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King County Executive

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Debora Gay
Deputy Director

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Eunjoo Greenhouse	Lisa Youngren

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Kerri Char
Jim Record
Mardi Spahr

SUPPORT STAFF

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Sheila Roehm
Ellen Wood

GRAPHICS and PRINTING

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King County Graphic Design and Production Services

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October 15, 2001

Honorable King County Councilmembers
And the People of King County

I am pleased to transmit to the Metropolitan King County Council my proposed 2002 budget for County government. It is the most fiscally conservative budget ever prepared in King County. Overall spending will increase from \$2.7 billion in 2001 to \$2.9 billion in 2002, mostly as a result of increased capital spending. The 2002 proposed CX budget totals \$493.8 million, an increase of less than one half of one percent.

The development of this budget presented many challenges. As we started 2001, I imposed a countywide hiring freeze in recognition of a projected \$36 million deficit faced by the Current Expense fund for 2002. Last February, I informed the Council of my intent to balance the Current Expense budget through a reorganization of County government and modest reductions in funding for criminal justice and public health services; as well as deeper cutbacks in discretionary funding for human services, the arts, and parks. This budget includes all of those reductions and more. The reductions are all in important services that many depend upon, but our financial realities call for tough decisions this year and for many years to come.

Before the tragic events of September 11, 2001, we were already experiencing a weakening of our local economy. Since then, Boeing and other major employers have announced layoffs and reductions that will further impact County government's ability to maintain vital services. Today, with revenues plummeting, the shortfall is closer to \$41 million. The Current Expense financial plan submitted with this budget projects further reductions of more than \$25 million in 2003 and \$20 million in 2004. Passage of Initiative 747 will increase these reductions.

County governments are responsible for many regional services to unincorporated areas. By state law we are also responsible for elections, assessing property, levying taxes, public health, Superior and District Courts, public defense, operating jails for adults and juvenile detention services, mental health, transit, waste water treatment, developmental disabilities, and other related services.

King County is also the local government provider of police services, land use permitting, roads and other so-called "city" services to an unincorporated population of 354,000.

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While taxpayers often complain about county property taxes, in fact, King County receives on average only 11 percent of all property taxes collected in King County. The rest go to funds voters have authorized, like schools, parks, and libraries. Unlike cities, we do not have access to less volatile business and utility taxes. Because we are dependent on sales taxes, the impact of a declining economy is exacerbating an already fundamental imbalance between our revenue base and growth of our expenditures. A failure to address this fundamental imbalance can only result in additional extraordinary reductions in Current Expense fund services in 2003 and each year thereafter.

County government has a critical role to play in this region, both as a provider of services and as a major employer and creator of private sector jobs. There are over 13,000 full time county employees and many more part-time and temporary employees that provide services and contribute to our local economy because they receive a livable wage. All too often public employees are overlooked or unappreciated by the public and even by elected officials. We all need to remember the sacrifices made in New York, not only by the heroic police, firefighters and emergency medical personnel on September 11, but by the countless others that have been working tirelessly for weeks. Bus drivers, utility workers, public health nurses, and public servants from every city department have responded to the emergency. We saw the same dedication from our own employees last February 28 when the Nisqually earthquake hit.

King County has an important role to play as a creator of jobs in the private sector from its many capital improvement projects. At a time when the local economy is declining and there is an expected down turn in employment, we are poised to begin the much needed seismic retrofit of the King County Courthouse and the construction of a new Regional Communications Center and Emergency Center. We have moved aggressively to increase maintenance and construction of roads. Transit is proposing a significant expansion of bus base capacity in order to meet the needs of a growing transit system. These construction projects and more will pump millions into the local economy at a time when construction activity in the private sector is slowing down.

In the weeks, months and perhaps years ahead, our nation will be engaged in a struggle to eradicate terrorism. The terrorist attack of September 11 threatened our precious sense of domestic security. I am asking the Council to make a one time finding of substantial need, as provided for under state law, to increase property taxes next year to generate an additional \$3.2 million to be placed in a reserve account dedicated to funding extra ordinary costs associated with preserving domestic security. This modest increase above the state limit would increase our property tax rate to 103.4%, which is still less than the local rate of inflation. It will enable King County to cover the costs of our employees, who are in the military reserves, being called up to serve in this war against terrorism and any other unanticipated domestic security costs in 2002.

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The major initiatives and changes included in the 2002 budget are outlined in detail in the program chapters of the budget book.

I look forward to working with the Metropolitan King County Council to adopt a 2002 budget that recognizes the challenging economic environment and the tough decisions that we face.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Sims". The signature is stylized with a large, looping initial "R" and a cursive "Sims".

Ron Sims
King County Executive

November 30, 2001

The Honorable Pete von Reichbauer, Chair
Metropolitan King County Council
Room 1200
C O U R T H O U S E

Dear Chair von Reichbauer:

Today, I signed the 2002 Budget Ordinance. I would like to take this opportunity to acknowledge and thank Council Chair Pete von Reichbauer and the other members of the County Council, particularly Councilmember Larry Phillips and Councilmember Jane Hague, for their fine work in adopting a balanced and fiscally prudent 2002 County Budget. This difficult budget process was completed through a bipartisan effort from the County Council. I am optimistic that this signals a new era in our government – public policy discussion conducted in a cooperative and collaborative manner – which is the best way for us to address issues, as well as the county's operations, in 2002 and beyond.

I commend the Council for the difficult decisions it had to make in order to adopt this budget. The process was not easy. Demands on our services have increased and expenditures are growing faster than revenues. Additionally, Initiative 747 coupled with the decreases in projected sales tax revenues, mean that even more reductions had to be made. This picture does not look like it will improve as we move into next year.

The economic outlook for King County has taken a sharp downward turn since September 11. The region is now in the midst of a recession with declines in employment, retail sales, and housing permits. September sales tax receipts show the effect of September 11: receipts are 12.6% below figures from this same time last year. Holiday shopping will be an important determinant of 2001 receipts, as over 10% of the County's annual receipts occur in the month of December. Our final quarter sales tax forecast reflects a reduction of over 6% from last year and next year's sale tax estimates are projected to be an additional 2% lower than this year. The Budget Office will continue to closely monitor monthly sales tax receipts for needed revisions.

Local economists forecast an upturn in the economy by the end of 2002. Should this recovery be delayed or weaker than anticipated, it may be necessary to adjust 2002 revenue estimates mid-year. My staff will closely monitor the economic conditions for impact on King County. If the recovery is weaker than predicted, I may be forced to consider mid-year reductions to this Adopted Budget. I will continue to work closely with the County Council on these issues throughout next year.

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On behalf of the employees and citizens of King County, I pledge my continued efforts in establishing a solid and workable plan to address the ongoing funding of County services. I will work with local leaders and the State Legislature to seek viable financial solutions for King County.

The 2002 Adopted Budget Ordinance has some technical issues that will require action to resolve. I intend to send the Council these correction items in next year's Quarterly Omnibus Ordinance.

I want to thank all of you once again for the cooperative and bipartisan approach to the 2002 Budget. Our ability to work together and address King County's significant financial challenges serves our citizens well.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Sims". The signature is stylized with a large initial "R" and "S".

Ron Sims
King County Executive

cc: King County Council members
ATTN: John Chelminiak, Chief of Staff
Shelley Sutton, Policy Staff Director
Rebecha Cusack, Lead Staff, BRM Committee
Anne Noris, Clerk of the Council

Elected Officials
Department Directors
Steve Call, Director, Office of Budget
Debra Gay, Deputy Director, Office of Budget

Introduction

Readers' Guide to the King County Budget Book

This document describes how King County's government plans to meet the communities' needs in 2002. King County's Budget Book is not only an assembly of information required for making policy and resource decisions, it is also a resource for citizens interested in learning more about the operation of their County government.

This readers' guide has been provided to inform the reader where particular information may be found. King County's 2002 Budget Book is divided into nine sections: Introduction, Economic and Revenue Forecast, four Operating Area Budget Discussions (see below), the Capital Budget, Debt Service, and a brief appendix of summary tables. Each major section is outlined below.

Introduction

The introduction has a general description of King County government, presents an organizational chart of County government, provides a discussion of the strategic choices and decisions made in the development of the 2002 budget, describes the budget process and frequently asked questions about the King County budget. The introduction concludes with a glossary of words and terms used in this book.

Economic and Revenue Forecast

This section explains how the local economy affects King County's budget and the government's ability to provide certain services today and in the near future. The analysis is based on historical trends for King County, opinions by private economists, and by surveying national economic trends. The section comments on inflation, interest rates, population, personal income growth, and area construction activity as measured by building permit volume for unincorporated King County. The section also summarizes anticipated revenues in 2002 as well as provides revenue comparisons from previous years.

The section concludes with the Current Expense Fund Forecast which provides a two-year history of revenues and expenditures, details the impact of the policy choices in 2001 and projects the fiscal impact of these activities through 2002. Such projections are essential for planning future King County government endeavors.

Operating Area Budget Discussions

This section displays the appropriation units grouped by functional area and county department. These functional areas are: General Government, Physical Environment, Health and Human Services, and Law, Safety, and Justice. These sections provide summaries of the 2002 Budget.

General Government

This section displays the appropriation units grouped by this function area and includes the financial details summarized in the Adopted Budget. Appropriation units included under this heading are Council Agencies, County Executive, Office of Cultural Resources, Office of the Executive, Assessments, and Other Agencies that comprise our internal support functions.

Physical Environment

This section presents the Physical Environment appropriations units and includes the financial details summarized in the Adopted Budget. Appropriation units displayed in this section include: Natural Resources and Parks, Development & Environmental Services, and Transportation.

Health and Human Services

This section provides the financial details of the County's Community & Human Services and Public Health Departments.

Law, Safety and Justice

This section presents the financial information for the Law, Safety and Justice agencies. Included in this section are the Sheriff's Office, Prosecuting Attorney, Superior Court, District Court, Judicial Administration, Adult and Juvenile Detention, and the Criminal Justice Fund. Public Defense can be found in the Health and Human Services section and E-911 can be found in the General Government section.

Capital Projects

This section summarizes the capital projects budget proposals for King County. Additional information is available in a separate Capital Improvement Book.

Debt Service

This section provides a discussion and details of King County's bond indebtedness and the debt service required to repay King County's indebtedness. The section also includes a discussion of regional debt levels.

Appendix

This section provides a little a two-page fact sheet about the County, various summary tables of expenditures, revenues, and employees.

Readers' Guide to the Detail Sheets

This section contains a glossary specific to the detail pages. The detail pages are the ones interspersed with narrative about the agencies' budgets that show the previous budget, all of the proposed changes to that budget, to come up with the present proposed budget. Here you will find definitions by order of appearance for the types of items listed in the detailed appropriation unit pages.

Appropriation Unit: The name of each appropriation unit can be found at the top of each first page. It is the legal authorization to incur obligations and to make expenditures for specific purposes, i.e., Licensing and Regulatory Services, Cable Communications, Public Health, and Roads are all appropriation units.

2001 Adopted: These are expenditures appropriated by the Council for the year beginning January 1, 2001 and ending December 31, 2001. It does not include encumbrances, supplemental appropriations or technical changes to the 2001 budget. These items are either in the *Status Quo* or under *Technical Adjustment*.

Status Quo (or Base Increment): This category contains revised 2001 adopted budget, initial status quo and proposed status quo changes. These are incremental changes from the 2001 Adopted.

- **Initial Status Quo (ISQ):** Initial Status Quo (ISQ) is the initial starting point for building the new year's budget. The ISQ level is the current year adopted level adjusted for budgeted changes for the first part of the year, across-the-board salary updates through the first part of the year, and the elimination of certain accounts not expected to be a part of the new year's budget. ISQ changes are generally done automatically based on gross across-the-board adjustments.
- **Proposed Status Quo:** Proposed Status Quo (PSQ) is the adjusted ISQ budgeted level and represents the base budget for the new year. A variety of special adjustments are made to the ISQ level, including known salary and benefit updates, adjustment of central rates, elimination of one-time programs, and the annualization of new programs in order to arrive at the "base" level of providing the same level of services in the current year at the inflated cost of the new year. PSQ changes are generally done only after significant analysis has been performed either by budget analysts or by agency personnel.

Status Quo Budget (or Adjusted Base): The starting point for departments to begin preparing their 2002 budget. It is the change between 2001 Adopted and the Status Quo.

Description of Change Detail: The reductions, additions and technical adjustments listed in the table between the Status Quo budget and the 2002 Proposed Budget. Change Items give the departments a means of changing their budgets from year to year, by listing out items that need to be either reduced or increased. Department requested change items are then sent to the Budget Office for review.

- **Contra:** Reductions are the dollar amount for to agencies as a goal for cutting their budgets in order to help balance the overall Current Expense Fund budget. The amounts are embedded in the Status Quo Budget and are therefore added back so that they can be detailed in the Proposed Budget detail pages.
- **Program Changes:** Neutral changes in the overall budget balance to shift budget amounts to areas of higher priority. These changes typically zero balance but sometimes they include that addition of higher expenditure levels. These are increases to the base budget that are mandated by new legislation, existing legal requirements, or County policy.

- **Revenue Backed Adds:** Revenue Backed Adds are supported either in whole or in part by new revenue.
- **Technical Adjustments:** These are budget adjustments covering a variety of miscellaneous actions, including the correction of errors in the base budget, the transfer of programs between organizational units, and budgeting corrections related to employee benefits and central rates.
- **Technology Requests:** These are one-time budget requests for the purpose of planning, developing, and/or implementing a data processing, telecommunications, or other technology- related operation with the intent of improving the efficiency of the requesting department.
- **Central Rate Adjustments:** These are budget adjustments to central rates. Central rates are, for example: flex benefits, data processing infrastructure, Prosecuting Attorney charges, motor pool and insurance rate adjustments.

2002 Proposed Budget: This is the Executive Proposed Budget for this appropriation unit offered to the Council for their deliberation and review during mid-October and Thanksgiving. Council has the power to make changes to the Executive Proposed Budget.

King County Government

And Background

The County consists of 2,128 square miles, ranking 11th in geographical size among Washington State's 39 counties. The County ranks number one in population in the State of Washington and is the financial, economic and industrial center of the Pacific Northwest Region. Currently, there are 38 incorporated cities with 77% of the County population.

King County operates under a Home Rule Charter adopted by a vote of the citizens of King County in 1968 and is organized under the Council-Executive form of county government. The Metropolitan King County Council is the policy-making legislative body of the County. The Council's thirteen members are elected by district to four-year staggered terms and serve on a full-time basis. The County Council sets tax levies, makes appropriations, and adopts and approves the annual operating and capital budgets for the County. Other elected County officials include the County Executive, Prosecuting Attorney, Sheriff, and Assessor. Except for the Sheriff, all of these are partisan positions, elected at large to four-year terms.

The County Executive serves as the chief executive officer for the County. The County Executive presents to the Council annual statements of the County's financial and governmental affairs, the proposed budget and capital improvement plans. The County Executive signs, or causes to be signed on behalf of the County, all deeds, contracts, and other instruments, and appoints the director of each of ten executive departments.

King County provides some services on a countywide regional basis and some local services only to unincorporated areas. Within appropriate jurisdictions, the County provides public transportation, road construction and maintenance, water quality, flood control, parks and recreation facilities and services, court services, law enforcement, inquests, tax assessments and collections, fire inspections, planning, zoning, animal control, criminal detention, rehabilitative services, public health care, election administration, and the processing and disposal of solid waste. In addition, the County has contracts with some cities to provide local services to incorporated areas of the County.

The reporting entity "King County" includes three component units, the Harborview Medical Center, the Washington State Major Leagues Baseball Stadium Public Facilities District (PFD), and the Flood Control Zone Districts Fund. The Harborview Medical center, the history of which dates back to 1877, is a comprehensive 330-bed health care facility operated by the University of Washington since 1967 under a management contract. The physical plant is owned by the County. The PFD is responsible for overseeing the operation of the new baseball stadium. The Flood Control Zone Districts Fund accounts for the undertaking, operation, or maintenance of flood control projects or storm water control projects that are of special benefit to specified areas of the County.

Most funds in this report pertain to the entity King County Government. Certain Agency Funds pertain to the County's custodianship of assets belonging to independent governments and special districts. (These funds are not shown in the budget books.) Under State statute and the County's Home Rule Charter, the King County Executive is the ex officio treasurer of all special purpose districts of King County, but not of cities and towns. As provided by County ordinance, the Finance Director is responsible for the duties of the comptroller and treasurer. Monies received from or for the special purpose districts are deposited in a central bank account. The Finance Director invests or disburses monies according to the instructions of the respective special purposes districts governing body or administrative officer.¹

¹ Source: King County "Comprehensive Annual Financial Report, pg vii –viii, 1996.

The table on the following page shows the number of governmental entities within geographical King County, as well as the number of elected officials. It is with these jurisdictions that the County is negotiating on which governments should deliver which services, and how those services can be paid for. Potentially, the most important subject of this forum is the transition of King County into a true regional service provider as well as fulfilling Washington State's growth management goal that all urban areas be part of a city.

Organizational Chart

An appropriation unit is a legal entity authorized by the County Council to make expenditures and to incur obligations for specific purposes. Examples of appropriations units are Records and Elections, Office of the Prosecuting Attorney, Public Health, and Solid Waste. At King County, appropriation units are budgeted on a calendar year basis.

Similar appropriation units are combined together to make up a department. For example, the Department of Transportation is made up of the following similar appropriation units: Transit, Road Services, Fleet Administration, and Transportation Planning and Administration. The departments are headed by a director, who reports directly to the . Each director is a member of the Executive's Cabinet.

A program area is a grouping of County appropriation units (agencies) or departments with related Countywide goals. Under each program area, individual agencies or departments participate in activities to support the program area goals. The budget process distinguishes between six program areas: Physical Environment, General Government, Health and Human Services, Law, Safety and Justice, Debt Service and Capital Projects. Debt Service and Capital Improvement are not shown on the County organizational chart.

**ELECTED OFFICIALS OF
KING COUNTY**

KING COUNTY EXECUTIVE

Ron Sims

METROPOLITAN KING COUNTY COUNCIL

Maggi Fimia, First District
Cynthia Sullivan, Second District
Louise Miller, Chair, Third District
Larry Phillips, Fourth District
Dwight Pelz, Fifth District
Rob McKenna, Sixth District
Pete von Reichbauer, Seventh District
Greg Nickels, Eighth District
Kent Pullen, Ninth District
Larry Gossett, Tenth District
Jane Hague, Eleventh District
David Irons, Twelfth District
Les Thomas, Thirteenth District

PROSECUTING ATTORNEY

Norm Maleng

ASSESSOR

Scott Noble

SUPERIOR COURT

Brian D. Gain, Presiding Judge

DISTRICT COURT

David A. Steiner, Presiding Judge

SHERIFF

Dave Reichert, Sheriff

King County Boards and Commissions

Boards and commissions are designed to give citizens a voice in their government and provide a means of influencing decisions that shape the quality of life we in the Northwest enjoy. Whether your interests revolve around animal issues, recycling, transportation, or water quality, with nearly 60 groups to choose from, King County has something for everyone.

Each board/commission has a staff member who acts as a liaison between the board/commission and the King County Executive's Office. The staff liaison is responsible for coordinating the group's recruitment and forwarding names to the King County Executive, who makes the final selection. The King County Council confirms the Executive's appointments. Following is a list of Boards & Commissions for King County.

Appeal Groups

Appeals & Equalization, Board of
Building Code Advisory and Appeals Board
Civil Service Commission
Fire Prevention Appeal Board
Personnel Board
Plumbing Board of Appeals
Water Review, King County Board of

Management Groups

Active Sports and Youth Recreation Commission
Alcoholism & Substance Abuse Administrative Board, King County
Arts Commission, King County
Boating Advisory Commission
Boundary Review Board
Charter Review Commission (Meets every 10 years, Reconvenes in 2006)
Conservation Futures citizen Oversight Committee
Department of Adult & Juvenile Detention Community Relations Board
Deferred Compensation Board
Economic Enterprise Corporation Board of Directors
Employee Charitable Campaign Committee
Fire Investigation Oversight Committee
Government Access Channel Oversight Committee
Harborview Medical Center Board of Trustees
Health, Seattle-King County Board of
HIV/AIDS Planning Council
Housing Authority Board of Commissioners, King County

Landmarks & Heritage Commission, King County

Library District Board of Trustees, King County
Marketing Recyclable Materials, Commission for
Museum of Flight Authority Board of Directors, King County
Noxious Weed Control Board
Performance Measurement Oversight Committee
Rural Forest Commission
Washington State Major League Baseball Stadium Public Facilities District

Advisory Groups

Accessible Services Advisory Committee
Aging, Seattle-King County Advisory Council on
Agriculture Commission, King County
Animal Control Citizens Advisory Committee
Children & Family Commission, King County
Civil Rights Commission
Cultural Education Advisory Committee, King County
Developmental Disabilities, Board for
EEO/AA Advisory Committee
Emergency Management Advisory Committee
Ethics, Board of
Fair Board, King County
Fall City Stakeholders Group
Ferry Advisory Committees – Seattle & Fauntleroy
Flood Control Zone District Advisory Board, Patterson Creek
International Airport Roundtable
Livestock Oversight Committee
Mental Health Advisory Board, Community
Public Art Commission, King County
Regional Justice Center Citizen Advisory Committee
Section 504/American with Disabilities Act Advisory Committee, King County
Solid Waste Advisory Committee, King County
Snoqualmie Watershed Forum
Transit Advisory Committee
Vashon-Maury Island Groundwater Protection Advisory Committee
Veterans' Advisory Board
Women's Advisory Board, King County

[Link to Main Organizational Chart, 131 KB .pdf](#)