

Honorable King County Councilmembers  
And the People of King County

October 15, 2007

I am pleased to present the Executive Summary of my proposed 2008 budget of \$4.8 billion for county government to the Metropolitan King County Council as part of a continuing effort to illuminate and provide greater transparency in county government. Detailed budget information continues to be reported in the separate publication, *2008 Executive Proposed Budget*.

The Current Expense (CX) Fund handles the core services of county government as mandated by Washington State. In 2008, the outlook for the CX Fund is tenuous. While the 2008 budget is balanced, 2009 requires that the county set aside almost all of our CX reserves (except for the 6% undesignated fund balance and the \$15 million sales tax reserve) as a reserve to fund our 2009 deficit. Even using all of these set aside reserves in 2009, the CX Fund may have a projected budget shortfall of over \$20 million. This shortfall will have to be made up with some combination of budget reductions and revenue increases. Because the ability of King County to raise additional revenues through taxes is very limited, I will be looking to various fee and service charge increases to make up the difference, in addition to budget reductions.

This is not a new financial situation for King County. The county faced similar challenges during the period of 2002 through 2005 when \$137 million in reductions were made to balance the Current Expense Fund. This book outlines Executive funding priorities and strategic initiatives to reduce the long term cost of doing business while making prudent investments in technology and programs that reap long term returns.

This Executive Summary book displays the General Fund by program and appropriation unit. Trend analysis and charts are provided to allow the reader a visual understanding of the key elements within the King County General Fund. Growth in various expenditure components of the General Fund is highlighted, while the primary revenue sources such as the property tax, sales tax, and interest earnings are presented for the years 2008 to 2010.

Special Revenue, Internal Service, Enterprise, Debt and Capital Improvement Funds contain dedicated sources of revenue that are not available to fund services provided by the General Fund. Each of these fund categories are presented separately with summary charts of agency components in order to provide an overview of services the county delivers and the relative size of each budget.

I ask the County Council to use the Executive Summary as a valuable resource toward understanding the major elements of my 2008 proposed budget.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Sims", written in a cursive style.

Ron Sims  
King County Executive

# Overview

## 2008 Executive Proposed King County Budget

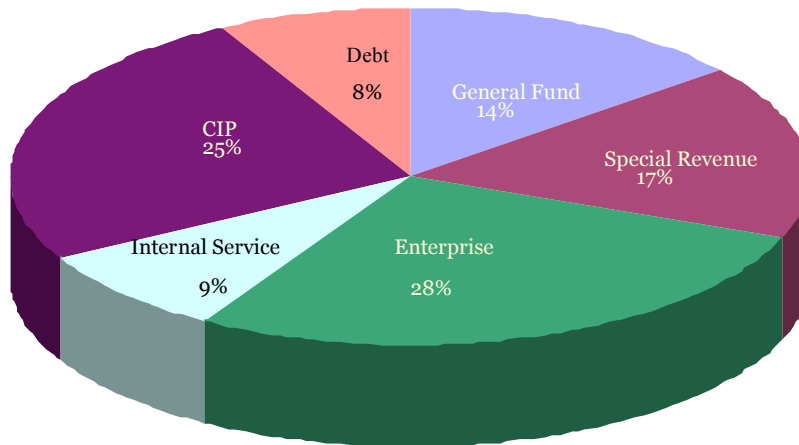
King County government is the second largest provider of government services in the state of Washington, with a 2008 budget totaling about \$4.82 billion. The county delivers a broad range of services like public transportation, elections, adult detention, law enforcement, courts, road construction and maintenance, social services, public health, and wastewater treatment; and plays an important role in providing services used every day by its residents. King County must balance its role as a regional service provider for over 1.8 million county residents with its responsibility as the local service provider to almost 370,000 residents who live in unincorporated King County.

Figure 1  
**2008 Executive Proposed  
 Total King County Budget  
 \$4.82 Billion in 2008**

<b>Budget (in millions)<sup>1</sup></b>	<b>2007 Adopted</b>	<b>2008 Proposed</b>	<b>+/-</b>
General Fund	649.7	686.4	36.7
Special Revenue	697.3	804.4	107.1
Enterprise <sup>2</sup>	656.3	1,329.9	673.6
Internal Service	383.7	410.9	27.3
Capital Improvement <sup>2</sup>	1,117.1	1,217.9	100.9
Debt Service	353.1	368.3	15.2
<b>TOTAL</b>	<b>3,857.1</b>	<b>4,817.8</b>	<b>960.7</b>

<sup>1</sup> Variances may not match due to rounding in all tables.

<sup>2</sup> These categories include the biennial budget 2008/09 for Transit Operating and CIP.



# King County's Strategic Priorities

## Investing for the Future

2008 is a critical year to take action to preserve the fiscal health of the county. These actions include making prudent investments in technology and capital projects, encouraging annexations, and controlling the growth of employee health care costs. The county's investment in these strategic priorities will help reduce the long-term costs of doing business and control cost growth through targeted spending and prudent financial decisions.

### Technology Investments

Investment in information technology (IT) projects continues to be an important priority for the County Executive and has become a significant component of King County's funding requirements. Investment in the innovative use of information technology creates new or improved capabilities in the performance of county functions, applying technologies that are cost effective and easy to access and use by the public and county staff.

The 2008 IT projects provide for improvements to county services such as transit, access to county records, public safety, and emergency management disaster planning.

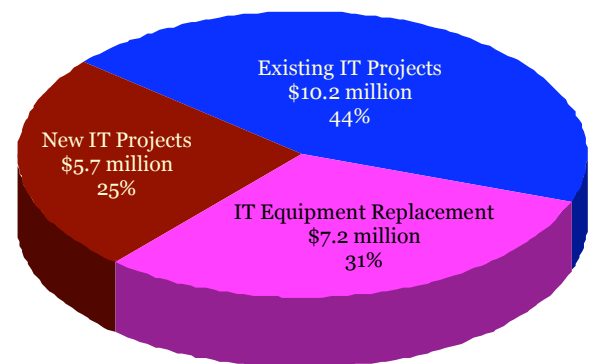
The 2008 budget includes appropriation requests totaling \$23.1 million across 15 county agencies. Each of the projects is aligned to one of the established four IT goals of accountability, customer services/accessibility, efficiency, and risk management. \$10.2 million will be used to continue or complete fifteen existing county IT projects, and \$7.2 million is for IT equipment replacement requirements. \$5.7 million is for investment in fourteen new IT projects.

An additional \$1.8 million of appropriation is included in the Transit biennial budget for 2009 IT project and equipment replacement needs.

### Capital Project Investments

There are two revenue sources supporting capital projects in 2008. The first is the parks expansion levy, approved by voters in August 2007. In 2008, this revenue will support the development and enhancement to two major regional trails in the county. The addition of these trails will improve the quality of life for King County residents. The second new revenue source is the flood control zone district levy. The district has been created and the council will consider the levy amount during the 2008 budget review

Figure 2  
**Information Technology Project Funding**  
\$23.1 Million in 2008



process. This revenue, if approved, will construct drainage and erosion control facilities, and levee revetment repairs and rehabilitation.

The 2008 proposed budget also includes \$25 million to acquire a consolidated election facility. Budget is provided for both short-term facility improvements and long-term planning for the animal control facility in Kent.

### **Annexation Initiative**

The Annexation Initiative continues to build on the momentum of prior years' work with five annexation ballot measures moving forward in 2007. To date, progress on annexations has been mixed. Annexations have been successful in Lea Hill and West Hill, and defeated in East Federal Way and the East Renton Plateau. The Benson Hill community consisting of nearly 17,000 residents will vote on annexation to the city of Renton in November 2007. Departments have been planning for the operational and financial implications of these reductions in revenue and service responsibilities.

Work continues with the cities of Kirkland, Kent, and Renton with regard to potential annexation of Finn Hill-Juanita-Kingsgate; Northeast Kent/Panther Lake; as well as Skyway/West Hill. The cities of Kirkland and Kent have noted they may move forward with annexation votes for all or significant portions of these areas in 2008, with effective dates in 2009. For the remaining areas of North Highline, West Hill/Skyway, Fairwood, Eastgate, East Renton, East Federal Way and Klahanie, there are a variety of issues that must be addressed before cities will be willing or able to move forward with annexation. County staff will continue to actively engage with all communities seeking potential annexations or incorporations

Though annexations have not occurred as anticipated, several significant annexation votes are expected to occur in 2007-2008. If the Auburn, Benson Hill, Kent and Kirkland annexations are successfully implemented 86,000 urban unincorporated residents could join cities by 2009. These annexations would dramatically decrease the workload of county agencies providing local services in unincorporated King County. As the number of annexations increase, direct services will need to be reduced. Additionally, the county will need to examine the impact of these service reductions on departmental and county overhead. The challenge will be to identify maximum practicable savings. The Annexation Initiative will also continue to collect data to assess the budgetary and operation impacts of annexations and provide information for decision-making. The Annexation Initiative will also continue to maintain its focus on the county's priority to engage in productive partnerships with cities and unincorporated residents.

### **Health Reform Initiative**

The County is making vital investments to control health care costs while providing quality care for county employees and their families. In 2005, King County launched the Health Reform Initiative (HRI). This program represents an innovative approach to address the continued double-digit increases in health care costs that employers are facing nationally and locally. The approach involves a two-pronged strategy to work regionally with the broad spectrum of interests that can impact health care service delivery and to

design a new health plan for King County employees that rewards and reinforces accountability for health and health care related decisions and actions.

King County and the Joint Labor Management Insurance Committee have negotiated and implemented the Healthy Incentives<sup>SM</sup> Program that includes programs for disease management, expanded case management, provider best practice care considerations and high performance specialist networks. An annual Wellness Assessment Program was implemented in 2006 and participation rates of King County employees and their families far exceed national standards. In 2008, the HRI will continue to assess the effectiveness of each HRI intervention and determine whether the initiative as a whole is controlling medical care cost increases. HRI staff will continue to make recommendations for further refinement and development of these programs.

### **Transportation Alternatives**

A balanced mix of transit and highways is key to keeping the people and economy of King County moving. Each day over 300,000 riders use the King County Metro bus system. Metro also operates the nation's largest carpool and park-and-ride systems. The Transit Now initiative, approved by voters in 2006, will add more frequent and faster bus service to the county's busiest and most congested roads and highways.

- The 2008 proposed budget will increase budgeted service hours by 64,237.
- Total vanpool mileage is projected to increase from 11.2 million miles to 11.9 million miles. The budgeted increase will support the average vans in operation from the 2007 adopted total of 834 to 882.
- As part of Transit Now, the Community Access Transportation program will expand by creating five new partnerships with agencies that serve Access (ADA) eligible riders and seniors with special transportation needs.

### **Global Warming Actions**

King County is providing leadership, planning, and taking actions for the future in response to climate change in the Pacific Northwest. The 2008 proposed Roads Climate Change Initiative will develop an implementation strategy that is comprehensive and proactive. The strategy is in response to King County's Climate Plan, Energy Plan, Green Building Ordinance and other related policies. The funded projects include conversion of street lights to LED technology to save energy; replacing older gas-powered equipment with eco-friendly alternatives; and participating in Puget Sound Energy's Green Power Generation Initiative.

## King County's Funding Priorities

Over the course of the last five years King County faced major financial challenges. Over that period balancing the Current Expense Fund Budget required making reductions of \$137 million. These reductions were accomplished through rigorous adherence to sound financial policies and were guided by funding priorities consistent with the role that King County plays as a regional government. The Executive proposed codification of the county's financial policies and funding priorities. Codification continues to be a priority of the Executive in proposing the 2008 budget.

### **SAFETY AND HEALTH**

Public safety and public health are the highest priority of county government;

### **MANDATORY SERVICES over discretionary services**

Services that are mandated by federal and state law i.e., criminal justice and public health, shall be prioritized over discretionary services;

### **REGIONAL SERVICES over local services**

Services provided on a regional basis shall be prioritized over local services;

### **UNINCORPORATED SERVICES over local city services**

Services to unincorporated residents for whom the county acts as their municipal government shall be maintained over local services;

### **DIRECT SERVICES over administrative functions**

Services that provide a direct benefit to citizens shall be prioritized over administrative services;

### **RAISING FEES over cutting services**

Fees shall fully recover the cost of providing services, considering the needs of low-income citizens and seniors as appropriate;

### **FULL COST RECOVERY on contracts**

Contracts for services with cities or others shall fully recover costs to the county of providing such services;

### **MAINTAIN STATE AND FEDERAL FUNDING**

Current Expense revenues shall not be used to replace reduced or eliminated federal or state-funded grant programs;

### **ANNEXATION AND INCORPORATION**

The county will invest available one-time or unanticipated revenues to facilitate the annexation or incorporation of urban unincorporated areas of King County.

# Addressing the Projected 2009 - 2010 General Fund Deficit

**The General Fund financial plan was balanced in 2008 without requiring budget reductions, although reserves were reduced and outyear deficits are forecasted.**

Since 2001, the county has grappled with the structural deficit between long-term revenue and expenditure growth. Cost growth has been reduced in virtually all agencies, as the government has worked to provide the same service levels with fewer resources. As a consequence of lower cost growth and a strong economy in recent years, the General Fund was balanced in 2008 without requiring blanket program reductions. However, this required substantial reductions in reserves (although not the Sales Tax Reserve or the six percent undesignated fund balance).

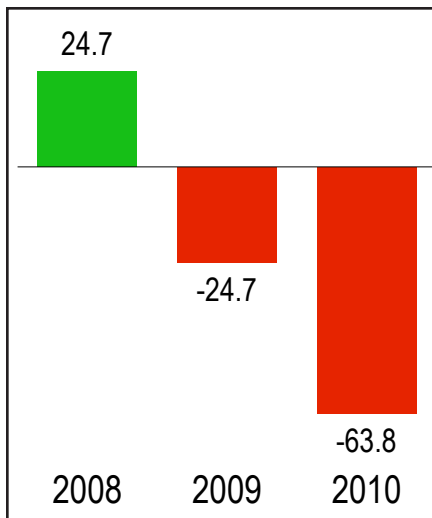
Cyclical deficits remain a very real threat to King County. During periods of substantial economic expansion, revenue growth may exceed expenditure growth. During periods of slower economic growth or decline, expenditure growth exceeds revenue growth. The 2009 deficit will have to be addressed through the use of 2008 reserves of \$24.7 million, in addition to expenditure reductions or revenue increases of an additional \$24.7 million. Revenue growth is anticipated to moderate over the next three years and this has resulted in forecasted target reductions of \$24.7 million in 2009 and \$63.8 million in 2010.

The 2008 Executive Proposed Budget begins to address the 2009 budget deficit by reducing some budgets, limiting funding for new programs, and proposing increases in some fees and charges. In 2008, a reserve of \$24.7 million is dedicated to reducing the 2009 deficit.

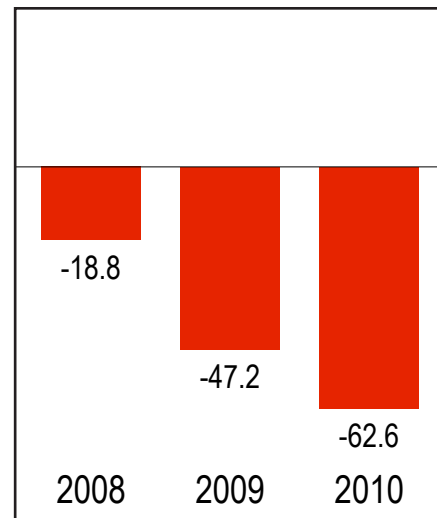
## 2008 Executive Proposed Budget

General Fund, 2008-2010, Millions of dollars

**Reserve for outyear deficit /  
(reduction required to balance)**



**Revenues minus expenditures**



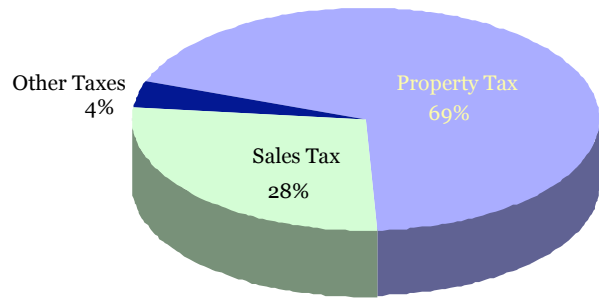
The chart on the left reflects the reserve dedicated to deficit reduction in 2008 and the required expenditure reductions forecasted for 2009 and 2010 as outlined in the 2008 Executive Proposed Budget. The chart on the right depicts the difference between total General Fund revenues and expenditures, in the absence of making the required expenditure reductions shown in the chart on the left.

## 2008 Executive Proposed General Fund Revenues

Taxes account for the bulk of General Fund revenues, supporting 64 percent of General Fund services. The largest source of tax revenue for the fund is the countywide property tax levy. In 2008, property taxes will be \$271.2 million, or 69 percent of total tax revenues.

Sales taxes, the second largest source of General Fund tax revenue, will total \$108.7 million in 2008. King County collects a one percent general local option sales tax in the unincorporated areas, and a tax of 0.15 percent inside of cities. The 0.10 percent criminal justice sales tax is also part of the General Fund. This revenue is shared with cities, allocated on the basis of population. The county also receives revenue from the cable franchise fee and gambling and liquor taxes.

Figure 3  
**General Fund Tax Revenues**  
\$395.4 m in 2008 64% of total



### Property Tax

Property taxes are limited by both county policy and state law. Under Initiative 747, approved by Washington voters in 2001, the regular levy can grow at only one percent annually, plus the increase from new construction. With inflation typically averaging two or three percent, the effect of Initiative 747 is to gradually decrease the effective tax paid by typical property owners, and reduce the dollars available for the General Fund. New construction for 2008 is projected to be 2.25 percent. Growth in the levy due to revaluation is 1.0 percent, for a total combined growth of 3.25 percent for 2008.

Figure 4  
**Property Tax Revenue Growth Components**

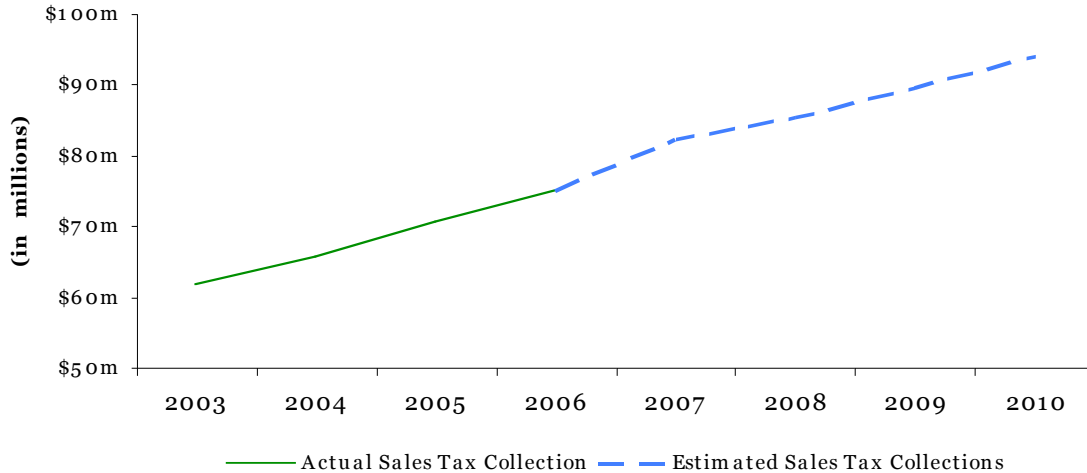




## Sales Tax

The sales tax is strongly influenced by changes in the economy and by the geographic areas from which it is collected. The 2001 recession depressed sales tax collections until 2005. Sales tax revenue is forecast to grow on average 5.8 percent annually from 2007 to 2010. Long term sales tax growth is undermined by growth in untaxed remote sales through internet and catalog retailers.

Figure 5  
**General Fund Sales Tax Revenue Growth\***

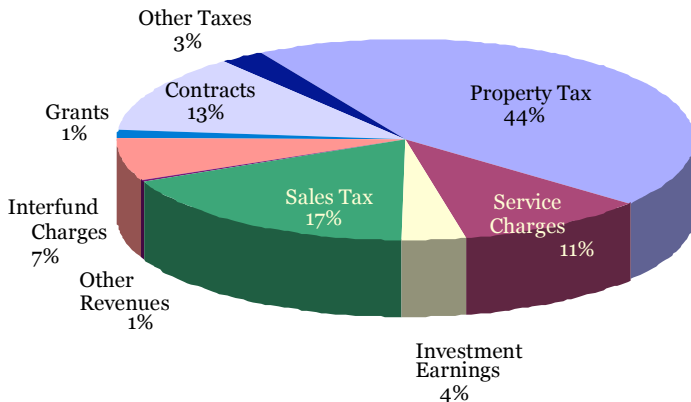


\* For historical comparison purposes, this table excludes the CJ sales tax merged into the general fund at the end of 2004.

## Contracts and Service Charges

These revenue streams consist mainly of Sheriff services, correctional facility services and District Court services to cities located in King County. These revenues are variable as cities may decide to provide their own services in future years. For 2008, these revenues represent 24 percent of General Fund revenues.

Figure 6  
**All General Fund Revenues**  
**\$615.5 Million in 2008**



Budget (in millions)	2007 Adopted	2008 Proposed	+/-
Property Tax <sup>1</sup>	261.7	271.2	9.5
Sales Tax <sup>2</sup>	99.2	108.7	9.6
Contracts	71.6	77.6	6.0
Service Charges	63.2	66.9	3.7
Interfund Charges	42.2	42.0	(0.3)
Other Taxes	13.8	15.4	1.6
Investment Earnings	24.3	23.2	(1.1)
Grants	8.5	8.6	0.1
Other Revenues <sup>3</sup>	6.3	1.8	(4.5)
<b>TOTAL</b>	<b>590.8</b>	<b>615.5</b>	<b>24.7</b>

1 Property Tax revenue includes debt service

2 This amount includes CJ sales tax that merged into the General Fund.

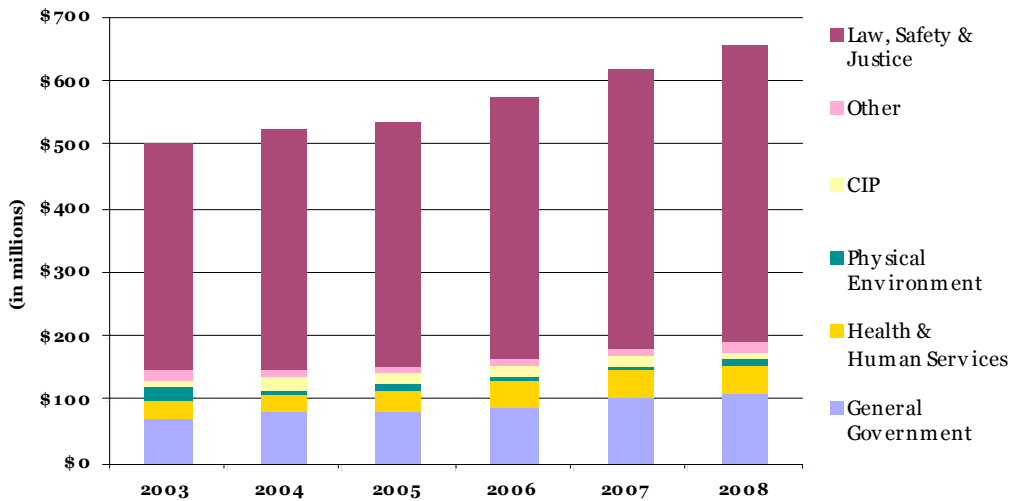
3 This amount excludes CX overhead

# Historical General Fund Expenditures

The following tables summarize the growth in the General Fund's program areas since 2003.

Figure 7

## Historical General Fund 2003 Adopted to 2008 Proposed

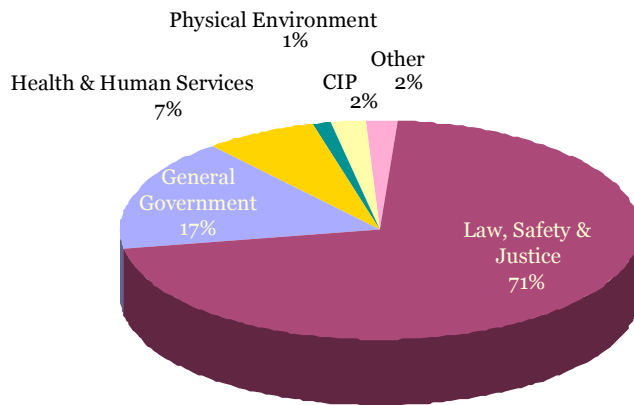


Budget (in millions)	2003	2004	2005	2006	2007	2008	07-08 Change
General Government	74.4	81.1	84.8	90.2	102.9	109.9	6.9
Health & Human Services	27.4	28.8	34.0	41.4	45.5	46.1	0.6
Physical Environment	20.1	5.7	5.8	6.1	7.0	7.3	0.3
CIP	8.9	20.8	17.3	14.0	15.9	14.1	(1.8)
Other	19.3	14.3	10.2	11.8	9.7	13.7	4.0
Law, Safety & Justice	354.9	374.5	384.7	414.1	441.1	469.4	28.4
<b>TOTAL<sup>1</sup></b>	<b>504.9</b>	<b>525.3</b>	<b>536.8</b>	<b>577.7</b>	<b>622.1</b>	<b>660.5</b>	<b>38.5</b>

<sup>1</sup> Totals may not match with individual tables due to rounding.

Figure 8

## 2008 Proposed General Fund Budget Expenditures

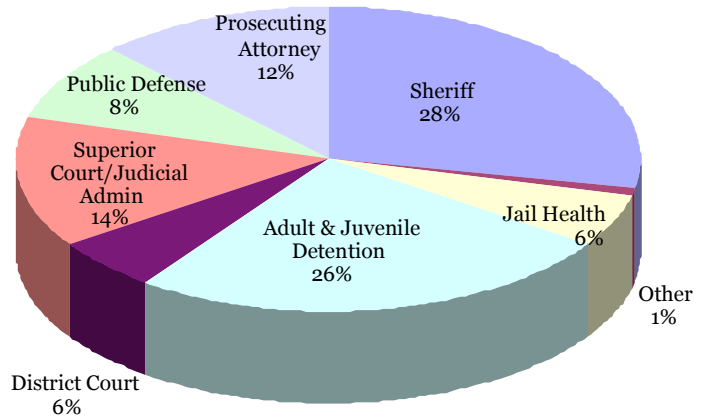


# General Fund Expenditure Highlights in 2008 by Program Area

Figure 9

## Law, Safety and Justice \$470.4 Million in 2008

Budget (in millions)	2007		+/-
	Adopted	Proposed	
Sheriff's Office	123.7	131.4	7.7
Adult & Juvenile Detention	113.2	120.5	7.4
Superior Court/Judicial Admin	60.8	64.5	3.7
Prosecuting Attorney	54.1	57.5	3.4
Public Defense	37.1	39.8	2.7
District Court	24.0	25.9	1.9
Jail Health	25.3	26.7	1.4
Other <sup>1</sup>	3.9	4.1	0.2
<b>TOTAL</b>	<b>442.0</b>	<b>470.4</b>	<b>28.4</b>



1 Other includes Emergency Services and Security Screeners.

2 Total may not match summary table due to rounding.

### Sheriff's Office

- The 2008 Executive Proposed Budget includes funds to support the King County Sheriff's Blue Ribbon Panel. In 2006, the Blue Ribbon Panel was charged with examining the management, supervision, disciplinary, and public accountability processes in the King County Sheriff's Office (KCSO). The Panel made a series of recommendations to improve the level of accountability within KCSO. In 2007, the Sheriff's Office made considerable progress in implementing many of the recommendations of the Blue Ribbon Panel. The 2008 Executive Proposed Budget supports the Sheriff's efforts by providing funding for eight new sergeants. The addition of these sergeants will improve the quality of supervision by reducing the number of employees supervised by each sergeant.
- The 2008 Executive Proposed budget also includes approximately \$1.9 million to support additional services to contract customers. The Sheriff's Office recently established a new contract with Sound Transit to provide security to the Sounder commuter rail. In 2008, planning will commence to expand KCSO services to the new Link light rail which is scheduled to open in 2009. Additionally, Metro Transit, the City of Woodinville, and the City of Shoreline have requested expansions in contract services. These additions reflect KCSO's success in leveraging its expertise to attract new customers and expand lines of business. The growth in contracts also increases the share of the Sheriff's budget supported by contract revenue. Between 2007 and 2008, the share of the KCSO budget supported by contracts will increase from 39 to 41 %.
- The Budget includes funds to support a new Gang Unit. The unit will be responsible for the proactive suppression and enforcement of criminal street gangs. Between

2001 and 2006, reported gang activity increased on an average of five percent per year in areas patrolled by the Sheriff's Office.

### **Department of Adult and Juvenile Detention (DAJD)**

- In order to address rising jail overtime costs, DAJD used the Operations Forecast Model (OFM) to develop the 2008 budget. The OFM utilizes historical trends to determine the most cost-effective combination of FTEs and overtime required for correction officer staffing. Using 2008 forecasts of average daily population and facilities' capacities, the model determined 32 additional FTEs will bring correction officer staffing to this most cost effective level and will limit overtime. Total cost to implement this proposal is \$2.4 million.

### **Prosecuting Attorney**

- The majority of the changes to the Prosecuting Attorney's Office (PAO's) 2008 Executive Proposed Budget provide additional support staff for the PAO's Civil Division. Driven by rising caseloads and the increasing complexity of cases, the proposed budget provides for a Safety and Claims legal secretary, a mortgage fraud investigator and an additional deputy prosecutor to assist in land-use negotiations. There are also two positions, paid for by Risk Management, to lead the Prosecutor's efforts in document and database management.

### **Office of the Public Defender**

- The proposed budget includes increased funding for contract agencies to provide public defense services. The additional funding is provided for expected increases in felony, complex felony, dependency, and contempt of court cases.

### **Superior Court and Judicial Administration**

- The proposed budget includes funding for a 52nd judge and support staff. This position was recommended by the Protocol Committee to accommodate growth in pending caseloads. The Protocol Committee is composed of representatives from the Superior Court, the King County Council, the Executive, the Department of Judicial Administration and the County Bar Association.

### **District Court**

- District Court's filings have increased by 16.6% since 2004, with the largest increases in criminal traffic and infraction traffic. Because these cases are often more complicated and time-consuming than other types of cases, the increase in workload is even larger than the overall increase in filings. With rising workload but no analytical method for determining staffing need, District Court began a Staffing Needs Assessment Study in 2006. Completed in April, 2007, the study revealed a staffing shortage and recommended hiring additional clerical and managerial staff. The proposed budget includes \$1.3 million in funding to annualize this 2007 supplemental request.

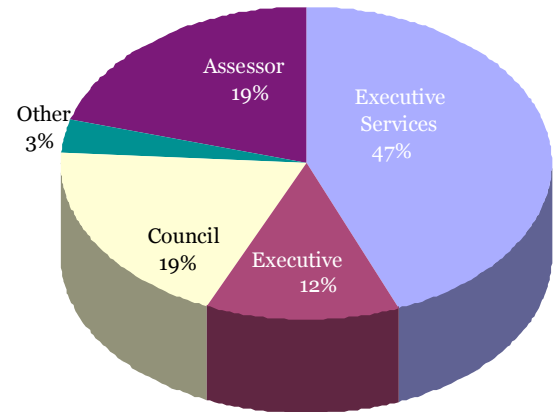
Figure 10

**General Government**  
**\$109.9 Million in 2008**

<b>Budget (in millions)</b>	<b>2007 Adopted</b>	<b>2008 Proposed</b>	<b>+/-</b>
<b>Executive Services</b>			
<i>Records, Elections &amp; Licensing</i>	26.4	32.5	6.2
<i>Human Resources</i>	9.5	9.7	0.2
<i>Treasury</i>	3.1	3.3	0.1
<i>Real Estate Services</i>	3.1	3.4	0.3
<i>Administration</i>	2.6	2.8	0.2
Assessor	19.7	20.6	0.9
Council	20.2	21.1	0.9
Executive	12.9	13.4	0.5
Other <sup>1</sup>	5.4	3.1	(2.3)
<b>TOTAL<sup>2</sup></b>	<b>102.9</b>	<b>109.9</b>	<b>6.9</b>

1 Includes State Auditor, Boundary Review Board, contingencies and memberships and dues.

2 Total may not match summary table due to rounding.



**Executive Agencies**

- The Office of Management and Budget will continue the Annexation Initiative in order to encourage annexations and incorporations of urban unincorporated areas in the county. By the end of 2007, seven unincorporated communities including Benson Hill, Lea Hill, Auburn’s West Hill, East Federal Way, Fairwood, East Renton, and Klahanie will have had the opportunity to vote on annexation. Several additional annexation elections are pending in 2008, including possible action by Kirkland and Kent to annex their potential annexation areas. The Fairwood community may opt to place incorporation on the ballot again in 2008 as well. The successful August 2007 annexation election for the Auburn West Hill and Lea Hill is anticipated to be effective on January 1, 2008.

**Assessments**

- In 2008, Assessments will continue the Property Based System Replacement Project. The objective of this project is to replace the 25 year old system currently used for assessing property, calculating levy rates, and collecting taxes. In 2008, a vendor selection process for a new system will be undertaken to ensure that critical property tax functions remain reliable, timely, accurate, and efficient for the tax payers, the county, and the 167 taxing districts that depend upon the department.

**Executive Services**

- In 2008, the Records, Elections and Licensing Services Division of the Department of Executive Services will operate in a consolidated elections facility and will conduct the first countywide election entirely by mail ballot.

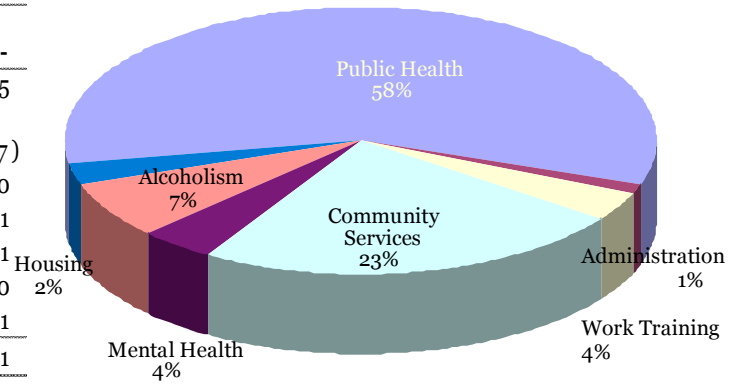
Figure 11

## Health and Human Services

\$48.4 Million in 2008

Budget (in millions)	2007	2008	+/-
	Adopted	Proposed	
Public Health	23.5	28.0	4.5
Community & Human Services			
<i>Community Services</i>	14.1	11.4	(2.7)
<i>Alcoholism</i>	3.4	3.4	0.0
<i>Work Training</i>	1.7	1.8	0.1
<i>Mental Health</i>	1.9	2.0	0.1
<i>Housing</i>	1.2	1.2	0.0
<i>Administration</i>	0.6	0.6	0.1
<b>TOTAL<sup>1</sup></b>	<b>46.3</b>	<b>48.4</b>	<b>2.1</b>

<sup>1</sup> Total may not match with summary table due to rounding.



### Public Health

- Over the last decade, the Public Health Seattle-King County (PHSKC) has been continually challenged financially due to emerging public health issues, limited or declining revenues, increasing costs of existing services and increased numbers of uninsured residents. In response to these challenges, the County engaged in the preparation of an operational master plan focused on developing a sustainable operational and financing model for the provision of essential public health services in King County. Guided by a collaborative planning process that engaged the PHSKC, the King County Council, the King County Board of Health, the King County Executive and other stakeholders, a final product was transmitted to the County Council on September 6, 2007.

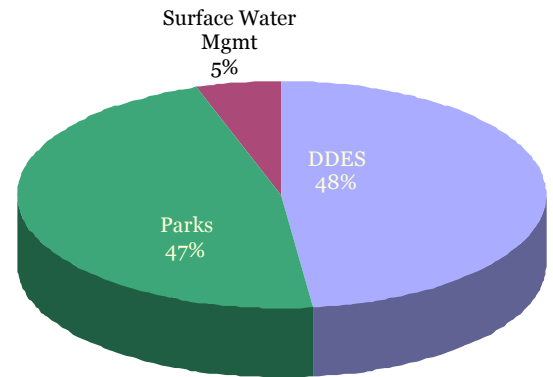
The Public Health Operational Master Plan (PHOMP) establishes a policy framework to guide the future of public health in King County and the goal of protecting and improving the health and well-being of all people in King County. In order to accomplish this goal, King County's strategies and policies will be grounded on the following principles: (1) based on science and evidence, (2) focused on prevention, (3) centered on the community, and (4) driven by social justice. The PHOMP also establishes long- and short-term goals and strategies to achieve the policy direction developed in the framework. These principles and goals form the policy basis upon which the 2008 PHSKC budget is based.

The department's budget contains four new programs designed to address areas of need identified in the Public Health Operational Master Plan. Specifically, these programs are (1) Provision Assurance, (2) Assessment, Policy, Planning and Evaluation, (3) External Relations, and (4) Grants Development.

Figure 12

**Parks and Development & Environmental Services**  
**\$7.3 Million in 2008**

<b>Budget (in millions)</b>	<b>2007 Adopted</b>	<b>2008 Proposed</b>	<b>+/-</b>
DDES	3.5	3.5	(0.0)
Parks	3.1	3.4	0.3
Surface Water Mgmt	0.4	0.4	0.0
<b>TOTAL</b>	<b>7.0</b>	<b>7.3</b>	<b>0.3</b>



**Parks Division**

- In the 2008 Proposed Budget, the division is funded primarily by the recently approved six-year Parks Levy, which will provide funding for operations and maintenance of King County parks commencing in 2008. The remaining funding for the Parks Division (approximately \$10.5 million) comes from various business revenues such as user fees and entrepreneurial efforts, Real Estate Excise Tax (REET) funding for Capital Improvement Program (CIP) planning and a CX Fund transfer of approximately \$3.3 million, which supports the remaining parks facilities and programs located in the urban growth areas of the county. Included in the 2008 Executive Proposed Budget and consistent with the requirements of the levy, are the resources to achieve maintenance levels for parks consistent with those in place prior to 2002.

**Department of Development and Environmental Services**

- The Department of Development and Environmental Services (DDES) will rewrite the county’s zoning code to ensure alignment with the Growth Management Act and allocate additional funding to support Grading, Critical Areas, and Zoning in processing of cases.

**Surface Water Management (SWM)**

- Surface Water Management Local Drainage Services will continue to provide support to county residents related to the Critical Areas Ordinance, including assisting residents in preparing agricultural and forestry plans. Surface Water Management also provides incentives to encourage landowners to voluntarily conserve and protect land resources, open space, and timber through the Public Benefit Rating System and Timberland Programs. SWM also helps county farmers find local markets for their goods through the Puget Sound Fresh program.

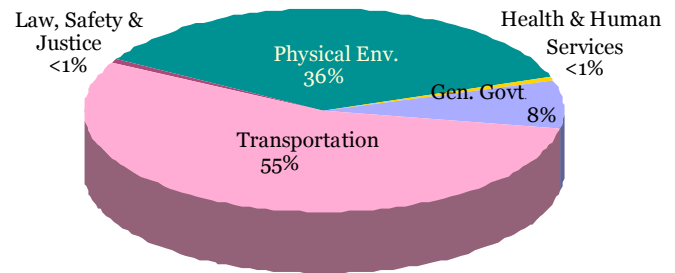
# Other Funds

Figure 13

## Capital Improvement Fund

\$1,217.9 Million in 2008

Budget (in millions)	2007 Adopted	2008 Proposed	+/-
<b>Physical Environment</b>			
<i>Open Space</i>	16.7	13.8	(2.9)
<i>Surface Water &amp; Flood<sup>1</sup></i>	14.4	31.7	17.3
<i>Solid Waste</i>	23.8	79.0	55.2
<i>Wastewater Treatment</i>	669.1	273.5	(395.6)
<i>Park Facilities</i>	38.1	44.5	6.4
<b>Transportation</b>			
<i>Airport</i>	2.7	13.1	10.4
<i>Roads</i>	60.6	53.7	(6.9)
General Govt. <sup>1</sup>	143.2	92.2	(51.0)
Law, Safety & Justice	12.7	7.3	(5.3)
Health & Human Services	7.7	5.9	(1.8)
<b>SUBTOTAL</b>	<b>989.0</b>	<b>615.0</b>	<b>(374.0)</b>
	<b>2007 Adopted</b>	<b>2008/09 Proposed</b>	<b>+/-</b>
<b>Transportation</b>			
<i>Transit<sup>1</sup></i>	61.6	541.9	480.3
Transfer to Operating	66.5	61.1	(5.5)
<b>TOTAL CIP</b>	<b>1,117.1</b>	<b>1,217.9</b>	<b>100.9</b>



<sup>1</sup> These funds have been adjusted to exclude transfers to and from other funds.

### Natural Resources and Parks

- The proposed increases for Surface Water and Flood, Solid Waste, and Parks capital programs are more than offset by a significant reduction to the Wastewater Treatment capital budget.
- The Surface Water and Flood capital budget increase is the result of the proposed revenue availability associated with the Flood Control Zone District. The District will address the county's aging flood protection system.
- The Solid Waste proposed capital budget increase is driven by the development of the Factoria and Bow Lake Recycling and Transfer Stations and for siting new recycling and transfer stations in north and south King County.
- The Park Facility capital program is increased due to the Parks expansion levy revenue approved by voters in August 2007. This \$9.6 million revenue increase supports parks projects and open space acquisition goals.
- Though the Brightwater Treatment Plant and Conveyance pipeline projects are moving ahead as scheduled, there is less Wastewater Treatment capital budget required in 2008 than in 2007 to award construction contracts.



## **Transportation**

- The Transit capital budget is increasing significantly in 2008. The total \$541.9 million budget includes \$342 million for the replacement of a significant share of the bus fleet and to support growth in service for Transit Now. In 2008, Transit is piloting a biennial budget so the request includes both 2008 and 2009 budget amounts.
- The Airport \$10.4 million increase includes a proposed runway resurfacing project.

## **General Government and Other Programs**

- The General Government; Law, Safety and Justice; and Health and Human Service categories include facility, technology, and housing projects. Though there is a budget increase for low income housing development and for the consolidated elections facility acquisition, the net change from 2007 is negative due to an \$88 million reduction in the amount necessary to retire bond anticipation notes in 2008.

Figure 14

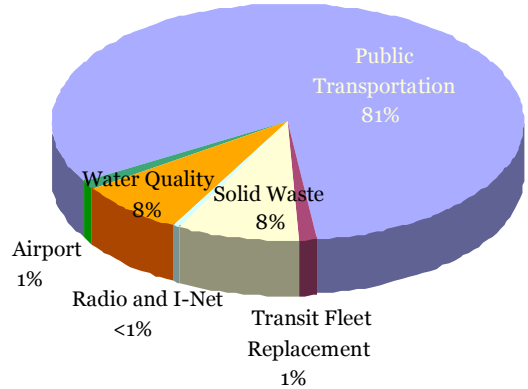
**Enterprise Funds Operating Budgets**  
**\$1,329.9 Million in 2008**

Budget (in millions)	2007	2008	+/-
	Adopted	Proposed	
Solid Waste	106.6	109.7	3.1
Water Quality <sup>1</sup>	89.7	102.5	12.8
Airport <sup>1</sup>	12.8	13.7	0.8
I-Net Operations	3.2	3.4	0.2
Transit Fleet Replacement	6.5	14.1	7.6
Radio Communications	2.9	2.9	0.0
<b>SUBTOTAL</b>	<b>221.6</b>	<b>246.2</b>	<b>24.6</b>

	2007	2008/09	+/-
	Adopted	Proposed	
Public Transportation <sup>1</sup>	434.7	1,083.6	649.0
<b>TOTAL ENTERPRISE</b>	<b>656.3</b>	<b>1,329.9</b>	<b>673.6</b>

1 These funds have been adjusted to exclude transfers from other funds.



**Public Transportation**

- The Transit budget was developed for the biennial period of 2008/2009. The development of a meaningful biennial budget required a concerted effort to make the best estimates possible for the second year of the biennium.
- The 2008 Executive Proposed Budget assumes increases across all categories of Transit fares, averaging an approximate 15 percent increase. Since the most recent fare increase in 2001, fare collections and sales tax revenues have not kept pace with inflation, especially in the areas of fuel and labor costs. A fare increase will improve the dependability, reliability and predictability of bus service.
- Transit Now programs will continue to be implemented in 2008. Those programs initiated during 2007 will be continued with a full-year annual impact in 2008.

**Parks**

- The proposed budget implements the six-year Parks Levy approved by voters in August 2007. The 2008-2013 Parks Levy will generate \$16 million in revenues in 2008, a 22 percent increase over 2007. The renewed levy enables the division to restore park maintenance to pre-2002 levels.

**Solid Waste**

- An increase in the Solid Waste tipping fee will take effect January 1, 2008. The last fee increase was in 1999. Through sound fiscal management, the Solid Waste Division was able to delay a tipping fee increase during the past several years. The additional revenue generated by the fee increase will help fund major capital projects necessary to prepare the county for the transition to waste export upon the closure of the Cedar Hills Regional Landfill, anticipated in 2016.

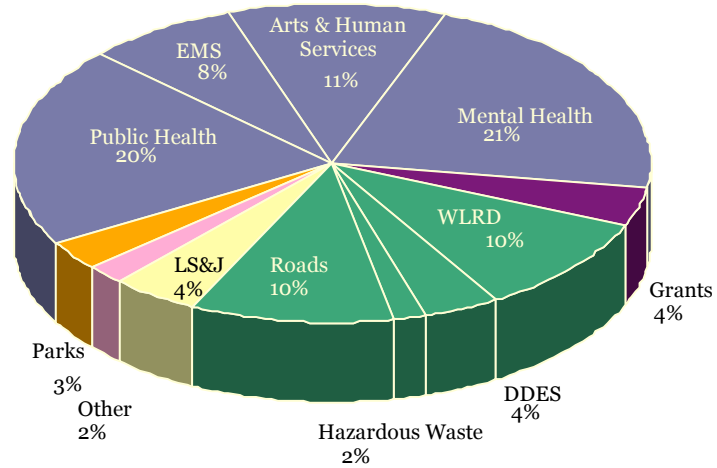
## **Water Quality**

- The adopted monthly sewer rate for 2008 is unchanged from 2007 at \$27.95. The capacity charge, however, will increase from \$42.00 in 2007 to \$46.25 in 2008. King County was able to maintain the sewer rate through 2008 by using a rate stabilization reserve. In 2008, \$17.65 million of the rate stabilization reserve will be used, leaving a reserve balance of \$6.4 million.

Figure 15

## Special Revenue Funds Operating Budgets \$804.4 Million in 2008

Budget (in millions)	2007		+/-
	Adopted	Proposed	
Public Health <sup>1</sup>	152.3	162.7	10.4
Mental Health <sup>1</sup>	127.1	173.8	46.7
Roads <sup>1</sup>	70.5	83.5	13.0
Water & Land Resources	59.5	79.1	19.6
EMS <sup>1</sup>	43.3	62.0	18.7
DDES <sup>1</sup>	28.7	30.8	2.1
Alcoholism & Sub. Abuse <sup>1</sup>	18.8	21.9	3.1
Developmental Disabilities	25.0	28.2	3.2
Parks	19.0	24.5	5.4
Housing <sup>1</sup>	17.5	17.7	0.1
E-911	19.0	21.5	2.5
AFIS	18.9	14.4	(4.5)
Hazardous Waste	12.9	14.1	1.2
Arts & Cultural Dev.	14.1	14.4	0.3
Work Training <sup>1</sup>	5.0	4.7	(0.3)
Dislocated Worker	5.6	4.1	(1.5)
Grants	32.3	32.3	(0.1)
Other <sup>2</sup>	27.6	14.8	(12.7)
<b>TOTAL</b>	<b>697.3</b>	<b>804.4</b>	<b>107.1</b>



1 These funds have been adjusted to exclude transfers from other funds.

2 Other includes Solid Waste Closure, Veteran's Relief Services, Recorder's O&I Youth Sports, River Improvement, Risk Abatement and Grant funds.

### Mental Health / Chemical Abuse Dependency Services

- Mental Health/Chemical Abuse Dependency Services (MHCADSD) continues to provide countywide services to individuals, families, and communities affected by mental illness and/or substance abuse or chemical dependence. The 2008 Executive Proposed Budget recommends imposing a 1/10<sup>th</sup> of 1% sales tax to increase funding for this high need area. The Mental Illness and Drug Dependency revenue expands the delivery of current programs including outpatient services for non-Medicaid persons and wraparound services for emotionally disturbed youth. A new focus will be placed on populations traditionally underserved, such as prevention and intervention services for older adults and school based mental health and substance abuse services. Revenues from the sales tax increase will also be used to improve justice system services and reduce the cycle of detention and hospitalization through the creation of an Adult Crisis Diversion Center, training for first responders and an expansion of Mental Health Court. The proposed programs follow the plan outlined in the Mental Illness and Drug Dependency Action Plan, adopted by the County Council in October 2007.

## **Dislocated Worker / Work Training Programs**

- Due to a combination of reduced federal funding and declining unemployment rates, the Dislocated Worker and Work Training Programs have seen a significant decrease in overall revenues in their 2008 Executive Proposed Budgets. The Dislocated Worker Program is anticipating an overall decrease in funding of nearly \$1.25 million, a 22% reduction. The Work Training Program forecasts reductions in revenue of nearly \$250,000, a 3.6% decrease. Together, these two funds will have 12% lower revenues in 2008.

## **Housing Opportunity Fund**

- The 2008 Executive Proposed Budget for Housing Opportunity Fund (HOF) is \$25 million. HOF provides funding to housing projects for very low to moderate-income households. The construction of low-income housing will help the County reach its goal of reducing homelessness.
- The proposed budget for HOF includes one-time contributions for housing capital projects from the Veterans and Human Services Levy totaling over \$10 million. In addition, document recording fees authorized by HB 1359 and HB 2163 will provide close to \$9 million in state funding to HOF's budget for homeless housing and services.

## **Emergency Medical Services**

- The Medic One/Emergency Medical Services (EMS) system provides life-saving medical assistance to all residents of King County. It is recognized as one of the best emergency medical services programs in the country, and its response model has garnered an international reputation for innovation and excellence in out-of-hospital emergency care. In 2007, Public Health coordinated the development of the EMS 2008-2013 Strategic Plan. This document forms the basis of the levy proposal which has been placed on the November ballot. The 2008 EMS budget implements the strategic plan that provides for continued excellence in this critical area.

## **Physical Environment**

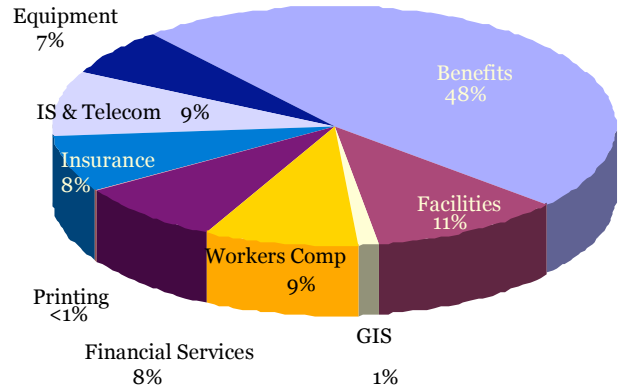
- The Road Services Division strives to increase mobility through arterial networks, bridge rehabilitation, and corridor system improvements, while ensuring the preservation of the existing transportation system.
- Despite a nine percent increase in the Surface Water Management (SWM) Fee in 2007, the 2008 Executive Proposed Budget for Water and Land Resources Shared Services and SWM contain combined expenditure reductions of nearly \$3 million. These expenditure reductions are necessary to mitigate the financial impact of inflation, unfunded regulatory requirements, and impacts from annexations.

Figure 16

**Internal Service Funds Operating Budgets  
\$410.9 Million in 2008**

Budget (in millions)	2007		+/-
	Adopted	Proposed	
Benefits	182.5	197.9	15.4
Facilities <sup>1</sup>	42.4	47.8	5.4
Workers Comp	34.5	36.8	2.4
Financial Services <sup>1</sup>	31.1	31.5	0.4
Insurance	28.3	26.5	(1.9)
Info. Systems & Telecom	34.0	38.5	4.5
Motor Pool & Equipment <sup>1</sup>	24.9	27.4	2.5
Geo. Info. Systems	4.2	4.4	0.2
Printing	1.7	0.1	(1.6)
<b>TOTAL</b>	<b>383.7</b>	<b>410.9</b>	<b>27.3</b>

<sup>1</sup> These funds have been adjusted to exclude transfers from other funds.



**Benefits**

- The proposed budget increases the health benefits rate charged to county agencies by 4.5 percent to \$1,142 per benefits eligible employee per month from the 2007 rate of \$1,093.

**Finance and Business Operations**

- With a focus on increased efficiencies the Finance and Business Operations Division was able to reduce staff and funding within various parts of the division while still maintaining services at current levels.

**Safety and Claims**

- Due to increased demand and a continued effort to reduce worker compensation claims the Safety and Claims division is adding an additional safety trainer. The second trainer will support county wide safety and health program training to meet department demands as well as needs associated with increased Transit bus service and Sound Transit Light Rail service implementation.

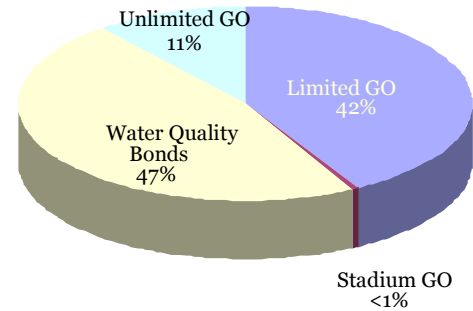
**Facilities Management**

- In 2008 a new copy center business model will begin operations in the downtown Seattle business core. Two copy centers will provide copy and limited printing services. The Printing and Graphic Arts function will cease operations at the end of 2007.

Figure 17

**Debt Service Fund**  
**\$368.3 Million in 2008**

Budget (in millions)	2007	2008	+/-
	Adopted	Proposed	
Limited GO Bonds	154.1	153.1	-0.9
Water Quality Bonds	149.1	173.1	24.0
Unlimited GO Bonds	47.8	39.8	-7.9
Stadium GO Bonds	2.2	2.2	0.0
<b>TOTAL</b>	<b>353.1</b>	<b>368.3</b>	<b>15.2</b>



**Debt Service**

- The 2008 debt service budget for the three bond repayment funds is a decrease from the 2007 debt repayment levels.
- The Limited General Obligation Bond Redemption Fund reduction is due to a final debt service payment being made in 2007. New debt issuance is to occur later in December 2007 for open spaces and solid waste with debt repayment beginning in 2008.
- The next debt issuance for Current Expense funded debt is projected to occur in late 2008. The repayment schedule is likely to start in 2009. Bond proceeds will be used for housing projects, a parking garage tunnel and the King County Courthouse renovation. The Current Expense debt plan includes a placeholder for a future Accountable Business Transformation (ABT) proposal along with general government facility and technology debt financed project reserves. The Current Expense Fund share of the Limited G.O. Bond payment will remain below the 5% debt cap based on Current Expense fund revenue collections even with the inclusion of additional debt.
- The Unlimited General Obligation Bond Redemption Fund budget authority proposed for 2008 is lower due to technical adjustments associated with recently issued refunding debt.
- The difference between Limited General Obligation Bond Redemption Fund and the Unlimited General Obligation Bond Redemption Fund is that Unlimited is approved by the voters, while Limited is approved by the King County Council.
- Wastewater will be issuing additional debt in 2008 in conjunction with the Brightwater project.