option 1:** Accept budget as proposed.

**Option 2:** Include a proviso to withhold a specified amount of program funds requiring the Executive to submit a report by August 1, 2010, for Council acceptance, on: (1) the Solid Waste Division’s progress in implementing those Auditor’s recommendations with which the Division concurred and any actual or projected savings derived from such implementation, and (2) the Division’s development of a formal overtime policy.

**Issue 2: impact on public from proposed elimination of hour at factoria transfer**

**station**

At the third meeting of the Physical Environment panel, a member requested additional follow-up on issues related to the Division’s use of overtime and the cutbacks in transfer station hours. Specifically the member requested (1) a review of what branch of government has the authority to set the hours of operation for the transfer stations; and (2) what is the expected impact on small business owners relative to the earlier closing of the Factoria Transfer Station.

Authority to set hours of operation: Prior to 2003, the operating hours for the individual transfer stations were set in the King County Code (“KCC”) at KCC 10.10.020. Therefore, to make any change to the hours required Council action. As part of a major overhaul of the Code provisions governing the Solid Waste operations, KCC chapter 10 was amended, including changes to KCC 10.10.020. Now the Solid Waste Director is empowered to determine transfer station hours of operation, taking into consideration: stakeholder input, maintenance of high levels of customer satisfaction and environmental stewardship, and reduction of system-wide transfer costs. As part of that amendment, KCC 10.10.020 requires that urban transfer stations be open to the public from 9 am to 4 pm, seven days a week; and rural transfer stations be open 9 am to 4 pm, at least four days a week, with one of those days on the weekend. To change hours, the Solid Waste Director must follow the notice requirements set forth in KCC 10.10.025. Staff believes the Director has complied with the notice requirements in instituting the proposed changes.

Proposed Cutback in Transfer Station Hours of Operation: There are two proposed major cut back in hours proposed to go into effect on January 2, 2010: (1) eliminating the hours of 4 pm – 11:30 pm Monday through Friday at Factoria; and (2) eliminating the hours of midnight to 7 am on Saturday at Bow Lake. A member wanted to know whether the effect closing early at Factoria on those using the transfer station during that time frame, especially on small business owners, was adequately considered in developing this proposal.

Transfer Station staff reductions[[3]](#footnote-3) at Factoria associated with this change include the elimination of three positions: one scale operator and two transfer station operator positions, at a savings of $419,952. The Division reports that the evening hours were originally established in response to a request from commercial haulers. Over the course of the last few years, commercial haulers have used the Factoria station less and less. Commercial haulers are moving over to Bow Lake that is open 24 hours every weekday, because over the course of the past few years their runs are starting earlier in the mornings, more conducive to dumping in the mornings at bow lake than in the later part of the evening at Factoria.

The Division reports that in the in the 4 pm to 11:30 pm time block, for the period January 1-August 31, commercial haulers loads have declined by over two thirds—from 3148 in 2008, to 972 in 2009.

Illustrating this decline can be seen in the table below

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Total Number of Commercial Loads Delivered**  **Factoria Transfer Station**  **October 1 - October 12 / 4:00pm-11:30 pm Shift.** | | | | |
| Year | **2006** | **2007** | **2008** | **2009** | |
| # of Loads | 171 | 190 | 118 | **72** | |

For self-haulers with established billing accounts (primarily small business owners), the Division reported that through August 31 of this year, there have been a total of 43 transactions between the hours of 4 pm to 11:30 pm or approximately one every 5.6 days. For cash accounts, characterized as the general public/residential user, there were on average 70 self-haul transactions occur daily in the 4-11:30 time frame, with most occurring between 4 and 7 p.m.

A breakdown by hour (January being the least busy month and August being the busiest month) for the small business and general public customers can give an overview:



It appears that the group most affected by the change will be those cash customers that that dump between 5 pm and 7 pm on weekdays. This customer segment is most expensive to serve and generates the least revenue.

In accordance with KCC 10.10.025 (notice requirements),[[4]](#footnote-4) the Division has provided the public the opportunity to comment on the proposed changes to the transfer hour changes. The Division has received responses via its website and telephone calls. Of the seven emails received, all expressed concern about the impacts of the reduced hours on working people who would find it difficult to get to the transfer station before 4:30 pm. Five of the emails, requested that hours be extended at least through 7 p.m.

Five telephone calls were received, again opposing the new closure time. Of the five callers, two self identified as contractors and one a nursery owners.

The question was posed to the Division the cost to keep the Factoria Transfer Station open to 6:30 pm on two weekdays. The Division’s flexibility in implementing non-standard shifts appears to be somewhat constrained by labor considerations. Either the Division would have to (1) add staff and do split shifts, thereby eliminating the labor reduction or (2) solicit regular part time employees for overtime. Pursuant to the current CBA, overtime “call-out” is for a minimum four hour shift and would cost $40,363 annually and based on the data not be off-set by the potential revenue generated. Additionally, such service would not necessarily be regular, since such call-out is voluntary. If no one took the extra time, the station would have to be closed early anyway.

**Option 1:**  Accept budget as proposed.

**Option 2:** Proviso the Solid Waste budget with a requirement that the Division evaluate all costs and benefits associated with providing limited access hours after 4 pm on weekday(s) at the Factoria transfer station. The results of this evaluation would be delivered in report form to the Council for its review and acceptance. The report should target the heaviest use periods after 4 pm weekdays, and should address hours, costs, and means of providing required resources. The report should be provided to the Council by February 15, 2010.

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**Division/Program Name- WasteWater Treatment Division**

**Operating Budget**

**Budget Table**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2009  Adopted | 2010  Proposed | % Change 2010 v. 2009 |
| Budget Appropriation | $ 102,916,802 | $109, 858,272 | 6.7% |
| FTEs | 598.7 | 597.7 | (.1%) |
| TLTs | 32 | 33 | (3%) |
| Estimated Revenues | $ 321,723,000 | $329,160,000 | 2.3% |
| Major Revenue Sources | * Customer Charges * Investment Income * Capacity Charge * Rate Stabilization * Other Income | | |

**Contras in the Budget**

**Contra – Operational Shutdown Savings:** $1,105,081

**Issue 2 – Operational efficiencies**

Council staff briefed the Physical Environment Panel at its third panel meeting of potential operational efficiencies or savings that might be achieved in the Wastewater Treatment Division (“WTD”) operating budget. The following are responses to related questions raised at the briefing.

1. **Start-up of the Brightwater Treatment Plant**

***Question 1 - What is the status of the Department of Ecology’s directive to provide additional wastewater treatment capacity or face potential building moratoriums in King and Snohomish Counties?***

The Washington State Department of Ecology (“Ecology”) Ecology recommended King County provide additional treatment capacity by 2010 or as soon thereafter as possible to handle wastewater flows in King and southern Snohomish County. Since then, Ecology has not changed its position with respect to the timing of the Brightwater project.

Ecology continues to watch the project schedule; and WTD provides regular updates to Ecology on the construction progress particularly around the delays that have been associated with tunneling progress. Now that there is increased pressure on the South Treatment Plant, as a result of the potential flooding in the Green River Valley, Ecology is expected to watch the schedule performance more.

***Question 2 - Do Wastewater Treatment debt service payments fall off in 2015?***

No. Although much of the old METRO debt was structured to be retired in 2015/2016, in 1986 when the old METRO board voted to extend its service contracts with the sewer districts and cities to 2036, it began to adding new debt through 2036.

When METRO merged with the County, additional debt was taken on. Chart 1 shows that bonded debt, particularly between 2004-07 was structured such that the 2015 fall-off or “valley” was progressively filled-in, resulting in a constant level of debt service from 2015 on.



**Chart 2** (below) shows the patterns of the debt service from bonds issued in 2008 and 2009. This two year period represents the peak activity and borrowing period for the Brightwater Treatment System project to cover expenditures of approximately $ 1 billion in the two year period.

The chart shows debt service payments increasing between 2008 and 2013 because King County used financing strategies (interest-only payments and capitalized interest on the bonds) to “ramp up” the interest payments over a 5-year period thereby “smoothing” sewer rate increases. Expenditures and bond issuances post-Brightwater construction are projected to be much less and will put less incremental pressure on sewer rates.



***Questions 3 - What are the options or potential benefits of refinancing debt in 2010? What debt issuance or bonds are planned for 2010?***

Currently, the market conditions and interest rates on municipal bonds are not sufficiently low to meet the savings threshold to provide financial benefits by refunding earlier issues.

The long-standing policy is that King County refinances existing bond series if there is a 5 percent present values savings on debt service. The current municipal bond market will not allow for that level of savings. If conditions allow, the County is very aggressive in refinancing, however, any one refinancing will not have a dramatic impact on the debt service payment or the monthly rate.

***Questions 4 - Is there an estimate of how the costs incurred by the Wastewater Treatment Division for preparations for Green River Valley flooding will impact the sewer rate for 2011 (and beyond)?***

Currently, WTD’s expenses associated with preparations for possible flooding of the Green River for this first flood season only will be reflected in an approximately $.30 increase in the monthly sewer rate in 2011 and 2012. Expenses associated with subsequent seasons have not yet been estimated and would result in further rate adjustments.

1. **Conversion to Sodium Chlorite Use at West Point Treatment Plant**

***Are there Department of Ecology “permit issues” related to the conversion from the use of chlorine vs. sodium chlorite at the West Point Treatment Plant?***

King County received an order from the Ecology in July 2008, as a component of the issuance of the NPDES permit for West Point Treatment Plant. The order directs WTD to undertake a study to address West Point’s “effluent disinfection failures,” including an alternative to replace the gas chlorine system with a sodium hypochlorite system or other non-gas chlorine system.” The deadline for submittal of the study to Ecology is December 1, 2009. The deadline to begin implementation of the alternative is December 1, 2010.

**WTD CIP Budget**

**Budget Table**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2009  Adopted | 2010  Proposed | % Change 2010 v. 2009 |
| Budget Appropriation | $167,601,619 | $96,527,786 | -42% |
| Major Revenue Sources | * Parity bonds * Variable Debt Bonds * Grants & Loans * Other * Transfers from Operating Fund * capacity charge revenues | | |

**Issue 1 – Capital Project Scope changes and Deferral**

**2010-004 Phase II Odor Control at South Treatment Plant ($500,000)**

***Question - Is this project appropriate for the Auditor’s Office Capital Oversight program to “comment on” or provide oversight?***

This project is entering the planning phase for additional odor control. It has a preliminary cost estimate of $33 million. The options for odor scrubbing technologies and construction of odor containment facilities *may* have sufficient risk and complexity to merit involvement of the Capital Oversight program. The Council could direct an initial evaluation of the project be added to the Auditor’s work program to determine if the project should be assigned to the Capital Oversight program.

|  |  |
| --- | --- |
| **Issue Area:** | **Health & Human Services** |

Public Health & Medical Examiner

**Budget Table**

|  |  |  |  |
| --- | --- | --- | --- |
| **Public Health & Medical Examiner** | **2009**  **Adopted** | **2010**  **Proposed** | **% Change 2010 v. 2009** |
| Budget Appropriation | 191,749,227 | 194,842,108 | 1.6% |
| FTEs | 1,284.56 | 1259.59 | (1.9%) |
| TLTs | 14.63 | 16.13 | 10.3% |
| Estimated Revenues | 191,597,466 | 194,842,108 | 1.7% |
| Major Revenue Sources | County General Fund; Federal & State funding; City of Seattle contract funding; Private foundation grants; Permit fees | | |

**Issues**

**Issue 1 – Children & Family Commission/Safe Communities $(359,683)**

The 2010 Proposed budget for Public Health includes about $1.2 million and 2.00 FTE for the Children & Family Commission. The appropriation authority for the Children & Family Commission is backed by County General Fund. The table below shows the proposed change in the Children & Family Commission resources since 2008:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2008 Adopted** | **2009**  **Adopted** | **2010**  **Proposed** | **% Change 2010 v. 2009** |
| Budget Appropriation | $1,744,693 | $1,387,653 | $1,161,155 | (16.3)% |
| FTEs | 2.00 | 1.50 | 2.00 | 33.3% |

The Children & Family Commission was established in King County Code in 1988. The County is not required by State law or other mandates to establish or fund the Commission. King County Code establishes the duties of the Children & Family Commission, which were last revised in 2000. KCC 2.50 delineates the current duties of the Children & Family Commission as:

* Act in an advisory capacity to the county executive, the superior court and county council, focusing on recommendations to further define King County’s mission, role, and goals in provision of services to children, youth and families;
* Build links between the county’s service systems, communities and schools;
* Provide oversight and review of county programs providing services to children, youth and families;
* Promote cooperation among departments and evaluate the effectiveness of programs;
* Oversee implementation of the King County Framework Policies for Human Services and any other County policies concerning children, youth and families;
* Provide advice and offer recommendations on services for at-risk youth in the community and in the juvenile justice system.

Since these duties were last revised in 2000, the County has instituted several significant changes in policies and services affecting youth and families such as:

* Adopting operational master plans and policies for the adult and juvenile justice systems and for public health;
* Revising the County’s Framework Policies for Human Services;
* Significant reductions in the population in the juvenile detention center due to cooperation among criminal justice agencies in utilizing preventive measures and alternatives to incarceration;
* Passage of the veterans and human services levy

In addition to these changes, the County’s recent financial challenges have resulted in reductions in funding for discretionary human services, which in turn have required careful prioritization of remaining funds. As the County’s criminal justice, health, and human services systems have evolved over time, it is not clear how the activities and duties of the Children & Family Commission correspond to these changes in policies and service systems.

**Option: Include a proviso in the budget that requires the Executive to report on the activities and duties of the Children & Family Commission as they relate to the County’s adopted human services, public health, and criminal justice policies and systems.**

The 2010 Proposed budget would reduce funding for the Children & Family Commission, from $1.4 million in 2009 to about $1.2 million in 2010 (all General Fund). The Children & Family Commission typically allocates funding through a competitive Request for Proposals process. The Department indicates that the Children & Family Commission will not allocate funding in 2010 based on a competitive request for proposals because of time and funding constraints. Instead, the Commission will evaluate 2009 programs and realign funding in 2010 based on that evaluation. The table below shows the Children & Family Commission’s 2009 allocation of funds:

**. 2009 Children & Family Commission Expenditures**

|  |  |
| --- | --- |
|  | **2009 Adopted** |
| **Safe Communities** | **$455,600** |
| Center for Human Services | 80,000 |
| Learning Disabilities Assoc. | 72,000 |
| Renton Youth & Family Services | 63,500 |
| Southwest Youth & Family Services | 62,000 |
| Safe Futures | 58,000 |
| City of Auburn | 50,000 |
| Powerful Voices | 40,100 |
| Youth Eastside Services | 30,000 |
| **Healthy Families** | **$545,078** |
| Healthy Start | 280,078 |
| Latino Nurse Home Visiting | 125,000 |
| Nurse Family Partnership – 6 months | 112,500 |
| King County Work Training | 27,500 |
| **Community Partnerships** | **$208,000** |
| Irreducible Needs | 75,000 |
| Portal to Partners | 58,000 |
| SOAR | 50,000 |
| Communities Count | 25,000 |
| **Program Staff & Administration** | **$288,975** |
| **2009 TOTAL** | **$1,497,653** |

As shown in the table, in 2009 about $1.2 million was contracted out for programs and about $288,000 supported administrative costs including 1.50 FTEs who staff the Commission. In 2010, the FTE support for the Commission is proposed to increase to its historic level of 2.00 FTEs.

The reduction from the 2009 adopted budget for the Children & Family Commission to 2010 Proposed is $226,498. The Department reports that the Commission’s intent is to take a $359,683 reduction in the Safe Communities program area. It is not yet known how the remaining funds will be allocated among the other programs.

Both the Safe Communities programs and most of the Healthy Families programs are contracted services that reduce youth involvement in the criminal justice system. This is one of the priority service areas in the County’s adopted Human Services Framework Policies.

**Option 1: Adopt as proposed.**

Any of the options below could include a reduction in FTE authority for staffing of the

Commission. Funds proposed to support FTEs could be reallocated to programs.

**Option 2: Provide guidance to the Children & Family Commission through proviso or expenditure restriction on how the 2010 funds shall be allocated across program areas as identified in the County’s Human Services Framework Policies. Reallocating of the Commission’s funds may result in the funding of programs and priorities, such as domestic violence and sexual assault survivor services, than are not included in the Children & Family Commission’s 2009 allocation of funds.**

**Option 3: Proviso the proposed $1.2 million appropriation for the Commission, contingent on Council review and approval by motion of the Children & Family Commission’s recommended allocation of funds in 2010.**

**Option 4: Disappropriate $1.2 million in funds, place in a designated reserve in the Public Health Fund and require the Executive to transmit a supplemental appropriation ordinance that would specify the allocation of funds in 2010.**

**Option 5: Directly allocate $1.2 million, or some portion of $1.2 million, in the 2010 adopted budget to specific programs as determined by the Council.**

**Contras in the Budget**

**Operational Shutdown Savings Contra**  PH = $3,823,322

**Total for Contras:** $3,823,322

**Emergency Medical Services**

**Budget Table**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2009  Adopted | 2010  Proposed | % Change 2010 v. 2009 |
| Budget Appropriation | 68,379,512 | 67,594,788 | -1.15% |
| FTEs | 121.37 | 119.99 | -1.14% |
| TLTs | 0 | 0.50 | 0 |
| Estimated Revenues | 0 | 0 | 0 |
| Major Revenue Sources | Dedicated Excess Levy | | |

**Issues**

**Summary**

Listed below is a summary of 2010 Executive Proposed Emergency Medical Services (EMS) budget issues that have been reviewed by the Health and Human Services Panel.

1. **2010 property tax collection and levy rate** – Due to the decrease in property tax assessments, the levy rate is proposed to be set at its maximum limit of 30 cents per $1,000 of assessed value (AV). State law limits tax growth at 1% increase over the previous year. Because the rate for collection is capped by a voter approved levy and cannot exceed 30 cents, the property tax collections for EMS will not increase by one percent in 2010. *(One percent revenue growth would require a rate of almost 33 cents per thousand.)* Further, the one percent cap on revenue growth for the remaining years of the levy will be based on 2010. For the remainder of the levy period (2010 to 2013), the EMS fund will be collecting less than anticipated at the time of voter approval.
2. **Use of Reserves and Fund Balance** –Declining levy revenues were not anticipated when the levy was developed. As stated in the 2009 EMS audit, the lower than expected collection of this levy will require modification of the EMS financial plan in 2010 in order to access reserves or to otherwise address declining property tax revenues. It should be noted that the financial plan includes a requirement that the undesignated fund balance equal 6% of the annual revenues. Any changes to the reserves should maintain at least a 6% fund balance. Additionally, any financial plan revisions are intended to address declining revenues but to maintain expenditures that will support the planned level of services.
3. **Use of Contingencies** – In addition, the 2010 proposed EMS financial plan also includes contingencies for unanticipated needs, such as disaster responses. Changes to certain contingency assumptions could be considered based on analysis of the proposed financial plan.
4. **SEND Initiative** – The System Wide Enhanced Network Design (SEND) Initiative is a proposed five-year project to enhance the existing EMS electronic data network and to allow for centralized data collection that can be shared between EMS agencies, dispatch centers, hospitals, and the EMS Division. $625,193 is proposed in 2010 technology CIP program. Deferral of some 2010 project costs into later years could also be adjusted in the financial plan, which would require a change to the proposed 2010 CIP.

**Analysis**

As a reminder, the Council adopts the EMS financial plan annually as part of the adopted budget process. Any changes to EMS reserves would be reflected in the financial plan attachment to the adopted budget.

The following financial plan analysis assumes that EMS levy revenues will be collected at the maximum rate of 30 cents per thousand AV.

Staff analysis of the EMS financial plan has resulted in proposed changes to reserves and contingencies within the financial plan and **results in a $1,009,214 reduction in 2010 expenditure authority**.

The proposed changes to the 2010 budget authority of EMS will not impact 2010 regional services and strategic initiatives or reduce ALS (Advanced Life Support) allocations and BLS (Basic Life Support) methodologies. The proposed changes will allow the financial plan to maintain the 6% target fund balance for the EMS fund. The revised financial plan adjustments to achieve the expenditure authority reduction are listed below:

1. Reduction to ALS salary and wage contingency – The proposed plan includes $2.3 million for ALS salary and wage contingency. This reserve has not been accessed in recent years; consequently the contingency could be reduced to $1.5 million, which would maintain the contingency, but at a lower level.
2. Partial deferment of the SEND initiative – The SEND initiative is in its second year of a five year plan. The revised plan would defer some equipment costs into out-years, resulting in a $125,418 reduction to the 2010 capital improvement program (CIP) request.
3. Inclusion of levy taskforce planning – Ordinance 15862 was adopted by the Council in July of 2007. It directed that a taskforce be created to make recommendations for the next levy and strategic plan. The task force recommendations are due to the Executive and the Council in September 2012. The next strategic plan is due January 1, 2013. Specific funding for levy planning could be included in the revised financial plan. Along with including funding for the levy taskforce planning in the EMS financial plan, the Council may wish to consider adding a proviso in the 2010 budget that calls for a plan on the management of the taskforce body of work n 2011 and 2012.
4. Out-year increases for audit work – The Auditor is required to review EMS on an annual basis. The Executive’s proposal includes approximately $70,000 per year for this work. The revised financial plan could increase those costs to $90,000 in the last three years of the levy period. This would evenly distribute the 2008 unexpended costs and defer that expenditure to the later years.
5. Maintenance of disaster response funding – The contingency for disaster response could be lowered by $85,000, but maintained at $5 million per year.
6. Establishment of a reserve for retirement liabilities – The proposed Executive financial plan did not include planning for outstanding retirement liabilities. The revised plan would begin to reserve for these costs.
7. Reduction in diesel fuel reserves – The financial plan includes a reserve for increased diesel fuel costs to address rising gasoline costs. No funding was needed in 2008. In 2009, only $172,000 was used from the reserve. The Executive transmitted reserve was $1.5 million in 2009 and $2.4 million in 2010The revised plan would lower this reserve from $2.5 million to $750,000 in 2010 based on historical need.
8. Millage Reduction – The proposed financial plan did not include reserves to apply toward millage reduction. In 2007 when the levy was approved , the Council directed that a reserve be established to either lower rates in the final year of the levy period (2013) or to be used to reduce the rate in the next period (2014-2019). The revised plan would create a $5 million reserve in 2010 that could grow to at least $7 million in 2013 toward millage reduction.
9. ALS Provider Loans – This reserve is included in the EMS financial plan to help ALS providers with cash flow needs. Currently, one loan is being repaid and the repayment was not shown in the transmitted plan. The revised plan has been adjusted in the proposed plan to indicate the repayment assumptions.

The Council continues to discuss the impacts of the operational shutdown savings included in the Executive’s proposed budget. Based upon Council’s deliberations, adjustments to the EMS financial plan may be needed to implement policy decisions related to the operational shut down. Incorporation of these decisions could impact to the EMS financial plan, slightly adjusting the numbers discussed above.

**Option 1: Adopt as proposed.**

**Option 2: With the understanding that adjustments may be needed to reflect possible outstanding policy decisions, direct staff to:**

1. **reflect the adjustments to reserves and contingencies in the EMS financial plan,**
2. **reduce the SEND initiative in the technology CIP, and**
3. **reduce 2010 expenditure authority as indicated by the financial plan adjustments. *(approximately a $1 million reduction)***

**Contras in the Budget**

**Contra – Operational Shutdown Savings: ($136,510)**

**Major Maintenance reserve fund**

**Budget Table**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2009  Adopted | 2010  Proposed | % Change 2010 v. 2009 |
| Budget Appropriation | $7,564,677 | $10,286,106 | 27% |
| Estimated Revenues | $5,870,279 | $11,621,473 | 50% |
| Major Revenue Sources | Rents and contributions from General Fund & Non General Fund Agencies, long term obligation bonds | | |

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2009  Adopted | 2010  Proposed | % Change 2010 v. 2009 |
| GF Contribution | $3,086,939 | $8,567,303\* | 178% |
| Non-GF Contribution | $2,783,340 | $2,946,170 | 6% |
| Total | $5,870,279 | $11,621,473 | 98% |

\*The General Fund Contribution consists of a transfer from the General Fund of approximately $5.6 million and limited tax general obligation (“LTGO”) bond proceeds of $ 3 million.

**Issues**

**Issue 7 – status of carry-over projects and staff-to-project ratio**

Executive staff have provided information regarding the status of open projects both in Building Repair and Replacement (BRR) and Major Maintenance Reserve Fund (MMRF) and the estimated hours each Facilities Management Division (FMD) project manager will spend on those projects still open in 2010, but which no new funding has been requested.[[5]](#footnote-5) Based on the information provided to Council staff, FMD will have approximately 11,500 project management hours to dedicate to 2010 proposed projects.[[6]](#footnote-6) Note: This figure does not include the potential hours that could be available if the vacant project manager position were filled.

FMD estimates that it will only need 6,900 project manager hours for those BRR and MMRF projects proposed for new funding in 2010; leaving approximately 4,600 unassigned project management hours. Of the 4,600 hours, FMD is planning to use 3,360 hours as follows:

1. Reserving 1600 hours to respond emergent projects resulting from potential Green River flooding
2. Allocating 800 hours for “non-FMD” external work
3. Reserving 960 hours for implementation of the new project management software FMD is initiating in 2010 (FMD has also requested an FTE for this new program). In 2010, FMD plans to implement new software that will enable the division to better track projects and staff time and. It is anticipated that the new tool will enable more efficient management of projects and more timely reporting.

Approximately 1,240 project management hours remain unaccounted for in the 2010 proposed budget, not including the hours that may be available from project managers assigned to Parks projects.

The Council may wish to consider receiving quarterly reports from the Executive that would to account for project time. The reports could provide Council with a tool to evaluate FMD staffing and need for contingency hours as projected. Such reporting could also provide information on unresolved concerns raised by the Council during the 2009 budget deliberations regarding the MMRF backlog. This option is detailed under option two of issue one, below.

**Option 1:**  Approve budget as proposed.

**Option 2:** See Option 2 below.

**Issue 1 –2009 expenditure restriction related to backlog of mmrf projects**

In response to the Council’s finding made during the 2009 budget deliberations that historically MMRF experienced a carry-over rate of 85-100 percent over the previous ten years which was raised during 2009 budget deliberations, the Council included an Expenditure Restriction (ER) in the 2009 adopted budget for the MMRF fund. The ER required the Executive to submit, for Council approval by motion, a report with recommendations for a targeted maximum annual CIP carryover amount for the MMRF, as well as a plan and schedule by which to reach the targeted carryover amount. The ER also called for a comparison showing how the recommendation comports with the carryover percentages for the other flexible budgeting programs in King County.

On October 29, 2009, the Executive transmitted the required report and motion responding to the 2009 ER. The report does not set a targeted annual carryover amount. Instead, the Executive proposes to use a formula to expend a project’s appropriation over three years. For projects established in 2010 and in all subsequent years, the expenditure rate would be based on 30/60/10: 30 percent of a project’s budget expended in year one for design, equipment purchases and bidding out the construction; 60 percent expended in year two on construction and equipment installation; and ten percent expended in year three to complete construction and close-out. The 30/60/10 formula is a general approach; there would be exceptions to this rule, with some projects taking longer than the three year plan. Existing projects that are being carried over are not subject to the 30/60/10 approach; the Executive is proposing completion using a 50/30/20 formula. No explanations for this varied approach was provided.

The implementation schedule for the proposed new 30/60/10 approach is:

* Restructure MMRF Financial Plan to Report Target Expenditure Rates by Year of Appropriation: 12/31/09 Completion
* Develop Staffing Plan Correlated to Target Expenditure Goals: Complete by mid January 2010
* Monitor target expenditure rates: Develop tracking procedure to begin quarterly review for the first quarter of 2010.
* Maximize Use of Project Management Software to Track Expenditure Rates: FMD project management software scheduled to be operational in late 2010.

The report includes a chart and percentages of the other flexible capital funds. The report states that from 2005 to 2008, the MMRF carry-over was in the range of 52 percent as compared to other flexible fund balances of Roads (50 percent), WTD (74 percent), Solid Waste (74 percent) and WLRD (62 percent). These numbers do not comport with the findings of Council staff from last year. Due to the liming of the transmittal of the report to the Council, the figures have not been verified.

The 2009 reconciliation report has not yet been received. Therefore, the status of projects as measured against project completion schedules cannot be reported. However, based on information that has been provided, it is not clear how the new 30/60/10 approach would reduce the backlog of projects and thus the carry-over.

As noted, FMD is instituting a new project management software program in late 2010 to better track projects and resources, including project management resources. The Council may wish to consider requiring quarterly reports on the efficacy of the proposed 30/60/10 MMRF management model to address unresolved concerns over the MMRF backlog.

**Option 1:** Approve budget as proposed.

**Option 2:** Direct staff to develop a proviso to withhold a specified amount from the FMD director’s office, the release of which is contingent on the following: submission of quarterly reports on all capital projects managed by FMD including Parks, BRR and MMRF projects, to the Council for review and acceptance. The quarterly reports should include for each project: the current status, due date and whether the project is on time or delayed, the anticipated length of delay, reason for delay, the number of project management hours expended, and the amount of appropriation expended. The reports should include the original scope, budget and schedule for each project.

1. In its six year plan submitted last year, RSD had projected needing only $1.4 million for this project in 2010. [↑](#footnote-ref-1)
2. At the Physical Environment third panel meeting, the panel recommended the option that would reinstate Agriculture Marketing and Economic Support section’s 2 FTEs. The funding option selected was to reduce by $320,000 the undesignated WRL - local drainage fund balance to pay for these two FTEs [↑](#footnote-ref-2)
3. The positions being proposed for reduction are covered by the collective bargaining agreement (“CBA”) with Teamsters Local 174. That CBA requires any layoffs to occur according to seniority, with layoff procedures determined by a process managed through the Human Resources Division of Solid Waste. The procedure involves notification of the employee and the union, meeting with employee to receive any additional information, and notification of decision. Laid-off employees are eligible for the Referral and Placement Program, including active referrals to County positions for which they qualify, for a two year period. [↑](#footnote-ref-3)
4. The Division also received emails from stakeholders such as the cities of Kirkland, inquiring about additional customers at Houghton Transfer Station resulting from the early Factoria closing, and the City of Sea Tac, asking about traffic volume at Bow Lake Transfer Station prior to the start of construction at that station. Waste Management Co. also inquired about an impression that there was a reduction in weekday hours at Bow Lake. Solid Waste clarified that weekday hours at Bow Lake would continue to be 24 hours daily—which apparently addressed the Waste Management concern. [↑](#footnote-ref-4)
5. FMD was unable to identify what project manager would be assigned to the 2010 proposed projects or confirm that the project managers listed for existing projects would not be re-assigned. [↑](#footnote-ref-5)
6. Each project manager is estimated to charge a minimum of 1600 hours a year against projects. [↑](#footnote-ref-6)