

INTRODUCTION

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, Regional Governance Transition, 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 2008 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 Current Expense Fund Forecast which provides a two-year history of revenues and expenditures details the impact of proposed 2008 policy choices and projects the fiscal impact through 2010.

Regional Governance Transition

This section provides a discussion of the changing nature of the King County's unincorporated area population over the next 8 to 10 years. It includes a presentation of the revenue and expenditure information related to the unincorporated area, the services delivered to the area and a discussion of the transition to a regional government. This section describes the major actions King County is undertaking to transform itself into a true regional government; one responsible for providing an array of mandated regional services as well as local services to rural areas. The core element of this transition is transferring the county's existing responsibility for local urban services to cities. This is being carried out through the Annexation Initiative.

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 2008 proposed budget.

General Government

This section displays the appropriation units grouped by this function area and includes financial details. Appropriation units included under this heading are Council Agencies, County Executive, Department of Executive Services, Assessments, 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 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 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 indebtedness. The section also includes a discussion of regional debt levels.

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 is 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

Biennial Budgeting Issues

As the Transit budget is one of the more complex budgets in King County, it was identified to be the first agency to perform biennial budgeting in this pilot program. Not only does it have 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 required to evaluate implementing biennial budgeting throughout additional agencies in future years. The success of the Transit biennium will be reviewed during early part of 2009 to determine whether additional implementation is both appropriate and feasible.

Building a biennial budget has major concerns and issues, among which are process changes, dependencies among agencies, and developing assumptions and rates that span the entire twenty-four month budget. Building a two-year Transit budget required that the regular budget process be accelerated. In prior years, Transit proposed budgets were finalized in September. The goal for developing the 2008 budget for Transit was to finalize assumptions in early August, so 2008 could be finalized in mid to late August. These assumptions for the key cost and revenue drivers included sales tax, ridership and fare revenue, labor costs, diesel fuel costs, and internal service rates. The goal for developing the 2009 budget and rates was to finalize budget decisions and rates by late September. In reality, however, these goals and timelines were more difficult to achieve than anticipated.

Biennial budgeting required that decisions impacting internal service rates be made earlier than in previous years. Internal service funds and rate agencies were required to provide early 2008 rates; rates for 2009 were calculated and reserved for in the 2009 column of their proposed internal service fund financial plans. Inflation and prior period activity level rates were developed for 2008 and adjusted for growth for 2009. The Executive's objective was to develop an assumption based 2009 rate that will be adopted as part of the biennial budget, and then reviewed during the high level 2009 mid-biennium review. The following rates are included in this category: 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. The 2009 planning assumptions can be found in the Transit budget of the Physical Environment Program section of this budget book.

Public Transportation Enterprise dependent budgets which contribute to the DOT Director's Office, budgeted their 2009 contribution in the 2009 column of their financial plans. It was critical for their financial plans to be consistent across funds for both expenditures and revenues to fully showcase the department overhead in 2009. These funds include the Roads Services Division, Airport, and Fleet Administration.

One of the major difficulties with multiyear budgets is the need to do a multiyear revenue projection. The burden of projecting revenues for budgeting purposes falls on the Office of Management and Budget. Projecting revenues for the upcoming calendar year for budget purposes is a complex process, especially when considering that this must typically be done when only a partial year of actual data is available for the current year. The revenue projection process becomes even more complex when it encompasses two future years rather than one.

In August 2007, OMB provided budget drivers to agencies to support needed planning time in constructing 2008 estimated rates and 2008 financial plans. These drivers included sales tax, interest rates, COLA estimates, future diesel and energy prices, and debt service.

Using these rate forecasts, Transit forecasted 2009 service levels for major business lines such as Transit Now, smart-card implementation, ridership enhancement programs, bus shelter implementation, transit oriented development, partners in transit, adopt a shelter, and recycling programs. Also, Transit forecasted major revenue streams for Transit Now, sales tax, and major grants to create a balanced mid-biennium budget.

Implementation

Once the county council reviews and adopts the biennial budgets for the Public Transportation Funds, the Office of Management and Budget will begin the implementation process of the biennial budget. OMB plans to implement the adopted Public Transportation budget by uploading the entire two years into IBIS. OMB will monitor the budget throughout the biennium to ensure compliance. Transit agencies will submit an annual allotment plan for Executive review.

The mid-biennium review will occur during the same stage as the 2009 budget development process for the annual budgets. The mid-biennium review will be a high level review of the assumptions, business lines, and revenues forecasted during the 2008/2009 biennium budget development process. During this review, expenditures will be realigned with anticipated revenues to produce a budget that is both prudent, balanced and provides the high quality of service every county taxpayer has come to expect from the County. The mid-biennium review will be sent to the council at the same time as the 2009 Executive proposed budget for the council to review and adopt as a supplemental budget.

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.

2007 Adopted: These are expenditures appropriated by the Council for the year beginning January 1, 2007 and ending December 31, 2007. It does not include encumbrances, supplemental appropriations or technical changes to the 2007 budget. These items are either in the *Status Quo* or under *Technical Adjustment*.

Status Quo (or Base Increment): This category contains revised 2007 adopted budget, initial status quo and proposed status quo changes. These are incremental changes from the 2007 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 2008 budget. It is the change between 2007 Adopted and the Status Quo 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 2008 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 overhead costs as opposed to direct services.

**2008 Adopted Budget for Sample Appropriation
1234/1234**

Code	Item	Description	Expenditures	FTEs *	TLTs	
 Program Area						
			2007 Adopted	3,130,000	3.00	0.25
	GG		Status Quo**	(130,000)	(1.00)	(0.25)
			Status Quo Budget	3,000,000	2.00	0.00
 Financial Challenges						
	RB02	Service Adjustment	9,999	0.00	0.00	
			9,999	0.00	0.00	
 Maintain Infrastructure						
	RB01	New Facilities	890,980	0.00	0.00	
			890,980	0.00	0.00	
 No Change Dynamic						
	TA01	Technical Adjustment	20,000	0.00	0.00	
			20,000	0.00	0.00	
 Revenue Increases						
	TA02	Revenue Adjustment	27,000	0.00	0.00	
			27,000	0.00	0.00	
 Technical Adjustment						
	CR09	Geographic Information System Charge	333,000	0.00	0.00	
	CR16	Radio Access	23,000	0.00	0.00	
	CR29	Wastewater Vehicles	12,000	0.00	0.00	
			368,000	0.00	0.00	
 The Council Changes						
	CC01	Organizational Realignment	1,000	0.00	0.00	
			1,000	0.00	0.00	
		Total Change Items in 2008	1,316,979	0.00	0.00	
		2008 Adopted Budget	4,316,979	2.00	0.00	

* FTEs do not include temporaries or overtime.

** This includes 2007 adopted, initial status quo, and proposed status quo increments. Under FTEs, annualization is included.

Sample Appropriation

- **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.
- **Transition Fund Requests (TF):** These are one-time budget requests for the purpose of planning, developing, and/or implementing technology, efficiency or business process change projects. These projects are long term investments made with the objective of transitioning general fund to a more efficient and cost effective service provider.
- **Central Rate Adjustments (CR):** 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.

2008 Adopted Budget: This is the adopted budget for this appropriation unit.

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. As of December 31, 2006, 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.

The reporting entity "King County" includes four component units, the Harborview Medical Center (HMC), the Washington State Major League Baseball Stadium Public Facilities District (PFD), the Cultural Development Authority (CDA) of King County, and the Flood Control Zone Districts. The Harborview Medical Center, with a history that dates back to 1877, is a comprehensive 413-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 Safeco Field, the Seattle Mariners' baseball stadium. The CDA was created in 2003 to support the arts, heritage, historic preservation, and public art throughout the county. The Flood Control Zone Districts account 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 Divisional 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 Manager of the Finance and Business Operations division invests or disburses monies according to the instructions of the respective special purposes districts governing body or administrative officer.¹

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 Improvement Projects. Debt Service and Capital Improvement are not shown on the county organizational chart.

¹ Source: King County "Comprehensive Annual Financial Report, pg viii –ix, 2006.

**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

Dan Satterberg, Acting Prosecuting Attorney

ASSESSOR

Scott Noble

SUPERIOR COURT

Michael Trickey, 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 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 Code Advisory and Appeals Board
Personnel Board
Plumbing Board of Appeals
Water System Review, King County Board of

Management Groups

Active Sports and Youth Recreation Commission
Alcoholism & Substance Abuse Administrative Board, 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
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 Commission, King County
Library District Board of Trustees, King County
Museum of Flight Authority Board of Directors, King County
Noxious Weed Control Board
Rural Forest Commission

Advisory Groups

Accessible Services Advisory Committee
Aging 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 Board, King County
Ferry Advisory Committees – Seattle & Fauntleroy
Flood Control Zone District Advisory Board, Patterson Creek
International Airport Roundtable
Issaquah Creek Valley Groundwater Protection Committee
Mental Health Advisory Board
Parks Levy Oversight Board
Redmond Bear Creek Groundwater Protection Committee
Regional Communications Board
Regional Human Services Citizens Board
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 Committee
Veterans' Advisory Board
Veterans' Citizen Oversight Board
Wheel Chair Accessible Taxi Advisory Committee
Women's Advisory Board, King County

Link to Adopted Organizational Chart