



KING COUNTY
Signature Report

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

March 1, 2011

Motion 13431

Proposed No. 2011-0091.2

Sponsors Patterson and Phillips

1 A MOTION adopting the schedule for King County's move
2 to biennial budgeting and fulfilling the requirements of
3 Ordinance 15545.

4 WHEREAS, RCW 36.40.250 authorizes the legislative body of any county to
5 adopt an ordinance providing for biennial budgeting with a midbiennium review, and

6 WHEREAS, the voters of King County adopted Proposition 1 in November 2003,
7 which authorizes biennial budgeting, and

8 WHEREAS, the metropolitan King County council adopted Ordinance 15545 on
9 July 10, 2006, and

10 WHEREAS, Ordinance 15545 allows the council to provide the executive with
11 the fund or funds selected for biennial budgeting, and

12 WHEREAS, this notification must occur at least two hundred forty-five days
13 before the end of the year, and

14 WHEREAS, in the 2008-2009 biennium, the county used transit as a pilot agency,
15 and

16 WHEREAS, in the 2010-2011 biennium, biennial budgeting was expanded to the
17 entire department of transportation, and

18 WHEREAS, it is the intent of the county council to continue the implementation
19 of biennial budgeting countywide, as approved by the voters in 2003;

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

21 A. The council hereby notifies the executive, in accordance with Ordinance
22 15545, that the following agencies and funds shall be adopted as biennial budgets for the
23 following years:

24 1. For the 2012-2013 biennium:

25 a. all funds associated with the department of transportation; and

26 b. all funds associated with the department of development and environmental
27 services;

28 2. For the 2013-2014 biennium:

29 a. all funds associated with the department of transportation;

30 b. all funds associated with the department of development and environmental
31 services;

32 c. all funds associated with the department of natural resources and parks;

33 d. all funds associated with the department of public health;

34 e. all funds associated with the department of community and human services;

35 f. all funds associated with the department of executive services, excluding
36 those agencies budgeted in the general fund; and

37 g. all funds associated with the office of information resource management;

38 and

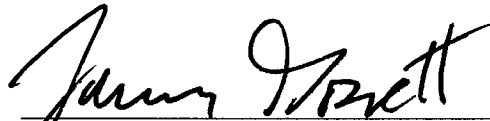
39 3. For the 2015-2016 biennium, and all biennia thereafter: all county funds.

40 B. Any funds created after passage of this motion, but before January 1, 2016,
41 shall be budgeted on the same schedule as the designated fund manager of the new fund.
42

Motion 13431 was introduced on 2/14/2011 and passed as amended by the Metropolitan King County Council on 2/28/2011, by the following vote:

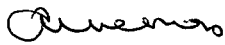
Yes: 9 - Mr. Phillips, Mr. von Reichbauer, Mr. Gossett, Ms. Hague,
Ms. Patterson, Ms. Lambert, Mr. Ferguson, Mr. Dunn and Mr.
McDermott
No: 0
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



Larry Gossett, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments: A. List of Funds for Biennial Budgeting, dated 02-28-2011

List of Funds for Biennial Budgeting**2012-2013**

Fund Number	Fund Name
4640	Public Transportation
1590	Marine
1030	County Road
5580	Motor Pool Equipment Rental and Revolving
5570	Public Works Equipment Rental and Revolving
5441	Wastewater Equipment Rental and Revolving
4290	Airport
1340	Development and Environmental Services

2013-2014

Fund Number	Fund Name
4640	Public Transportation
1590	Marine
1030	County Road
5580	Motor Pool Equipment Rental and Revolving
5570	Public Works Equipment Rental and Revolving
5441	Wastewater Equipment Rental and Revolving
4290	Airport
1340	Development and Environmental Services
4040	Solid Waste
5481	Geographic Information Systems
1451	Parks and Recreation
1452	Open Space, Trails and Zoo Levy
1290	Youth Sports Facilities Grants
1040	Solid Waste Post-Closure Landfill Maintenance
4610	Water Quality
1210	Water and Land Resources Shared Services
1211	Surface Water Management Local Drainage Services
1311	Noxious Weed Control Program
1561	King County Flood Control Contract
1050	River Improvement
1820	Inter-County River Improvement
1471	Historic Preservation Program
3090	Parks and Open Space Acquisition
3160	Parks, Recreation and Open Space
3581	Parks Capital
3522	Open Space Non-Bond Fund

3691	Transfer of Development Credit
3681	Real Estate Excise Tax 1
3682	Real Estate Excise Tax 2
3901	Solid Waste Construction
3903	Solid Waste Intermodal
3831	Solid Waste Environmental Reserve
3810	Solid Waste Capital Equipment Replacement
3910	Solid Waste Landfill Reserve
4616	Wastewater Treatment Construction
3292	Surface Water Management Capital Improvement
3673	Critical Areas Mitigation
1800	Public Health
1190	Emergency Medical Services
1280	Local Hazardous Waste
1070	Developmental Disabilities
1421	Children and Family Services
2240	Work Training Program
2460	Federal Housing and Community Development
1060	Veterans Relief
1141	Veterans and Family Levy
1142	Human Services Levy
1260	Alcoholism and Substance Abuse
1120	Mental Health
1135	Mental Illness and Drug Dependency
3220	Housing Opportunity
5461	DES Equipment Replacement
5490	Business Resource Center
5511	Facilities Management Internal Service
5450	Finance and Business Operations
5500	Employee Benefits
5420	Safety and Claims Management
1090	Recorder's Operation and Maintenance
1431	Regional Animal Services of King County
1432	Animal Bequest
5520	Risk Management
5471	Information Resource Management
5531	Technology Services
5532	Telecommunication
4531	I-Net Operations
3771	OIRM Capital
3781	Information Technology Capital

2015-2016
All County Funds



King County

Metropolitan King County Council Budget & Fiscal Management Committee

Staff Report

Agenda item No: 5
Motion No: 2011-0091

Date: February 15, 2011
Prepared by: Patrick Hamacher

STAFF REPORT

SUBJECT:

Proposed Motion 2011-0091 would name the Departments of Transportation (DOT), Natural Resources and Parks (DNRP), Development and Environmental Services (DDES), Department of Executive Services (DES) and the Office of Information Resource Management (OIRM) as the agencies selected to prepare a 2012-2013 biennial budget.

BACKGROUND:

Biennial Budgets Allowed by State Law

RCW 36.40.250 allows the legislative authority of any county to adopt an ordinance providing for biennial budgets with a mid-biennium review and modification for the second year of the biennium. This legislation became effective in 1997. Cities in the State of Washington have had the legal ability to adopt biennial budgets since 1985.

Biennial Budgets Allowed by County Charter

Authority to adopt a biennial budget was created by a King County Charter amendment that was approved by the voters in November of 2003. Section 405 of the King County Charter now reads as follows:

The county council may, subject to the provisions of section 230 of this charter, adopt an ordinance providing for a biennial budget cycle for any or all county funds, with a midbiennium review and modification for the second year of the biennium, including specifying the process and timeline for major tasks in the biennial budget process. References in this charter to the fiscal year or to specific dates shall apply to the corresponding annual or biennial period or date for any such fund or funds. Any references to a "quarter of a fiscal year" mean three months. The county council may adopt additional and emergency appropriations ordinances for such fund or funds in the same manner and subject to the same conditions as otherwise provided in this charter. The county council may repeal such an ordinance and revert to adopting annual budgets for any fund or funds, commencing after the end of any biennial budget cycle. (Ord. 14758 § 2, 2003)

Prior Legislative Action

A briefing was presented to the Budget and Fiscal Management Committee (BFM) in February of 2004. In January of 2005 the BFM Committee considered Proposed Ordinance 15545. This ordinance, sponsored by Councilmembers Gossett, Hague, Constantine and Irons, proposed amending the King County Code to authorize adoption of the County budget on a biennial basis. The Committee took no action at that time.

In June of 2006 the Operating Budget Committee again took up Proposed Ordinance 15545. At this time, the Committee amended the ordinance and the County Council approved the substitute, by unanimous vote, on July 10, 2006. *The major change in the amended ordinance was the requirement that the County Council notify the Executive 245 days prior to the end of the year (April 30) regarding the funds the Council expects to see as biennial budgets during that year's budget process.* As a practical matter, the Executive should receive this notice well before the end of April in order to ensure that biennial budgets can be prepared for selected agencies.

In February of 2007 the County Council passed Motion 12465. This motion identified the Transit Division, within the Department of Transportation, as the agency selected to prepare a biennial budget. This action would serve as a 'pilot project' for biennial budgeting. This agency was adopted as a biennial budget for 2008-2009.

In March of 2009, the County Council passed Motion 12941 which added the remainder of the Department of Transportation to the biennial budget schedule. The Department of Transportation was adopted as a biennial budget for 2010-2011.

Proposed Motion 2011-0091 would keep DOT on a biennial budget schedule and add the Departments of Natural Resources and Parks, Development and Environmental Services and Executive Services. It would also add the Office of Information Resource Management.

ANALYSIS:

Through the use of a biennial budgeting, the County has begun implementing the will of the voters who supported the charter amendment moving the county to a biennial budgeting approach. This process has been measured through use of the pilot project and moving just one department in the first two biennium.

There are a number of limitations affecting our ability to move the entire county to a biennial budget. The single biggest challenge is the out-of-date financial systems that are used to monitor and track expenses, especially the agencies within the general fund. Because the charter amendment requires the County to biennially budget at the fund level, it is unlikely that the County could move the entire budget to a biennial budget prior to the activation of the new countywide budget management system for use in preparation of the 2013 budget. However, staff did review the existing county

agencies to identify agencies that could move to a biennial budget ahead of the new financial system project implementation.

Review Process:

In helping the Chair develop a proposal, staff reviewed all county departments in order to identify agencies that could likely transition to biennial budgets and those that would be more problematic. A discussion of that review is included below.

Staff considered several criteria when reviewing candidates for biennial budgeting.

These criteria include:

1. Revenue predictability – if revenue is largely outside of the County’s control, a two-year planning horizon may not be feasible or possible. Likely the most important factor. Agencies who cannot predict with some certainty, their revenue, cannot accurately develop a budget.
2. Likelihood of major changes in operations – if there are major changes envisioned for a department, a two-year planning horizon may not be feasible or possible. Agencies expected to make significant changes may not be the best candidates, especially if those changes are being caused by outside factors.
3. Ancillary Organizational Benefits – can a two-year budget help other county agencies from a cost or predictability perspective? While not the primary consideration, if other county agencies can benefit, these benefits should be considered as part of the process.

Excluded Agencies:

There are currently 16 county departments. Of those sixteen, one – DOT is already on a biennial budget, and ten are agencies primarily funded or entirely funded by the general fund. Because of the complexity of the criminal justice system and the revenue uncertainty facing the general fund, these agencies are likely not good candidates for biennial budgeting. These agencies include:

- County Assessor
- Legislative Branch
- County Executive (with the exception of OIRM as discussed later)
- Prosecuting Attorney
- Superior Court
- District Court
- Sheriff
- Judicial Administration
- Adult and Juvenile Detention
- Elections

Excluding the general fund agencies and assuming the DOT continues with a biennial budget, the following five agencies remain as biennial budgeting candidates:

- DDES
- DNRP

- Public Health (DPH)
- Community and Human Services (DCHS)
- Executive Services (DES)

Community and Human Services is comprised of several divisions, including: Community Services, Mental Health Chemical Abuse and Dependency Services, Developmental Disabilities and the Public Defender. Using the evaluative criteria discussed earlier:

1. DCHS has very little revenue predictability. Much of the Department's funding comes from state and federal sources. As members are aware, both the State and Federal governments are facing large budget shortfalls and DCHS could likely to see substantial cuts over the next several years. Good candidate? **No.**
2. As noted above, the likely cuts in funding will cause changes in operations and service delivery over the next several years. The Veterans & Human Services Levy is up for renewal this year and its passage is currently unknown. There is also an ordinance pending before the Council that would move Office of the Public Defender out of the department. Good candidate? **No.**
3. There would likely be very little ancillary benefit to the rest of county government from moving DCHS to a biennial budget. The programs and funding sources are mostly outside of the county's control and many of the services provided are discreet and do not directly impact other county agencies. Some DCHS do impact other agencies. For example, mental illness and drug dependent individuals do frequently cycle in and out of the criminal justice system. However, it is not clear that allocating two years of funding for these services would impact the criminal justice system or provide much in terms of predictability. Good candidate? **No.**

After this review, it does not appear that DCHS is a good candidate for biennial budgeting at this time.

Public Health is comprised of several divisions, including: Administrative Services, Prevention Services, Environmental Health Services, Community Health, Emergency Medical Services, and Correctional Health and Rehabilitation Services. Using the evaluation criteria discussed earlier:

1. While, as a whole, DPH probably has more revenue predictability than DCHS, that is primarily because the environmental health programs are largely funded with fees and the EMS program is funded with a levy. As a whole, the department has little revenue flexibility or predictability. DPH has already suffered dramatic cuts to service as part of the State's balancing in the current biennium and is likely to continue to face cuts as the State continues planning for the next biennium. Additionally, it remains unclear as to how long and even if the County's

general fund will be able to contribute substantial funds to DPH. Good candidate? **No.**

2. As with DCHS, the state cuts will likely lead to dramatic service reduction over the next several years. This has already begun to occur with large reductions in the maternity support programs. Good candidate? **No.**
3. There would likely be very little ancillary benefit to other county agencies through adoption of a biennial budget for DPH. As with DCHS some of DPH's programs overlap with other agencies, particularly the criminal justice system. But, it is unclear how adopting a two-year budget for DPH would benefit the criminal justice system, especially if those programs were not reliably funded. Good candidate? **No.**

After this review, it does not appear that DPH is a good candidate for biennial budgeting at this time.

Included Agencies:

Natural Resources and Parks is comprised of several divisions, including: Natural Resources Administration, Solid Waste, Wastewater Treatment, Water and Land Resources, Parks and Recreation, Geographic Information Systems (GIS). Using the evaluation criteria:

1. DNRP has a great deal of control over its revenue. With the exception of the Parks Division which is largely funded by a levy and flood control work done by contract for the King County Flood Control District, the remaining major revenues for the department are fees which are set by the King County Council. Accommodating a biennial budget for 2012-2013 may require some adjustments to current planning to fit within the timeframe.

As an example, the County Council traditionally likes to set a two-year wastewater rate. A two year rate was set in 2010 and would extend to the end of 2012. To accommodate a two-year budget, the Executive may ask the Council to adopt a one year rate for 2013 (the second year of the biennium). Alternatively, a three year rate could be set for 2013-2015 that would cover the 2nd year of the next biennium and the next full biennium. Another example is the planned Solid Waste increase, the planned increase may need to contemplate a two-year horizon instead of just one year. The County does not increase solid waste rates with the same regularity as wastewater rates.

Good candidate? **Yes.**

2. There are no major changes in operations or services planned over the next biennium in DNRP. Wastewater has a large CIP program underway, with many projects already under construction. Solid Waste is in the beginning of a transfer

station update - a program that is expected to extend until at least 2016. The Parks Division will be dealing with a levy renewal during the last year of the next biennium. The current levy will expire at the end of the 2012-2013 biennium so it coincides nicely with a two-year plan. Good candidate? **Yes.**

3. There is some ancillary benefit to a two-year DNRP budget. First, GIS is functionally an internal service fund and a two-year budget will give some certainty to county agencies that use GIS services as to availability and cost of GIS services. Additionally, there is some benefit to the County Council and County Executive in the rate-setting process to having a longer-term planning horizon and reduced frequency of rate changes. Good candidate? **Maybe.**

After this review, it appears that DNRP would be a good candidate for a 2012-2013 biennial budget, especially when compared to other county agencies previously discussed.

Development and Environmental Services is comprised of several divisions, including: Director's Office, Administrative Services, Building Services, Land Use Services. Using the evaluation criteria:

1. The vast majority of DDES revenues come from fees charged to residents seeking permitting actions. A small portion comes from the general fund. As such, the County has a great deal of control over the revenue stream to DDES. However, there is some risk that planned permit applications will not materialize. This has occurred over the last several years in DDES. The current forecast shows that the permit applications are essentially at their low point and will slowly begin to increase. This essentially means that DDES is at a floor and will likely begin to see a very slow increase in applications. This alleviates some of the risk regarding unplanned revenue shortfalls. Good candidate? **Yes.**
2. There are no major changes in services planned for DDES over the next several years. As noted previously, the Department's revenue has dropped dramatically, and there have been large-scale layoffs of department personnel. There is a level of service currently being provided that is unlikely to change until building permit applications begin to increase. Good candidate? **Yes.**
3. There appears to be very little ancillary benefit to adopting a two-year budget for DDES. The services are primarily provided to residents, not other county agencies. There will be a predictable level of service available to residents, which is a positive, however, that is not expected to lead to other county efficiencies. Good candidate? **No.**

After this review, it appears that DDES would be a good candidate for a 2012-2013 biennial budget. The lack of ancillary benefits to other county agencies does not discount the appropriateness for a biennial budget.

Department of Executive Services (DES) & Office of Information Resource Management (OIRM) consist of several divisions, including: Chief Administrative Officer, Finance and Business Operations, Records and Licensing Services, Risk Management, Facilities Management, Human Resources, Emergency Management, Civil Rights, and OIRM. OIRM does not reside in the DES, but is an independent office reporting to the Executive. Taken together, however, these budgets constitute the bulk of the County's internal service funds. Using the evaluation criteria:

1. The county has a great deal of control over the revenue to the funds controlled by these agencies. In fact, many of these agencies have only one major source of funding; internal service charges. Historically the internal service charges have been the source of a great deal of County Council scrutiny during the annual budget processes. Good candidate? **Yes.**
2. There do not appear to be major service changes planned for these agencies over the next several years. These agencies primarily provide administrative services to other county agencies. The amount and types of services needed by county agencies is not expected to vary over the next several years. Good candidate? **Yes.**
3. It appears that there would be a great deal of ancillary benefit to other county agencies through the adoption of a biennial budget for the internal service agencies. As more county agencies transition to biennial budgets, it will become increasingly important to have some predictability in the internal service rates. A longer-term approach to the planning for these services, and by default, the rate setting for these services will provide some certainty to other county agencies as the county begins taking a long-term view of service provision. Good candidate? **Yes.**

There is one additional complicating factor when considering DES. Some DES agencies and divisions are budgeted in the general fund. Some of these include Human Resources, Records and Licensing and Administration. Because the charter amendment specifies that agencies be budgeted by fund, an amendment would need to be added prior to final council action to clarify that only the DES agencies not in the general fund would be included in the biennial budgeting for 2012-2013.

After this review, it appears that DES & OIRM would be good candidates for a 2012-2013 biennial budget.

REASONABLENESS:

Proposed Motion 2011-0091 would meet the requirements of Ordinance 15545 to notify the Executive at least 245 days prior to the end of the year of any funds that would be identified for biennial budgeting. It would designate DOT, DDES, DNRP, DES and OIRM as the agencies to be biennially budgeted for 2012-2013. As such, adoption of this motion would constitute a reasonable business decision.

INVITED:

Dwight Dively, Director, Office of Performance Strategy and Budget

ATTACHMENTS:

1. Proposed Motion 2011-0091