

WHEREAS, the vast majority of these mandatory services are budgeted in the current expense fund, and

WHEREAS, the current expense fund is funded largely through property taxes, growth of which is capped at one percent per year, plus new construction, and

WHEREAS, as currently constituted, the rate of growth of expenditures paid for by the current expense fund is growing at a rate of 5.5 to 6.5 percent per year, and

WHEREAS, as currently collected, the rate of growth of revenues in the current expense fund is less than two percent per year, and

WHEREAS, absent major changes in the way King County does business or in its available revenues, or a combination of both, this gap between expenditure growth and revenue growth is anticipated to require annual recurring cuts to current expense programs of between fifteen million and twenty-five million dollars per year, and

WHEREAS, such recurring budget cuts will force continuing reductions in essential and mandated public services, and

WHEREAS, expenditures on law, safety, and justice programs make up seventy-five percent of the current expense fund expenditures and absent continued changes in the delivery of these services they will consume all current expense fund revenues by 2009, leaving no funds for other mandated and discretionary services such as assessments, records and elections, parks, human services and the legislative and executive branches of government, and

WHEREAS, the county has already taken leadership in addressing the fiscal crisis by implementing many changes including:

A. Enactment of the Juvenile Justice Operational Master Plan, which emphasizes prevention, intervention, and alternatives to secure detention that are cost-effective, promote justice, protect the public and help youth in trouble make responsible choices;

B. Enactment of the Adult Justice Operational Master Plan, which sets policy standards that reduce the use of secure detention, promote alternatives to detention such as work release, provide treatment options for substance abusing and mentally ill offenders and identify system and process efficiencies. These changes have reduced costs and promoted public safety;

C. Establishment of the community corrections division to ensure effective and efficient implementation of alternatives to secure detention;

D. Establishment of the priorities and process for the criminal justice council to identify system-wide policy and operational changes improving public safety and contributing to a balanced budget;

E. Systematic review of the jail health system in 2003, which is already improving inmate health care and reducing costs;

F. Restructuring of the district court administration, resulting in significant savings;

G. Establishment of policies on the prioritization of discretionary human services, with the highest priority services being those that either reduce involvement in the criminal justice system or increase the efficiency and effectiveness of criminal justice interventions, or both;

H. Significant reduction in the discretionary parks budget through elimination of over one hundred parks job positions, closure of parks during the winter, reduced maintenance, transfers of in-city parks and pools and implementation of entrepreneurial revenue-generating activities;

I. Development of a mid-term funding strategy for the regional parks system with passage of a voter-approved dedicated four-year property tax levy;

J. Restructuring of arts and cultural resources programs through a transfer of these programs to a cultural development authority outside of county government with greater flexibility in service delivery and revenue generation;

K. Reorganization of county administrative and overhead services to streamline the government and reduce costs;

L. Commitment of significant resources to investments in technology and infrastructure that will produce long-term savings through more efficient work flows and ensure public safety in county buildings;

M. Negotiation of a benefits package for county employees that significantly reduced the cost of employee benefits;

N. Continuation of sound fiscal management and financial policies that ensure the county receives high bond ratings and low costs of borrowing, including refinancing of debt to take advantage of current low interest rates. The resulting interest savings are thereby made available for direct services;

O. Enactment of flexible budgeting in certain capital programs that ensures these programs remain on-time and within budget; and

P. Involving county employees in reducing costs through a productivity initiative in which employees apply their knowledge and skills to create more efficient business practices, and

WHEREAS, these actions have allowed the King County executive and council to reduce spending by over ninety-three million dollars in the last two county budgets, and

WHEREAS, in November 2002, the executive created the King County general government budget advisory task force, composed of citizens from a wide variety of backgrounds, and charged this group to "examine the County's Current Expense (CX) Fund, programs, policies, processes and budgets, and make recommendations regarding policy and operational changes that may provide appropriate additional cost savings, as well as the need, if any, for additional revenues in support of CX programs," and

WHEREAS, the budget advisory task force issued its final report in June 2003, and

WHEREAS, the budget advisory task force made recommendations covering issues of service priorities, administrative and operational policies and efficiencies, alignment of services expenses and revenues, and revenues, and

WHEREAS, the budget advisory task force stated in its report that there is "no 'silver bullet' to resolve the crisis" in the county's current expense fund budget and declared the situation to be "urgent," noting "unless

things change, the County will need to reduce services every year" and "delaying action will make it much more difficult and painful in the future," and

WHEREAS, the budget advisory task force further noted that one of the primary areas for taking budget action is by better aligning local and regional service expenses and revenues, through completing the annexation of remaining urban unincorporated areas as contemplated by the state Growth Management Act and the countywide planning policies, and taking other steps to better align the expenditure of local revenues with local service budgets, and

WHEREAS, the county council and the executive share the goal of providing quality public services essential to the region including all local service areas in an efficient and effective manner, and

WHEREAS, the county council and the executive believe that, by working together, important steps can be taken to improve the efficiency and effectiveness of county government, and

WHEREAS, the county council and the executive believe that many of the recommendations of the budget advisory task force provide a solid blueprint and important policy direction for needed change in county budgets and operations, and

WHEREAS, in anticipation of receipt of the executive's proposed 2004 county budget, the county council and the executive wish to set forth the priority policy recommendations that will guide development of this budget as well as operating priorities in years to come;

NOW, THEREFORE, BE IT MOVED by the Council of King County:

A. King County thanks the executive and the budget advisory task force members for their outstanding work in reviewing the financial structure of the county's general fund and making recommendations to address both short-term and long-term challenges currently faced by the county; and

B. In the executive's proposed 2004 budget, and in a supplemental report to be submitted by December 31, 2003, the executive shall transmit for council approval a work plan prioritizing and implementing the recommendations of the budget advisory task force. The plan shall identify which recommendations the county

shall pursue, along with the justification for these recommendations and the steps necessary for implementation. This plan shall include, at a minimum, the following actions:

1. The county shall promote the annexation of urban unincorporated areas as soon as practicable to help bring county expenses in alignment with current revenues. The annexation policy is fully consistent with the principles in the regions Comprehensive Plan, and will significantly reduce the subsidization of urban unincorporated areas while preserving requisite levels of rural subsidization as contemplated in the Comprehensive Plan. In pursuing such an annexation policy, the county shall:

a. Engage residents in the discussion about the need to annex including a review of the facts relating to the county's deteriorating financial condition;

b. Engage cities in the need to complete remaining annexations as soon as possible, and provide incentives for this effort through reallocation of local revenues targeted for expenditure in potential annexation areas, including revenues from county receipts of real estate excise taxes, surface water management fees and the unincorporated area property tax;

c. Establish policies by which county local service budgets will be reduced as annexations occur;

d. Prioritize revenue from the unincorporated area property tax to fund critical local services and maintain an efficient and effective level of regional services and nonroad local services;

e. Continue to advocate for county authority to impose a utility tax in urban unincorporated areas, similar to the utility tax authority granted to cities, to reduce the urban subsidy;

f. Reinforce the county's commitment to use regional tax dollars to provide regional services benefiting all residents of the county;

g. Identify rural service levels commensurate with an appropriate rural subsidy;

h. Develop a transition plan that accounts for the reduced revenues to the department of transportation and department of natural resources and parks based on the anticipated annexations;

i. Identify opportunities for reverse contracting;

- j. Pursue consolidation of superior court and district court administration;
 - k. Identify a "duplication of service" work group whose task will be to identify services that are provided by more than one jurisdiction in the county and to form recommendations for making delivery of these services more efficient and cost effective;
2. The county shall pursue policies that increase internal efficiencies and promote sound business management practices such as:
- a. Directing that one-time revenues or savings shall not be used to fund ongoing programs. One-time revenues or savings shall be used to mitigate the impact of future budget cuts or make investments that will result in long term savings, efficiencies or cost avoidance such as investments in information technology systems;
 - b. Discouraging the creation of new services and programs without identifying supporting revenue sources;
 - c. Prioritizing resources to ensure basic governmental functions are able to operate in a highly reliable and cost-effective manner;
 - d. Establishing a joint executive/council team to work with labor to review labor policies with a focus on insuring a competitive work force and containing costs while maintaining the county's ability to attract and retain highly qualified employees;
 - e. Ensuring that discretionary service contracts provide full cost recovery to the county, including overhead, operation and capital costs;
 - f. Advocating for greater fiscal autonomy under state law and for enhanced revenue sharing from the state for basic law, safety and justice services;
 - g. Pursuing compensation from the state for unfunded mandates, or, on a priority basis, forgoing some of them;
 - h. Imposing fee increases where practicable to avoid further service cuts;

i. Pursuing grant-funding opportunities if they will provide additional revenue without negatively impacting long-term sustainability of county service levels or the need to reduce budgets as areas annex; and

j. Supporting public outreach efforts to increase public understanding of the county's services and revenues, organizational structure, budget, and fiscal health; and

3. The county shall apply these principles of sound business management to law,

safety and justice system that accounts for seventy-five percent of current expense fund expenditures.