

Readers' Guide to the King County Budget Book

This document describes how King County's government plans to meet the communities' needs. 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 budget book is divided into eleven sections: Introduction, Economic and Revenue Forecast, Unincorporated Area Transition and Strategic Performance, 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 budget, describes the budget process and concludes with a glossary of words and terms used in this book.

Economic and Revenue Forecast

This section analyzes the impact of economic factors on the budget and the government's ability to deliver services. Projections for 2009 and outyears are based on historical trends, analysis and modeling by OMB economists, public sector economists, and by surveying national economic trends. This section includes the General Fund Forecast which provides a two-year history of revenues and expenditures. Also included are details that impact the proposed 2009 policy choices and projects the fiscal impact through 2011.

Unincorporated Area Transition and Strategic Performance

This section discusses the proposal of a new executive office in response to the Performance and Accountability Act and the role of the new office to support strategic innovation, sustainability and accountability across county government. This new office is an innovative approach to achieve improved accountability and performance management across county service delivery areas as well as countywide initiatives. The proposed office will consolidate staff from Business Relations and Economic Development and the Office of Management and Budget. The combination of these existing resources into a single unit provides for a streamlined, focused agency with sufficient resources to undertake a broad range of responsibilities.

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 2009 proposed budget.

General Government

This section displays the appropriation units grouped by this functional area and includes financial details. Appropriation units in this section include Council Agencies, County Executive, Department of Executive Services, Assessments, Office of Information Resource Management and Other Agencies that comprise our internal support functions.

Physical Environment

This section presents the Physical Environment appropriations units and includes financial details. Appropriation units 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 Department of Community and Human Services and the Department of Public Health.

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, and Adult and Juvenile Detention. 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 debt obligations.

Appendix

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

Reader's Guide to Understanding The Biennial Budget for the Transit Pilot Project

Overview

Since 1985, cities in the State of Washington have had the legal ability to adopt biennial budgets and in 1997, the legislature gave counties the authority to adopt ordinances providing for biennial budgets with a mid-biennium review and modification for the second year of the biennium (RCW 36.40.250). At the November 2003 general election, the voters of King County approved Proposition 1, amending Article 4 of King County Charter, authorizing the Council to adopt an ordinance establishing biennial budgeting. Ordinance 15545 authorizes biennial budgeting and Motion 12465 identifies Transit as the agency selected for a pilot study for the 2008 – 2009 biennium.

The biennial pilot study was intended to determine the advantages and disadvantages over traditional annual budgeting. Generally, analysis of biennial budgeting is thought to have several advantages over annual budgeting, including, but not limited to, decreased staff time to prepare the budget, an enhanced long-range planning effort during the second year, and the ability to improve program evaluation in the off year.

In preparing a biennial budget, local governments typically employ three variations. The first variation involves a jurisdiction adopting a budget for the first year of the biennium and endorsing it the second year, as happens in the city of Seattle. A second variation of the biennial budget is a two-year spending plan comprised of two one-year appropriations that are adjusted annually. In the third variation, jurisdictions adopt a full twenty-four month budget and provide for a mid-biennium review and

modification for the second year of the budget. The pilot biennial budget King County is implementing is the third variation.

King County identified the following transit agencies to build a biennium budget for the 2008/2009 biennium pilot project:

Transit 5000M
DOT Administration, 5010M
Transit Revenue Vehicle Replacement, 5002M
Transit Capital, 3000; and
Public Transportation Construction Transfer, 3007

Mid-Biennial Update - Budgeting Issues

Initial 2008/2009 Biennial Budget

The Transit budget is one of the more complex budgets in King County and was identified to be the first agency to perform biennial budgeting as a pilot program and initiated with the 2008 budget. Transit has the largest operating budget, with over \$500 million in expenditures and revenues annually, it has 3900 full time equivalent employees, numerous business lines, complex bus service levels, and a multitude of rates to be forecast for the full twenty-four month period. A successful biennial budget experience with the Transit agencies will provide King County with the data and experience necessary to evaluate the implementation of biennial budgeting throughout additional agencies in future years. The success of the Transit biennium will be reviewed during the early part of 2009 to determine whether additional implementation is both appropriate and feasible.

Building a biennial budget has introduced major concerns and issues, among which are developing process changes that vary from the methods of other county agencies, tracking the dependencies among agencies, and developing assumptions and rates that span the entire twenty-four month budget. In developing the initial biennial budget for 2008/2009, key cost and revenue drivers included sales tax, ridership and fare revenue, labor costs, diesel fuel costs, and internal service rates needed to have been forecast for a two-year period. With substantial volatility and uncertainty in the economy and dependencies on county internal services that remain on an annual budget schedule, these budget assumptions have proven to be unreliable for two year budget planning.

The following rates impact the Transit budget: Finance, OIRM, ITS – Information, ITS – System, ITS- Telecommunications, GIS, Major Maintenance Reserve, Long Term Lease Charges, Radio, CX Overhead, and PAO rates.

Actuarial based rates such as Risk Management, Safety and Claims, and Flex Benefit rates required an estimate of Transit activity in 2008 and 2009. For example, bus miles operated is a significant activity that influenced these rates. .

One of the major difficulties with the biennial budgets is the reliance on multiyear revenue projections for budgeting expenditures and service levels. Projecting Transit revenues for even one year is a complex process that relies on national and regional economic indices and forecasts and typically relies on the availability of a partial year of actual data for the current year. This revenue projection process becomes even more complex and less reliable when it encompasses two future years rather than one.

2009 Mid-Biennial Supplemental Update

After the county council adopted the biennial budgets for the Public Transportation Funds, the Office of Management and Budget implemented the biennial budget. OMB has monitored and will continue to monitor the budget throughout the biennium to ensure compliance. Transit agencies submitted an annual allotment plan for Executive review in early 2008.

The mid-biennium review occurred concurrent with the 2009 budget development process for the annual budgets of the remaining county agencies. The mid-biennium review included a comprehensive review and update of the assumptions, business lines, and revenues forecasted during the development of the 2008/2009 biennium budget. During this review, expenditures were realigned with anticipated revenues to produce a revised budget that is consistent with current economic conditions and realistic operating assumptions. During the mid-biennial review, significant changes were identified. Details of the mid-biennial review are included in a supplemental request and submitted concurrent with the Executive's 2009 Proposed Budget. Highlights of the review include:

- **Reduced sales tax:** Regional economic conditions are resulting in a reduction in the amount of sales tax expected to be received by metro transit in the 2008/2009 biennium as well as future years. Sales tax is the largest single revenue source for the public transportation program accounting for more than 60 percent of annual revenue. During the biennium, sales tax receipts are expected to be \$67 million lower than previously projected. This reduction impacts both the operating and capital programs.
- **Fuel prices:** Transit uses more than 10 million gallons of diesel fuel annually. Fuel prices have been very volatile over the past several months, hitting a high of \$4.27 per gallon in mid-July. The 2008/2009 adopted budget assumed fuel rates of \$2.60 and \$2.70 per gallon for 2008 and 2009, respectively. In the mid-biennial review, per gallon fuel prices have been increased resulting in \$27.6 million in additional costs for the period.
- **Inflation/Cost of Living:** Compared to the adopted 2008/2009 budget, the cost of living salary expense has increased significantly. This has resulted in approximately an additional \$15 million of expenditure for the biennium. In addition, costs for items such as bus parts are increasing as prices increase faster than the 2.8 percent included in the adopted budget.
- **Ridership:** Bus ridership is currently at all-time highs resulting in increased fare revenue as well as pressure to meet anticipated service expansion as outlined in the Transit Now proposal.

As the Executive and Council work closely together to monitor all aspects of the biennial budget, unanticipated events will continue to occur and challenges will arise that will need immediate attention. The intent of this pilot program is to find and resolve problems that occur in order to better evaluate the potential benefits of biennial budgeting for future further implementation at King County.

Readers' Guide to the Detail Sheets

This section contains a glossary specific to the detail pages. The detail pages are interspersed with narrative about the agencies' budgets that show the previous budget and all of the changes to that budget to arrive at the 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., Board of Appeals, Cable Communications, Public Health, and Roads are all appropriation units.

2008 Adopted: These are expenditures appropriated by the Council for the year beginning January 1, 2008 and ending December 31, 2008. It does not include encumbrances, supplemental appropriations or technical changes to the 2008 budget. These items are either in the *Status Quo* or under *Technical Adjustment*.

Status Quo (or Base Increment): This category contains revised 2008 adopted budget, initial status quo and proposed status quo changes. These are incremental changes from the 2008 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 when they began preparing their 2009 budget. It reflects the ISQ and PSQ changes made to the 2008 Adopted Budget.

Change Dynamic: All change items on the budget book pages are organized by change dynamic. The use of change dynamic provides a link of the proposed budget to the department business plan. The internal and external forces that must be responded to in the business plan are captured in the change dynamics that influence the business planning process. Each department within King County has developed its own unique change dynamics that reflect the dynamic forces that are impacting their organization.

Description of Change Detail: The reductions, additions and technical adjustments listed in the table between the Status Quo budget and the 2009 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 Office of Management and Budget for review.

- **Administrative Service Reductions (AS):** Reductions to indirect overhead costs as opposed to direct services.

- **Direct Service Reduction (DS):** Reductions to direct services costs as opposed to overhead costs.
- **Program Change (PC):** 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 the 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 Add (RB):** Revenue Backed Adds are supported either in whole or in part by new revenue.
- **Technical Adjustment (TA):** 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.
- **Cost Savings (CS) -):** These are operating budget savings from benefit realization resulting from information technology efficiency projects. These project are initially budgeted as capital projects during development and the resulting process efficiencies are captured as cost savings in operating budgets
- **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.

2009 Proposed Budget: This is the Executive's proposed budget for this appropriation unit.

2009 Proposed Budget for Sample Appropriation 1234/1234

Code	Item	Description	Expenditures	FTEs *	TLTs
Program Area					
	GG				
		2008 Adopted	3,129,090	2.00	(0.25)
		Status Quo**	371,897	(1.00)	0.25
		Status Quo Budget	3,500,987	1.00	0.00
		Contra Add	0		
		Cost Savings from Technology			
	PC15	LSJ-I Program Balance	489	0.00	0.00
			489	0.00	0.00
		Lifeboat			
	AS99A	Reduce Operatoin of HVAC and Lighting to 10 hours a day	99,950	0.00	0.00
			99,950	0.00	0.00
		Release of Reserves			
	PC13	Outyear Deficit Reserve	999	0.00	0.00
			999	0.00	0.00
		Technical Adjustment			
	CR01	Flexible Benefits	235	0.00	0.00
	CR05	GF Overhead Adjustmernt	250	0.00	0.00
			485	0.00	0.00
		Technical Adjustmernt			
	CR09	GIS Charge	9,989	2.00	0.50
			9,989	2.00	0.50
		Total Change Items in 2009	111,912	2.00	0.50
		2009 Proposed Budget	3,612,899	3.00	0.50

* FTEs do not include temporaries or overtime.

** This includes 2008 adopted, initial status quo, and proposed status quo increments. Under FTEs, annualization is included.

Sample Appropriation

King County Government

And Background

The county consists of 2,131 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 39 incorporated cities within King County.

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 nine 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, Assessor, and Judges. Except for the Sheriff and Judges, 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 executive department.

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, wastewater treatment, flood control, agricultural services, parks and recreation facilities, law enforcement, criminal detention, rehabilitative services, court services, tax assessments and collections, land use planning and permitting, zoning, public healthcare, emergency medical services, election services, animal control, and the disposal of solid waste. In addition, the county has contracts with some cities to provide local services to incorporated areas of the county.

King County consists of King County Government as the primary government; the Harborview Medical Center (HMC), the Washington State Major League Baseball Stadium Public Facilities District (PFD), and the Cultural Development Authority of King County (CDA) as component units of King 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 the County's Home Rule Charter, the King County Executive is the *ex officio* treasurer of all special districts of King County, other than cities and towns. Pursuant to County ordinance, the Director of the Finance and Business Operations Division (FBOD) is responsible for the duties of the comptroller and treasurer. Money received from or for the special districts is deposited in a central bank account. The Director of FBOD invests or disburses money pursuant to the instructions of the respective special districts.

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 Boundary Review Board, 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 Assistant County Executive. 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

Bob Ferguson, First District
Larry Gossett, Second District
Kathy Lambert, Third District
Larry Phillips, Fourth District
Julia Patterson, Fifth District
Jane Hague, Sixth District
Pete von Reichbauer, Seventh District
Dow Constantine, Eighth District
Reagan Dunn, Ninth District

PROSECUTING ATTORNEY

Daniel T. Satterberg

ASSESSOR

Scott Noble

SUPERIOR COURT

Bruce Hilyer, Presiding Judge

DISTRICT COURT

Barbara Linde, Presiding Judge

SHERIFF

Sue Rahr

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 55 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
Fire Code Advisory and Appeals Board
Personnel Board
Plumbing Board of Appeals
Water System Review, King County Board of

Management Groups

Alcoholism & Substance Abuse Administrative Board, King County
Boundary Review Board
Civic Television Citizens Advisory Committee
Conservation Futures Citizen Oversight Committee
Cultural Development Authority (4Culture)
Deferred Compensation Board
Employee Charitable Campaign 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 Commission, King County
Library System Board of Trustees, King County
Museum of Flight Authority Board of Directors, King County
Noxious Weed Control Board
Rural Forest Commission
Washington State Major League Baseball Stadium Public Facilities District

Advisory Groups

Accessible Services Advisory Committee
Aging and Disability Services, Seattle-King County Advisory Council on
Agriculture Commission, King County
Animal Control Citizens Advisory Committee
Children & Family Commission, King County
Citizen's Elections Oversight Committee
Civil Rights Commission
Commission on Governance
Developmental Disabilities, Board for
EEO/AA Advisory Committee
Emergency Management Advisory Committee
Ethics, Board of
Fairgrounds Advisory Committee, King County
Ferry Advisory Committees – Seattle & Fauntleroy
Flood Control Zone District Advisory Board, Patterson Creek
Emergency Medical Services Advisory Committee
International Airport Roundtable
Mental Health Advisory Board
Mental Illness and Drug Dependency Oversight Committee
Parks Levy Oversight Board
Permit Technical Advisory Committee
Regional Communications Board
Regional Human Services Levy Oversight
Section 504/American with Disabilities Act Advisory Committee, King County
Solid Waste Advisory Committee, King County
Snoqualmie Watershed Forum
Transit Advisory Committee
Transportation Concurrency Expert Review Panel
Vashon-Maury Island Groundwater Protection Committee
Veterans' Advisory Board
Veterans' Citizen Levy Oversight Board
Wheelchair Accessible Taxi Advisory Committee
Women's Advisory Board, King County