Metropolitan King County Council

Health, Human Service & Internal Service Panel of the Budget and Fiscal Management Committee

Tuesday, October 7, 2014 – 9:30 A.M.

Councilmembers: Jane Hague, Chair; Joe McDermott, Vice Chair; Rod Dembowski, Reagan Dunn, Larry Gossett, Kathy Lambert, Dave Upthegrove

Kelli Carroll (477-0876), Panel Lead
Patrick Hamacher (477-0880), Budget Manager
Wendy Soo Hoo (477-0890), Deputy Budget Manager
Analysts: Mary Bourguignon (477-0873), Rachelle Celebrezze (477-0897), Katherine Cortes (477-9733), Clifton Curry (477-0877), Jenny Giambattista (477-0879), Christine Jensen (477-5702), Polly St. John (477-0891), Amy Tsai (477-0893), Nick Wagner (477-0894), Leah Zoppi (477-0892)

Panel Assistant: Angelica Calderon (477-0874)

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Analyst:	Rachelle Celebrezze Polly St. John

GENERAL FUND OVERHEAD ALLOCATION POOLS

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
General Fund	$47,763,642	$75,425,857	57.9%
Non-General Fund	$66,931,847	$80,184,860	19.8%
Total	$114,695,489	$155,610,717	35.7%

PROGRAM DESCRIPTION AND PURPOSE:

The County's overhead cost allocation plan is an important tool in calculating General Fund revenues because it determines how the costs for services provided by General Fund agencies that benefit agencies countywide will be allocated and the revenues recovered to the General Fund.

The Office of Performance, Strategy, and Budget (PSB) is responsible for identifying the overhead cost pools, measuring the cost pools, and determining the allocation basis. The Finance and Business Operations Division (FBOD) is responsible for gathering the allocation data, performing the actual allocation, organizing, and publishing the plan.

There are twelve categories of services that are considered to have countywide benefit within the General Fund that recover revenue in the General Fund overhead cost allocation plan. Each of the twelve categories of services in the General Fund overhead cost allocation provides a service to non-General Fund agencies as well as the General Fund agencies.

The costs of the overhead allocation pool are allocated out to all County agencies based upon formulas that differ for each service. For example, asset management fees are based upon the value of the asset and personnel (human resources) charges are based on the number of employees in an agency. General government charges are based on the paying agency's last full year of operational expenditures, expressed as a percentage of the County's total adjusted expenditures.

Although costs are allocated to both General Fund and non-General Fund agencies, the overhead costs are only deducted from non-General Fund agency budgets. The costs allocated to General Fund agencies are not taken out of the budgets of those General Fund agencies because to do so would result in the General Fund "paying" the General Fund for no net benefit.

The following table identifies the twelve cost pools and the methodologies used to calculate those cost pools for the 2015-2016 biennium.

2014 & 2015 Proposed - General Fund Overhead Cost Pools and Methodology	
Cost Pool	**Methodology**
General Government	2013 Adjusted Operating Expenditure
Personnel	2015-2016 Proposed FTEs
Employee Transportation (Bus Pass)	2015-2016 Eligible Employees
Ombudsman	2013 Complaints
Asset Management	2013 Asset Value
Mail Service	2015-2016 Proposed FTEs
State Auditor	2011 Transactions & 2011 Operating Expenditures
Performance, Strategy and Budget	2013 Adjusted Operating Expenditure
Building Occupancy	2015-2016 Projected Square Footage
Records Management	2015-2016 Proposed FTEs
Emergency Services	2015-2016 Proposed FTEs
Membership & Dues and Federal Lobbying	2015-2016 Proposed FTEs

SUMMARY OF PROPOSED BUDGET AND CHANGES

For the 2015-2016 biennium, $155.6 million in General Fund overhead costs will be allocated, a 35.7 percent increase over 2013-2014 General Fund overhead costs. The General Fund portion of the overhead allocation pool increased by approximately $27.7 million—a nearly 60 percent increase. The non-General Fund allocation increased by just under 20 percent, or $13.2 million.

In developing the overhead cost allocation methodology, PSB followed three basic principles: 1) identify the cost pools eligible for allocation; 2) measure the dollar amount of the cost pools; and 3) determine the methodology that best estimates the actual cost of the services. This allocation methodology appears to comply with the best practices identified by the Government Finance Officers Association and the County's Comprehensive Financial Management Policies (which was adopted by the Council on April 14, 2014 in Motion 14110).

The methodology used for preparation of the 2015-2016 proposed budget reflects the actual proposed budgets for the component agencies; the allocation also incorporates a "true-up"—the adjustment of amounts charged for services to reflect actual charges incurred and issuing rebates as necessary. The "true-up" resulted in a $300,000 rebate to non-General Fund agencies in 2015-2016.

Staff analysis is ongoing.

Analyst:	Rachelle Celebrezze Polly St. John

CENTRAL RATES

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Employee Benefits	$656,859,233	$706,306,015	7.5%
Equipment	$512,095	$1,333,852	160.5%
Facilities	$120,713,692	$130,868,524	8.4%
Finance	$279,419,777	$305,860,645	9.5%
Fleet	$47,752,978	$47,250,112	-1.1%
General Fund	$95,028,338	$110,035,716	15.8%
KCIT	$161,812,040	$181,611,685	12.2%
Total	$1,362,098,152	$1,483,266,550	8.9%

PROGRAM DESCRIPTION AND PURPOSE:

Several of the General Government agencies are internal service agencies. Internal service agencies provide services to other County agencies and recover the costs of their operations by charging for the services they provide. The rates charged by these internal service agencies—often referred to as central rates—are significant because of the relationship between internal service costs and available funding to provide direct services. Lower internal service charges could mean that more funding is available for the provision of direct services, while higher internal service costs could restrict the ability of the County to provide direct services.[1]

SUMMARY OF PROPOSED BUDGET AND CHANGES

Overall, compared to the 2013-2014 budget, central rates for 2015-2016 increased by $121.2 million, or 8.9 percent. The central rates allocated for 2015-2016 generally fall into seven different categories: employee benefits, equipment, facilities, finance, fleet, General Fund, and KCIT. Of those categories, the three largest—as a percentage of total central rates to be charged for 2015-2016—are, in descending order: employee benefits (47.6 percent), finance (20.6 percent), and KCIT (12.2 percent). Together, employee benefits, finance, and KCIT account for 80 percent of all central rate charges in 2015-2016.

[1] The same is true of costs for countywide overhead (discussed separately) and departmental overhead.

Analysis of changes to individual central rates and related policy decisions will be discussed in the staff reports for the affected agencies. This staff report includes highlights of changes in central rates at the category level.

Employee benefits central rates increased by approximately 7.5 percent in 2015-2016, as compared to 2013-2014. The employee benefits central rate includes charges for industrial insurance (worker's compensation), medical benefits, dental and vision benefits, and retirement costs. Of those costs, payments relating to retirement experienced the greatest percentage growth over the 2013-2014 biennium, increasing by approximately 25 percent in 2015-2016. Industrial insurance decreased by approximately 26.7 percent, due in part a rebate of approximately $16 million in the 2015-2016 biennium in recognition of the County's historical success with the management of worker safety.

Finance central rates include financial management services provided to other County agencies by the Business Resource Center (BRC) and the Finance and Business Operations Department (FBOD), risk management insurance premiums, and activities associated with debt issuance and redemption. As a category, finance central rate costs are projected to increase by 20.6 percent in 2015-2016, as compared to 2013-2014. Increases in BRC central rates due to a change in the rate setting methodology and costs associated with debt issuance and redemption were the primary drivers of that increase.

Central rates charges for **all KCIT services** are projected to increase by 12.2 percent in 2015-2016. The central rates for 2015-2016 reflect the refinement of KCIT's central rates, which were first developed beginning with the 2013-2014 biennium.[2] Major changes to IT service rates in 2015-2016 include increased standardization, greater flexibility in workstation options, and a transition from separate charges for phone and workstation services to a unified communication cost.

Facilities management central rates charges, which account for 8.8 percent of all central rates, are projected to increase in 2015-2016 by approximately 8.4 percent, as compared to 2013-2014. Two of the central rates charged relating to facilities management—the strategic initiatives fee and the major maintenance fees—are projected to decrease in the 2015-2016 biennium, by 25.3 percent and 36.2 percent, respectively. The reduction the strategic initiative fee, which funds Facilities Management Division (FMD) positions that offer a countywide benefit, including work relating to the countywide space plan, is the result the elimination of the strategic initiatives unit—and the associated staff—proposed by FMD in the 2015-2016 budget for that department. Rate collections for major maintenance are projected to be reduced by 36 percent in 2015-2016, mostly as a result of reduced Public Health building inventory under FMD's management.

The **General Fund central rates**, which account for 7.42 percent of all central rates, include the General Fund overhead (discussed in a separate staff report), courthouse weapons screening costs, and charges to non-General Fund agencies for services

[2] In 2011, information technology services were consolidated in the Executive branch (Ordinance 17142).

provided by the Prosecuting Attorney's Office (PAO). While weapon's screening rate is decreasing by 4.5 percent—due to the reduction of screening staff and marshals—both the General Fund overhead cost allocation and cost allocation for the PAO are increasing. The PAO's 2015-2016 budget, which is projected to increase by 15.9 percent, is based on actual usage of the PAO in 2013-2014.

The central rates for **Fleet** are projected to decrease by just over 1 percent in the 2015-2016 biennium. The Fleet central rate is comprised of the Motor Pool Equipment Rental and Revolving (ER&R) fund, the Public Works ER&R fund, and the Wastewater ER&R fund, all of which are based on a full-cost recovery model. The rates charged to agencies are based vehicle use, vehicle maintenance, and vehicle replacement. Charges for the Wastewater ER&R fund increased by 13.7 percent in 2015-2016, largely due to the increased number of vehicles in the fleet, and the Public Works ER&R fund decreased by 13.5 percent in 2015-2016 due to reductions in the Road Services Division's fleet.

Analyst:	Nick Wagner

OFFICE OF HUMAN RESOURCES

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation	$11,987,355	$14,676,563	22.4%
FTE:	39.0	38.0	-2.6%
TLTs:	0.0	1.0	N/A
Estimated Revenues	$0	$1,380,399	N/A
Major Revenue Sources	General Fund, interfund charges		

This budget and the separate budgets for Employee Benefits and for Safety and Claims Management make up the entire budget for the Human Resources Division (HRD). HRD provides personnel systems, policies, resources, and support to all county departments, working cooperatively with HR staff in each department.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Executive's Proposed Budget would increase the appropriation for the Office of Human Resources (OHR) by 22.4 percent, from $11,987,355 for the 2013-2014 biennium to $14,676,563 for the 2015-2016 biennium, and increase of $2,689,208. OHR's revenues would increase from zero in the 2013-2014 biennium to $1,380,399 in 2015-2016.

The proposed budget would reduce OHR's FTE allocation by 1.0, from 39.0 to 38.0, while increasing its TLT allocation from zero to 1.0, as described below.

The proposed budget includes the following direct service changes:

- <u>District Court Service Level Agreement (Expense: $311,578; Revenue: $298,179; TLT: 1.0)</u>: OHR's current Service Level Agreement with King County District Court, under which HRD administers all of the court's HR programs, has been amended to allow HRD to provide an appropriate level of service to the Court, which requires the equivalent of an additional staff member. The additional expense would be almost entirely covered by payments to be made by the court, which is supported by the General Fund.

- <u>King County Training and Development Institute (TDI) (Expense: $832,000; Revenue: $1,082,220)</u>: HRD intends to develop a regional public training and development institute (TDI) to support other jurisdictions in their efforts to become "best run" governments. Besides County employees, trainees would include employees of other jurisdictions and employees of nonprofit organizations. HRD proposes to grant 100 scholarship vouchers annually to 20 small non-profits who serve low income and disadvantaged clients. TDI would build on the County's current training and development program, which so far in 2014 has generated $76,891 in gross revenue at a cost of $35,300, for net revenue of $41,591. In 2015 HRD expects TDI to generate gross revenue of $541,110 at a cost of $416,000, yielding net revenue of $125,110, which would be used to support trainers, leasing of large conference rooms, and other training costs.

- Reduce Recruiter FTE (Reduction: -$255,562; FTE: -1.0): HRD proposes to eliminate a Recruiter position; the associated workload will be absorbed by existing recruitment staff.

The proposed budget also includes funding to replace the County's current Applicant Tracking System (ATS), NEOGOV, which HRD deems ineffective and inferior to available alternatives. The NEOGOV replacement project is considered in a separate staff report along with other information technology projects.

ISSUES

Staff analysis has identified no issues with this budget.

Analyst:	Nick Wagner

DES ADMINISTRATION

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation	$5,683,883	$5,971,000	5.1%
FTE:	16.5	17.0	3.0%
TLTs:	00.0	00.0	N/A
Estimated Revenues	$153,290	$223,000	45.5%
Major Revenue Sources	General Fund overhead allocation		

The Department of Executive Services (DES) provides internal services to King County government and a variety of public services to King County residents. DES comprises nine divisions and offices: Records and Licensing Services Division; Finance and Business Operations Division; Human Resources Division; Facilities Management Division; Office of Risk Management; Office of Emergency Management; Office of Civil Rights and Open Government; Business Resource Center; and Office of Alternative Dispute Resolution. .

DES Administration includes:

- The Office of Civil Rights and Open Government;
- The Civil Rights Commission;
- The Alternative Dispute Resolution (ADR) Program; and
- The DES Director's Office.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Executive's Proposed Budget would increase the appropriation for DES Administration by 5.1 percent, from $5,683,883 for the 2013-2014 biennium to $5,971,000 for 2015-2016, an increase of $287,117. The proposed budget would increase the FTE allocation for DES Administration by 3.5 percent, from 16.5 to 17.0.

The following administrative changes are proposed in the DES Administration budget:

- Add Centralized Human Resource (HR) Services - $6,685 Expenditure 1.00 FTE: A new Senior Human Resources Analyst position would be added "to provide HR service delivery to the smaller divisions and offices in DES and also provide some centralized HR services to all DES divisions, thereby eliminating duplication of work and creating consistent work standards and practices." Although the full 1.0 FTE would be located in DES Administration, only $6,685 of the cost would be located there. An additional $101,506 would be included in the Facilities Management Budget to support the position.

- Office of Civil Rights (OCR) Reduction - ($130,572) Expenditure I (0.50) FTE: A part-time Civil Rights Specialist (0.5 FTE) would be eliminated, because the number of OCR filings has decreased in recent years "due to annexations and other factors":

	Filings
2008	20
2009	34
2010	26
2011	42
2012	27
2013	15
2014	13

  The remaining work would be shared by the two remaining staff persons.

- Training Registration Fees - $7,500 Expenditure $69,500 Revenue: As described in the proposed budget, this proposal would allow the ADR office and OCR to provide additional training services to King County agencies and external partners, who would reimburse ADR and OCR for the cost of employees' attendance. Any additional revenues would accrue to the General Fund and assist with other fixed expenses. The expenditure increase is for the estimated cost of materials and facility expenses. These popular courses were delivered in 2014 and the number of courses scheduled would increase to meet the demand. Revenue in the amount of $56,528 is estimated to come from external partners outside the County.

The description of the budget for DES Administration includes a reference to a $100,000 capital project located in DES's Facilities Management Division – Americans with Disabilities Act (ADA) Various Locations – which is designed "to address the many countywide facilities that existed before ADA, for changes in County building's functions and occupancies, and for replacing and updating facilities, site conditions, and equipment as existing installations deteriorate, become outdated, or otherwise need to be improved. This program represents the corrective action phase of an earlier countywide ADA compliance survey, which addresses accessibility deficiencies."

ISSUES

Staff has identified no issues at this time.

Analyst:	Nick Wagner

Employee Benefits

Budget Table

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation	$476,998,507	$527,546,000	10.6%
FTE:	12.0	12.0	0.0%
TLTs:	0.0	3.0	N/A
Estimated Revenues	$454,735,506	$497,736,642	9.5%
Major Revenue Sources	Flexrate recovery; employee contributions (for supplemental benefits); premiums for COBRA and early retirees		

Employee Benefits manages the County's medical benefits programs and oversees all strategic initiatives to control costs and improve employee health and well-being.

Summary of Proposed Budget and Changes

The Executive's Proposed Budget would increase the appropriation for Employee Benefits by 10.6 percent, from $476,998,507 in the 2013-2014 biennium to $527,546,000 in the 2015-2016 biennium, and increase of $50,547,493. Revenues would increase by 9.5 percent, from $454,735,506 in 2013-2014 to $497,736,642 in 2015-2016, an increase of $43,001,136.

The proposed budget would leave the FTE allocation to Employee Benefits unchanged at 12.0; however, TLTs would increase from zero to 3.0, as explained below.

The Executive is proposing two direct service changes, which would result in the creation of three new TLT positions:

- Benefits Navigator (Expenditure: $256,557; TLT: 1.0): The Executive anticipates high rates of retirements and workforce turnover during the next five years. This, along with changes in medical benefit options with the implementation of the Affordable Care Act, is expected to create a need for "a resource to assist separating employees with accessing benefits post-retirement." To meet this need, a term-limited Benefits Navigator position is proposed to provide employees with "post-exit resources and . . . consulting, education, and pension verification." According to the Executive, "This position has been discussed with and is supported by the Joint Labor Management Insurance Committee [JLMIC]."

  This position would be paid for with funds that would otherwise go to the JLMIC Protected Fund Reserve in the Employee Benefits Fund. The Protected Fund Reserve is currently projected to be $29,965,956 at the end of the biennium, but the projections have changed significantly over the past year due to volatility in actual claims utilization.

- Employer of the Future Project Management (Expenditure: $712,231; TLT: 2.0): To take the next steps in advancing the Executive's Employer of the Future initiative, which is designed "to review all aspects of the County's personnel system and create policies that support a streamlined, less bureaucratic approach to employment," the Executive is proposing two term-limited positions to focus on the initiative:

  - a Program Director, who would be responsible for "setting the overall vision and initiative direction, engaging stakeholders, managing and coordinating resources, and generally advancing the effort"; and

  - an Engagement Manager, who would be responsible for "designing coordinating, and implementing employee outreach and communication efforts for the initiative, including eliciting employee perceptions about their work experience and what they value, impressions about potential changes to the County's personnel system and compensation philosophy and proactively educating employees about changes."

  These positions would be paid for with funds that otherwise would go to the Rainy Day Reserve in the Employee Benefits Fund. The Rainy Day Reserve is currently projected to be $3,388,373 at the end of the 2015-2016 biennium. If that projection proves accurate, approval of both of these positions would reduce that amount by 21 percent. The Reserve is projected to be exhausted during the 2017-2018. If that projection proves accurate, approval of these positions would advance the date on which the Reserve is exhausted.

Each of these three positions is term-limited and would deal with a subject matter that is related to the purpose of the fund that would be used to pay for the position.

ISSUES

Staff has identified no issues at this time.

Analyst:	Nick Wagner

SAFETY AND CLAIMS MANAGEMENT

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation	$77,525,449	$73,809,000	-4.8%
FTE:	29.0	30.0	3.4%
TLTs:	0.0	0.0	0.0%
Estimated Revenues	$73,951,528	$55,847,553	-24.5%
Major Revenue Sources	Industrial insurance rates; interest		

Safety and Claims Management oversees the County's self-insured workers compensation and employee safety programs.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Executive's Proposed Budget would decrease the appropriation for Safety and Claims Management by 4.8 percent, from $77,525,449 in the 2013-2014 biennium to $73,809,000 in the 2015-2016 biennium, a decrease of $3,716,449. Revenues would decrease by 24.5 percent, from $73,951,528 in 2013-2014 to $55,847,553, a decrease of $18,103,975.

The proposed budget would increase the FTE allocation by 3.4 percent, from 29.0 to 30.0 and would leave the TLT allocation unchanged at zero.

According to the Executive, the County's Safety and Claims Fund has bolstered its fund balance in recent years through effective worker safety programs and other efforts to control workers compensation costs, such as those described below. This has a double benefit: reducing both the future budget expenditures and the reserve fund requirements. The rates charged to county departments have decreased due to the reduction in both of these rate components.

Cost control measures have included:

- Injury Prevention: Analyzing past injuries and designing training and interventions to avoid future injuries has reduced the number of workers' compensation claims.

- Managing the Employee's Health to Recovery: This has included an effective Return to Work program, because keeping employees active in productive work is a proven way to reduce long term disability, and a program to reduce overuse of narcotic painkillers.

- Practicing Financial Stewardship:

    - State Second Injury Fund: If an employer accommodates an employee who is partially disabled, but then becomes completely disabled during employment, the Second Injury Fund pays for the employee's workers compensation pension. Since King County is an employer who accommodates employees with disabilities, the County has made effective use of the state Second Injury Fund.

    - Prevention of Fraudulent Claims: The Executive has partnered with the Civil Section of the Prosecuting Attorney's Office to use the relatively new "Willful Misrepresentation" statute in the state Workers Comp Law. This has saved millions of dollars in claims costs when employees were caught misrepresenting their ability to work. According to the Executive, King County is "by far the leader of all the self-insured employers in Washington in obtaining Workers' Comp fraud rulings."

- Rewarding agencies for achievements in cost control and employee safety: According to the Executive: "These savings will be rebated to County agencies in 2015/2016, along with the implementation of a new approach to rate-setting that directly rewards those agencies that have successfully controlled their workers compensation costs." The rebates are expected to total $16,628,000.

The Executive is proposing the following direct service change:

- Family Medical Leave Act Liaison (Expense: $256,557; FTE: 1.0): According to the Executive: "Safety and Claims proposes to add a Senior Human Resources Consultant to provide leadership, consultation and technical assistance in the areas of leaves/absence administration and to provide expertise in implementation of the Family Medical Leave Act. The position will also support the Disability Services Group on matters related to disability accommodation in the workplace."

ISSUES

Staff analysis identified no issues with this budget.

Analyst:	Christine Jensen

OFFICE OF RISK MANAGEMENT (ORM)

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation	$62,919,789	$66,730,000	6.1%
FTE:	20.00	21.00	5.0%
TLTs:	0.00	0.00	0.0%
Estimated Revenues	$67,385,311	$63,051,000	-6.4%
Major Revenue Sources	Central rate charge and interest		

The Office of Risk Management (ORM) works with county agencies to control and minimize losses, protect assets, and manages liability claims against the county. ORM also maintains a self-insurance program and purchases insurance for the county. The ORM budget is funded by central rate charges to county agencies (allocated based on an agencies' historic loss experience) and interest earnings.

The majority of ORM budgetary funding requirements (including claims costs and insurance premiums) are determined annually by an actuary. Since 2011, the County has had a self-insured retention (the amount of liability retained by the County in disputes) of $7.5 million per occurrence. Large, unprecedented losses paid in 2010 and 2011 led to an increase in insurance premiums and this higher self-insurance retention level (up from $3.5 million per occurrence in 2010).

In 2013, a Performance Audit of ORM was performed by the Auditor's Office. The following are the seven recommendations included in the audit and their current status:

1. Develop a comprehensive framework to address the organizational management and performance components of Enterprise Risk Management (ERM) - *Done*
2. Develop an ERM implementation plan – *In Progress*
3. Collect vehicle accident data for non-transit vehicles and establish annual performance targets for reducing accidents – *In Progress*
4. Develop a countywide system that establishes and enforces a uniform driver safety training requirement for all non-transit county employees who drive routinely at work – *Done*
5. Require annual bus driver safety retraining – *In Progress*
6. Include workers compensation costs as a component of King County's annual Cost of Risk index – *Done*
7. Develop performance measures, and maintain the data to support them, on investigator open/closed claims caseloads and closure rates by county departments - *Done*

In 2014, ORM began implementation of Enterprise Risk Management (ERM), which is a proactive approach to managing risks and reducing long-term exposures. This new approach is expected to result in decreases to: the financial impact of high-cost, low-frequency claims; the county's self-insured retention level; and insurance premiums. Implementation across county agencies will be phased in, and has already begun with the Sheriff's Office, Transit, Public Health, and Roads. The 2014 Adopted Budget included a proviso requiring a report on ERM performance measures and inclusion of future ERM reporting as part of the ORM annual report to the Council. The proviso response was submitted earlier this year, and both the motion acknowledging receipt of the report (2014-0213) and the ordinance adding ERM to the ORM annual report (2014-0358) were adopted by the Council in September.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed ORM 2015-2016 budget is $66.7 million, including funding for 21.0 FTEs, and $63.1 million in estimated revenues (both central rate and interest revenues). The budget continues the required self-insured retention of $7.5 million per occurrence. Recently, the county's reinsurance underwriter indicated a willingness to consider a lower self-insured retention if the County's positive loss trend is sustained.

The proposal reflects a 6.1 percent increase over the 2013-2014 adopted budget from $62.9 million to $66.7 million. This increase is mostly attributed to three proposed changes:

- an increase to the ORM Judgment/Claims account by $2 million, based on the claims funding requirement recommended by the actuary for a total projected claims cost of $38.8 million for the biennium.
- $737,000 in funding to address the projected insurance premiums for the biennium, for a total of $16.9 million (4.6 percent increase).
- An $828,000 increase in the Loss Control Account. These funds are coming from an undesignated ORM fund balance, which is discussed more in the insurance rate information below.

ORM has updated their methodology for the calculation of insurance rates charged to agencies for the 2015-2016 biennium. Consistent with the transition to ERM, the new rate methodology adds an exposure basis for the rate allocation, which increases the incentive to reduce losses and improves transparency. This means that Risk Management expenses will be allocated based on an agency's level of risk as opposed to whether or not claims occurred. When updated for 2015-2016 projected expenses, the result is $66.3 million in rate revenues for the biennium – a slight decrease from the previous biennium, attributed to a continued downward trend in claims liability (down four percent from the prior projection).

Additionally, due to losses decreasing over time, and to help mitigate the shift in rate methodology, county agencies will get a one-time, proportional rate rebate from an undesignated fund balance surplus. This rate credit will reduce ORM revenues by $4.2 million over the biennium. For agencies receiving a rebate of $75,000 or more, 20 percent of their credit will be held in the Loss Control Account (a total of $828,000, as noted above) and will be used for risk reduction and mitigation measures within the agency the funds originated from. This is an effort to further reduce losses in those agencies, and will be implemented in conjunction with the ERM program. The following table illustrates the agencies receiving a rebate of more than $75,000 and the associated 20 percent of the refund that will be dedicated to loss control.

Detail of agency rebates greater than $75,000		
Agency	**2015-2016 Total Credit**	**20% Loss Control Portion**
Adult & Juvenile Detention	$732,190	$146,438
Permitting & Environmental Review	$105,575	$21,115
Fleet	$100,138	$20,028
Parks	$135,562	$27,112
Roads	$803,324	$160,665
Sheriff	$315,582	$63,116
Solid Waste	$247,813	$49,563
Transit	$1,602,994	$320,599
Wastewater Treatment	$97,170	$19,434
Total	**$4,140,348**	**$828,070**

ISSUES

ISSUE 1 – STATUS OF 2013 PERFORMANCE AUDIT

ORM has made substantial progress in addressing the seven recommendations identified in their 2013 Performance Audit. These efforts, including the establishment and implementation of ERM, have significantly addressed major risks faced by the County. However, additional actions are still needed to fully resolve three remaining audit recommendations: full implementation plan and timeline ERM for all county agencies; establish performance goals for reduced non-transit accidents; and creation of annual transit operator training program components and criteria. ORM has made some progress on these items and has also identified plans on how they intend to fully address them. The Auditor’s Office will continue to monitor the progress and will report back to the Council throughout the process. The Council may wish to consider a budget proviso requiring a plan for resolution of these outstanding audit items and staff will include this as an option at next week's panel.

Analyst:	Giambattista/Zoppi

Division/Program Name- King County Information Technology

Budget Table

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation	$129,699,891	$175,669,000	35.4 %
FTE:	321.7	341.1	6.2%
TLTs	7	5	28.6%
Estimated Revenues	$125,334,892	$170,823,000	36.3%
Major Revenue Sources	Internal service rates		

Program Description and Purpose:

King County Information Technology (KCIT) provides technology services to the entire county. The KCIT budget includes all of the departmental technology expenditures and FTEs within the executive branch departments. KCIT supports the County's network, internet/intranet, enterprise equipment replacement, IT Project Management Office, and the Central Help Desk. Services are also provided individually for interested agencies based on their specific needs. As a result of this consolidated approach to technology budgeting, the KCIT Services budget provides a reasonable estimate of the cost of technology operations for the Executive branch of King County.

Capital technology projects are discussed in the CIP technology staff report.

Summary of Proposed Budget and Changes

The proposed 2015-2016 biennial budget for KCIT has increased by $45.9 million or 35.4 percent when compared to 2013-2014. This increase is largely due to major technical adjustments, including consolidating the KCIT Strategy and Performance Fund into this budget and all approved supplemental requests to the base budget. There was also a significant increase ($12.1 million) in the central rates charged to KCIT as a result of bond payments for technology projects and updated methodologies for calculating rates. Notwithstanding the technical adjustments and standard budget increases affecting all departments, KCIT budget's is essentially unchanged.

The following are the noteworthy proposed changes in the KCIT budget:

1) Seventeen technical adjustments, totaling $46.1 million. The largest technical adjustment is from the consolidation of both the KCIT Strategy and Performance and KCIT Service Funds.

2) KCIT Mainframe retirement ($1,986,257) and a reduction of 2 FTEs. The mainframe system is scheduled to be retired at the end of 2014, and replaced with a server-based environment. However, the County will owe debt service on this project until 2019, offsetting any savings. This issue is discussed below.

3) Move the alternative data center from Olympia to Quincy: $400,000. As part of its emergency preparedness efforts, KCIT has an alternative data center in Olympia operated by the State of Washington to serve as an emergency back-up in the event of a disaster at the County's primary data center at a Sabey facility located in Tukwila. The proposal is to move the alternative data center to the east side of the Cascades to another Sabey facility to ensure the County's critical IT systems will operate continuously in the event of a regional disaster.

4) New data center revenue: $831,520. With the consolidation of servers and increased use of the cloud, there is an opportunity to lease out space in the County's Sabey data center. KCIT has been actively working to increase tenancy in the data center and this effort has generated additional lease revenue in the budget of $831,520.

5) Reductions in staff: ($1,364,107) and 5 FTEs. In an effort to reduce central service rates, KCIT was able to reduce positions for a purchasing specialist, a project manager, an application developer, and two LAN administrative positions. These reductions will not impact service delivery.

ISSUES

ISSUE 1 – MAINFRAME RETIREMENT

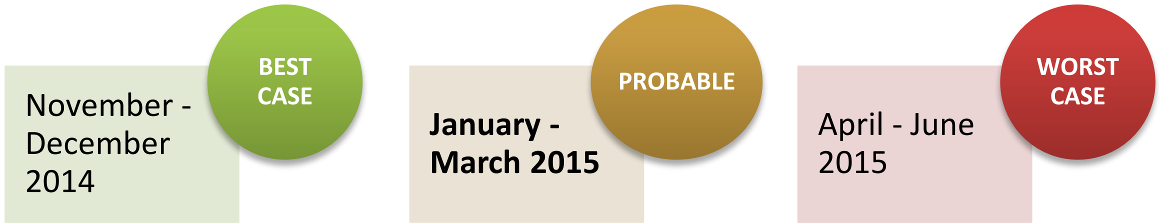
KCIT has undertaken a project to retire its old mainframe system and move the remaining applications from the mainframe to a server-based environment. The agencies with applications remaining on the mainframe are primarily the Assessor and Treasurer[1], and the Department of Adult and Juvenile Detention (DJAD). The mainframe retirement project is expected to save KCIT $1.9 million in the biennium, as well as result in a net reduction of 2 FTEs, increase the reliability of applications transferred off the mainframe, and increase opportunities to improve operations for agencies affected.

The mainframe is scheduled to be retired by the end of 2014, resulting in the $1.9 million in savings reflected in the 2015-2016 budget. If applications remain on the mainframe after the end of 2014, this will impact the 2015-2016 budget. While the project's overall risk is continuing to decrease as it moves forward[2], the project is behind schedule. A decision will be made in the coming weeks about whether to go-live in October or November with moving the Assessor and Treasurer off the mainframe; the date for moving DAJD will follow and will depend on how testing and user acceptance progress. KCIT reports that it is probable applications will not be fully transferred off the

[1] KCIT expects the Assessor and Treasurer applications to be migrated off the mainframe by November 2014.
[2] According to Mainframe Migration Quality Assurance Report #4, August 5, 2014.

mainframe by the end of 2014, resulting in less savings than reflected in the proposed budget, as depicted in Figure 1.

Figure 1. Mainframe retirement projected completion



Staff monitoring and analysis of the progress and cost implications of potential delay for this project continues.

ISSUE 2 – CENTRAL RATE CHANGES IN 2015 AND THEIR IMPACT ON COUNTY AGENCIES

Central rates and services impact all County agencies and their ability to provide direct services to the public. Examining the overhead allocation and central rate methodologies and charges for services provided by central service agencies, including KCIT, was the subject of a proviso in the 2014.

Overall, County agencies will experience a nine percent increase in KCIT service costs in the 2015-2016 biennium compared to the 2013-2014 biennium. The main reasons for agencies seeing increases are for ordering additional services and an increase in the number of workstations countywide. The main reason for service cost decreases were reductions in telecommunication charges due to the Unified Communications project and reductions in application services. Five agencies will see reductions in their KCIT service costs in 2015-2016, while all others will see increases.

Of the various types of services KCIT charges for, two types of services account for 81 percent of agencies' KCIT service costs: workstation and application services. Agencies' application service charges (charges related to software management) will decrease by three percent between 2013-2014 and 2015-2016, although the application service rates are increasing slightly. Workstation rates (charged for services related to desktop and laptop computers used by employees) will increase 6.1 percent between 2014 and 2016. This is primarily due to the inclusion of Unified Communications bond payments[3] in the workstation rates beginning in 2015.

KCIT Rate Changes

In 2011, information technology services were consolidated in the Executive branch (Ordinance 17142). This consolidation allowed KCIT to develop standard rates for its services beginning with the 2013-2014 biennial budget. In 2015-2016, KCIT has made further refinements to their rates based on the estimated demand and cost to provide services. Major changes to IT service rates in 2015-2016 include:

[3] Bonds for the Unified Communications project are scheduled to be paid off in 2019.

- **Increased standardization**: All agencies will be charged one standard rate for workstation services, rather than a low, middle, and high rate charged to different agencies in 2013/2014.

- **Greater flexibility in workstation options**: KCIT is offering new, lower cost workstation options through the inclusion of kiosks (a desktop with limited components) and seasonal workstations, allowing agencies to better tailor services to their needs.

- **Transition from voice to Unified Communication**: Reflecting the implementation of the Unified Communications project (also known as Lync), agencies will no longer see separate charges for phone and workstation services. Unified Communications charges, including bond repayment charges, will now be included in workstation rates.

KCIT states that their criteria for developing their rates methodology are: simplicity, ease of understanding, fair allocation, analytics of cost drivers, and benefit for the customers. The agency has made a significant effort to increase customer understanding and tailoring of services to fit customer needs, for example they developed a service catalog to explain services and pricing to customers. Analysis indicates, however, that KCIT's rates are complex and further refinement may be beneficial for improving ease of understanding.

Staff analysis of KCIT rates continues.

ISSUE 3 – ALTERNATE DATA CENTER—WAITING FOR COST ESTIMATES; BUDGET INCLUDES $400,000

As part of its emergency preparedness efforts, KCIT has an alternative data center in Olympia operated by the State of Washington to serve as an emergency back-up in the event of a disaster at the County's primary data center at a Sabey facility located in Tukwila. The proposal is to move the alternative data center to the Quincy in Eastern Washington to another Sabey facility to ensure the County's critical IT systems will operate continuously in the event of a regional disaster. It is a standard IT best practice to have a back-up data center located outside of the region of the primary data center to avoid both centers being impacted by a single event. Furthermore, KCIT reports the County would need to relocate to a new facility because the state will be moving its data center to a new facility in Olympia. The operational costs at Quincy are expected to be very similar to the current cost of $5,728 a month for the space at the State facility in Olympia.

KCIT is awaiting final cost estimates for this project.

Staff analysis continues.

Analyst:	Giambattista

DIVISION/PROGRAM NAME- I-NET

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation	$5,956,826	$4,883,000	-18.0%
FTE:	8	0	0%
TLTs	N/A	N/A0	N/A
Estimated Revenues	$5,319,264	$5,498,000	3.4%
Major Revenue Sources	User fees and PEG[1] fees		

[1] PEG fees, authorized by the 1984 Federal Cable Franchise Policy and Communications Act, are paid by the cable operator to support public, educational, and governmental use of the fiber network licensed.

PROGRAM DESCRIPTION AND PURPOSE:

King County Information Technology manages the county's institutional fiber optic network, which is known as I-Net. I-Net services are available and supported across a secure private network of more than 2,00 miles of fiber, delivering scalable high-speed bandwidth for data, voice, video and Internet access to King County and hundreds of public, education, and municipal partners in the Puget Sound region. In 2013, I-Net upgraded its technology to provide its customers with larger network capacity and much faster connection, giving I-Net a competitive edge over other similar providers in the region. I-Net is funded through direct user charges and fees paid by cable television subscribers in unincorporated King County.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed 2015-2016 biennial budget for I-Net has decreased by $1,073,826 or 18 percent when compared to 2013-2014. This decrease is largely because loan payments have been reduced by $612,218 in 2015-2016. The financial plan shows loan repayment ending in 2015-2016 and I-Net beginning to build up a reserve in anticipation of future equipment replacement projects. These technical adjustments will not impact service levels.

ISSUES

Staff has identified no issues at this time.

Analyst:	Giambattista

DIVISION/PROGRAM NAME- BUSINESS RESOURCE CENTER

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation	$30,324,445	$25,696,000	-15.3%
FTE:	49	49	0
TLTs	0	0	N/A
Estimated Revenues	$27,985,174	$33,235,216	18.8 %
Major Revenue Sources	Internal rates		

PROGRAM DESCRIPTION AND PURPOSE:

The Business Resource Center (BRC) is located within the Department of Executive Services. The BRC was established in 2012 to maintain and enhance the business applications provided by the Accountable Business Transformation (ABT) program. The BRC supports the PeopleSoft payroll system, the Human Capital Management System, the Oracle EBS (Enterprise Business Suite), and Hyperion (the budget and performance management module).

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed 2015-2016 BRC budget has decreased by $4.6 million and 15.3 percent when compared to 2013-2014 with no changes in FTEs. This large decrease is the result of technical adjustments, primarily removing the expenditure authority for a large project which was completed in 2014. The decrease in the BRC budget does not reflect a reduction in services.

ISSUES

ISSUE 1 –ACCOUNTABILITY FOR IMPROVING BUSINESS SYSTEMS

In 2012 the County completed the Accountable Business Transformation Program (ABT) project, which replaced the County's legacy financial, human resource/payroll, and budget systems with a modern, integrated system. As the name of the program suggests, it was not solely about the software replacement, but aimed to transform the way the County conducts business, with integrated enterprise systems as the core of the effort. From a technology perspective, the County achieved the ABT Program vision of countywide, integrated systems. Achieving improvements in internal business practices can keep the cost of doing business down and allow for those resources to be spent on county services.

However, a 2012 King County Auditor's report found that considerable work remains to make the systems efficient and effective and to maximize the value from the multi-million dollar investment.

To monitor progress in this area, the Council established proviso requirements in the 2013 and 2014 budgets. The Council required a report documenting the County's progress in solving issues and implementing further improvements. The report provided to the Council included a detailed discussion on status and improvements in each of the County's core business process areas. Overall, the proviso reports have been a valuable tool for the Council to monitor progress in achieving benefits from this multi-million dollar investment in ABT. The Council may wish to consider requiring continued reporting in order to monitor the ongoing efforts to make the County's business systems efficient and effective.

Analyst:	Giambattista/Zoppi

DIVISION/PROGRAM NAME- TECHNOLOGY CIP

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation	$21,408,478	$43,142,115	50.4%

PROGRAM DESCRIPTION AND PURPOSE:

All of the County's information technology (IT) projects are reviewed together as part of the budget process. Prior to inclusion in the Executive's budget, each new IT project develops a business case, cost-benefit analysis and benefit achievement plan that is reviewed and approved by the County's Chief Information Officer (CIO) and the Office of Performance, Strategy and Budget (PSB). Once the Council approves the appropriation for a project, funding for most projects is released in stages by the Project Review Board (PRB).

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2015-2016 Budget includes $43.1 million for 24 technology projects. Of this amount, $13.4 million is General Fund, most of which will be debt-financed. The projects of the proposed 2015-2016 budget represent a significant increase in technology investments compared to the 2013-2014 adopted budget. This increase is largely due to the proposal of significant technology investments in Superior Court, District Court, Metro Transit, and Records and Licensing. All of these projects and others will be discussed in this staff report. Given the constraints on the General Fund, the Executive proposes to finance most of the costs associated with the General Fund supported projects.

Table 1: 2015-2016 Executive Proposed Technology Projects

Dept	Project Name	2015-16 Request[1]	Fund Source
Staff Analysis Complete			
DPH	Emergency Medical Dispatch—CPR Quality Improvement Application Replacement	$134,463	EMS Levy
KCIT	IP Fax Service Project	$120,000	KCIT Rates
KCIT	Westin Network Upgrade	$432,716	KCIT Rates
KCIT	Enhance Wireless Connectivity	$1,329,265	KCIT Rates
Staff Analysis Ongoing			
DCHS	DDD Fiscal Improvement Program	$484,753	Developmental Disabilities Fund Balance
DES	Records & Licensing Software Application Replacement Project	$2,735,261	General Fund, Recorder's O&M eREET Technology Reserve
DES	Managerial Accounting Software	$430,000	KCIT Rates
DES	Replacement of NEOGOV	$403,460	General Fund
DES	Countywide Electronic Payment	$741,000	KCIT Rates
DJA	SCOMIS Replacement	$1,987,000	Debt Service—General Fund
DNRP	Transfer Station Transaction Upgrade	$890,651	Solid Waste Account
DNRP	Parks Facilities Scheduling System Replacement	$401,921	Parks & Rec Operating (Parks Levy)
DOT	HASTUS Planning Module	$398,539	Public Transportation Fund
DOT	Transit Business Intelligence Reporting Database	$936,633	Public Transportation Fund
DOT	ORCA Replacement Planning	$884,000	Public Transportation Fund
DOT	Replacement of 4.9 Network and Mobile Access Routers	$14,711,713	Public Transportation Fund
DOT	Transit Signal Priority	$683,460	Public Transportation Fund
DOT	Power & Facilities Timekeeping	$216,978	Public Transportation Fund
DOT	Vehicle Maintenance Dispatch	$1,853,305	Public Transportation Fund
DOT	Capital Management and Reporting	$2,520,460	Public Transportation Fund
DOT	Real Time Improvement	$625,565	Public Transportation Fund
KCDC	District Court Unified Case Management	$7,660,242	Debt service – General Fund
KCE	Elections Management System Replacement	$468,000	Elections Operating Fund
KCIT	GIS Regional Aerials Project	$1,993,238	KCGIS O&M Rates, Imagery Fund Reserve, External Funding
	Total	**$43,142,115**	

[1]The amounts in the 2015-2016 Request column are from Attachment A to the 2015-2016 Budget.

ISSUES

This staff report organizes the CIP technology discussion into four areas: (1) the benefit achievement plan, (2) projects for which staff analysis is complete, (3) projects for which staff analysis is ongoing, and (4) a discussion of two prior Transit technology CIP appropriations.

ISSUE 1 – BENEFIT ACHIEVEMENT PLANS: IDENTIFYING THE VALUE OF TECHNOLOGY PROJECTS

In evaluating potential technology investments, the first questions a decision maker asks are, "Why are we doing a technology project? Will it improve services King County provides to the public? Or will it improve our internal operations or reduce costs? Or perhaps, it is simply necessary because our existing technology is out of date and needs to be replaced?"

To address these questions, the Council adopted Ordinance 17654 requiring all technology projects seeking an appropriation authority include a benefit achievement plan describing how the proposed project will produce an improvement or savings in county service. All proposed 2015-2016 technology projects have transmitted a benefit achievement plan. Generally, they are much improved when compared to the plans transmitted for 2013-2014 budget. However, some benefit achievement plans need further refinement. As part of the budget review process, Council staff will continue to work with Executive staff to finalize their benefit achievement plans prior to the adoption of the 2015-2016 Budget.

ISSUE 2 – PROJECTS FOR WHICH COUNCIL STAFF ANALYSIS IS COMPLETE

Council staff have reviewed each of the projects identified in Table 1 to determine whether the project is based on a sound business case and has a completed Benefit Achievement Plan that clearly identifies the value of the project and includes measures for assessing whether those benefits have achieved. Staff will also review the contingency amount included in each project budget. The contingency amount is determined by each department, using guidelines from KCIT, to assess the risks to the project budget associated with each project.

For most of the IT projects, staff analysis will continue for Week 2. However, staff analysis, notwithstanding the benefit achievement plan refinement, is complete on the following projects: Emergency Medical Dispatch—CPR Quality Improvement Application Replacement, IP Fax Service, Westin Network Upgrade, and Enhance Wireless Connectivity.

Emergency Medical Dispatch-CPR Quality Improvement Application Replacement

2015-2016 Request	$134,463
Total Project Cost	$134,463
Fund Source	EMS Levy

Project Summary: This proposed project will fund the purchase of a single repository of 9-1-1 audio recordings to be used for quality improvement reviews of emergency medical dispatch recordings.

EMS oversees and manages regional emergency dispatch efforts to provide guidance into policies and procedures to respond to emergency calls and to provide direct feedback to telecommunicators (dispatchers) to improve performance. Telecommunicators play a pivotal role when responding to incidents by dispatching the appropriate resources to respond to the emergency incident or in some instances, to provide instructions over the phone to callers to perform CPR. In King County, over 118,000 9-1-1 audio recordings are generated per year and are received by four dispatch centers which use three, disparate, non-integrated audio recording systems. EMS staff performs Quality Improvement (QI) reviews of over 2,400 9-1-1 audio recordings annually. The process to obtain calls is highly manual, time consuming, and inefficient and uses technology that does not align with King County's technology standards.

This new off-the-shelf solution will create a single repository of audio recordings, will be customized to improve reporting, and will allow integration with all regional dispatch partners.

Business Case/Achievement Plan (BAP): The project's BAP does an exemplary job of identifying benefits and measures for each of those benefits. Some of the key project benefits include:

1) Reducing the number of emergency medical calls involving incorrect instructions given by telecommunications.
2) Reducing the number of emergency medical calls involving incorrect resources dispatched to incidents.
3) More quickly gain access to 9-1-1 audio call recordings to perform QI.
4) Increase productivity by eliminating manual process and through the ability to quickly review calls and recordings.

The project is proposed to be funded by the EMS levy. The project has a 10 percent contingency because it is a low-risk project. It is anticipated that the project would begin in January 2015 and be completed and ready for implementation by January 2016.

Issues for further consideration: The project does not appear to have any policy issues requiring further analysis.

KCIT IP Fax Service Project

2015-2016 Request	$120,000
Total Project Cost	$120,000
Fund Source	KCIT Rates

Project Summary: This project seeks to eliminate unnecessary fax machines and replace any fax line still needed with an internet-based fax service.

The Unified Communications (UC/Lync) project would replace most land-line based telephony service. One major component that was not included in the scope of the UC project is fax machine service. Countywide, 1,470 fax lines will remain at the conclusion of the UC project. This project would allow agencies the option of using an Internet based phone service. Under this service, agencies would still be able to receive and send faxes using internet rather than phone line technology. KCIT will provide a business analyst to work with each agency which opts to use the internet service to assess business needs and provide training in support of the fax service.

This project would be funded from KCIT rates. The project does not include a contingency, which is reasonable given that project costs are well known.

Review of the Benefit Achievement Plan (BAP): The BAP identifies the primary benefit of this project as replacing obsolete technology. Although not identified in the BAP, KCIT also expects some savings from this project by eliminating fax machines. Staff has asked for more information on those potential savings.

Issues for further consideration: The project does not appear to have any policy issues requiring further analysis.

KCIT Westin Network Connection Upgrade

2015-2016 Request	$432,716
Total Project Cost	$432,716
Fund Source	KCIT Rates

Project Summary: This project would provide more security and reliability for the County's connection to the internet.

The Westin Building Exchange is the premier telecommunications hub and primary connection point (POP) for telecommunications and specifically high speed Internet for the Pacific Northwest. King County's primary internet connections are located at the Westin Building in spaced co-located with the Frontier Cable Company. Internet connections have become increasingly important for both the County's operations and the ability for the public to access County services.

According to KCIT, the County's current Internet connections are no longer adequate to address exceptional growing rate of internet connections from a technical perspective resulting in slower connections and more risk of network failure. Additionally, all of the County's connection points are in space controlled and operated by Frontier Communications. This means the County's access to the space is subject to approval by Frontier, which limits the County's ability to maintain and address network problems.

This project would modernize the County's connection points to the Internet by replacing equipment and consolidating equipment into a location within the Westin Building controlled by King County.

The CIO considers this project his highest priority as part of the County's Strategic Technology Plan is to continuously improve the County's network infrastructure.

This project would be funded from KCIT rates. The 10 percent project contingency appears to be reasonable because this is a straight forward relocation and upgrade project with minimal risk to project costs.

Review of Benefit Achievement Plan (BAP): The primary benefit identified by the BAP was the replacement of aging equipment. However, the CIO also indicates the project has operational benefits, such as reduced network outages, improved connection times, and faster recovery times during outages. Staff will work with KCIT to integrate the measurement of these operational improvements into the BAP.

Issues for further consideration: This project does not appear to have any policy issues requiring further analysis.

KCIT Enhance Wireless Connectivity

2015-2016 Request	$1,329,265
2017-2018	Estimated at $1,329,265
Total Project Cost	$2,658,530
Fund Source	KCIT Rates

Project Summary: This project will enhance wireless access within King County facilities.

The existing wireless infrastructure in King County buildings is unable to keep up with the demand and is unreliable due to oversaturation—too many people (both employees and the public visiting county facilities) accessing wireless connections at the same time. Currently, the connections are often slow or unavailable. According the CIO, the use of wireless technology is expected to continue to skyrocket. This project would build on previously funded network improvements to specifically address the issue of wireless connections. This project would be funded in two phases with the proposed appropriation to be used to fund wireless upgrades at 40 county facility locations. According to the CIO, the sites would be selected based on greatest need. The remaining facilities would be upgraded and wireless capacity added to other facilities in Phase Two, which is unfunded at this time.

This project would be funded from KCIT rates. This project has a 20 percent contingency based on the risks associated with this project.

Benefit Achievement Plan: The Benefit Achievement Plan identifies the primary benefit of this project as upgrading older technology. The project would also provide enhanced wireless connections. Staff will work with KCIT to integrate the measurement of these improvements into the BAP.

Issues for further consideration: This project does not appear to have any policy issues requiring further analysis.

ISSUE 3 – PROJECTS FOR WHICH STAFF ANALYSIS IS ONGOING

Department of Community and Human Services Developmental Disabilities Fiscal Improvement Program

2015-2016 Request	$484,753
Total Project Cost	$484,753
Fund Source	Developmental Disabilities Fund Balance

Project Summary: This project would replace multiple manual processes and stand-alone data sources (spreadsheets) for contracting, billing, reconciliation, and report activities for the division.

According to the business case, the Developmental Disabilities Division through its work of supporting people with developmental disabilities and their families, manages over ten types of services provided by over 60 contractors, and supported by multiple funding streams. The division currently utilizes multiple manual processes and stand-alone spreadsheets for preparing contractor billing, conducting fiscal reporting, and managing the contracting processes. Consequently, the division reports that the manual procedures are labor intensive, repetitive, and prone to errors that are time consuming to correct. Data is moved between four systems into multiple Excel files, with some data not merging seamlessly between systems, resulting in manual reconciliation between systems.

In 2013, the division completed a Lean process that showed the potential for increasing efficiency through utilizing a technology solution for the manual processes. This project would implement a technology solution to enable direct entry of billing information into a single database via a web-based interface, comprehensive data validation, and automated data transfer between the county and the state. It would facilitate enhanced reporting necessary to meet funding requirements.

This project would be funded from the fund balance of the Developmental Disabilities Fund. The project contingency is 20 percent of the total project cost, at just over $100,000.

Review of the Benefit Achievement Plan (BAP): The department reports many benefits of this project including increased productivity and efficiency, quicker and more accurate processing of contracts, improved reporting, increased data accuracy, and efficiencies for both contractors and King County staff. The division also indicates improved customer service outcomes. Council staff review of the Benefit Achievement Plan continues with an emphasis on better understanding the benefits of this project and how those benefits will be measured by the Department of Community and Human Services.

Staff analysis continues on this project.

Records & Licensing Software Application Replacement Project

2015-2016 Request	$2,735,261
Total Project Cost	$2,735,261
Fund Source	General Fund, Recorder's O&M eREET Technology Reserve

Project Summary: This project would replace the technology used by the Recorder's Office, to maintain and store electronic images of recorded documents, and to process and allocate real estate excise taxes.

The software that is currently in place to support these functions was first implemented in 1999, with the last major upgrade in 2002. The vendor has eliminated support for the software, except maintenance support or changes required by law. The business case states that the current software has limited functionality for online access to electronic recording and fee processing; that certified copies of electronic documents are not available online (only unofficial copies); and that the current method for indexing of documents leads to a significant delay in searching for the documents online. This results in inefficiencies in recording public documents, and exposes the County to potential litigation as a result of inaccuracies and delays in the recording process, especially related to property transfers. Further, the division has identified lean process improvements that cannot be implemented using the current software. The business case states that new, modern software would have this functionality.

The preliminary project schedule calls for issuing an RFP in May 2015, beginning implementation in July 2015, and closing out the project by March 2016.

The project is proposed to be funded by the General Fund, using bond financing, as well as $600,000 from the eREET Technology Reserve (funded from real estate fees) in the Recorder's Operations and Maintenance fund. The project budget includes a 20 percent contingency.

Review of the Benefit Achievement Plan (BAP): The BAP identifies the primary improvements as increasing the number of self-service transactions available on-line (marriage license applications, recording documents, accessing certified electronic documents). The BAP also notes the project will streamline internal business processes by automating recording functions, improve accuracy through automated functions, and minimize risk when meeting the County's legal requirements for recording documents in a timely manner. Additionally, the BAP reports staff time will be freed up to spend more time on quality assurance activities, and to provide additional hours of customer service at the downtown office and potentially at the county's community service center located in Kent. Council staff will work with RALS to include direct feedback from customers to measure improvement in customer service.

Staff analysis continues on this project and will include further analysis of the BAP and the funding model.

DES Activity-Based Costing / Managerial Accounting Software Pilot Expansion

2015-16 Request	$430,000
Total Project Cost	$430,000
Fund Source	KCIT Rates

Project Summary: This project would expand the use of a software tool to help County agencies estimate the cost of products, processes and services. Those agencies would then use that cost information to inform decisions about whether to deliver or change fees for products and services.

The Office of Performance, Strategy and Budget (PSB) and the Finance and Business Operations Division (FBOD) of the Department of Executive Services are jointly sponsoring this project. FBOD has done some initial work with the vendor to demonstrate the value of this software tool in understanding the cost drivers of in their internal business practices. The 2015-16 proposal would expand this pilot work to three other agencies in 2015, and five more in 2016.

This project would be funded from KCIT rates. The total project budget includes no contingency because it expands the use of an existing software tool.

Review of the Benefit Achievement Plan: The project has completed a BAP. The primary anticipated benefits of this project are efficiencies in internal services: better information on cost drivers should support prioritization of areas for Lean efforts and business process review. Staff review of the BAP continues, including exploration of any cost avoidance benefits to this project.

Staff analysis will continue on the funding structure supporting this project and the potential for cost benefits.

DES Replacement of NEOGOV with a different Applicant Tracking System

2015-2016 Request	$403,460
Total Project Cost	$403,460,
Fund Source	General Fund

Project Summary: This project would replace the County's current system for tracking applicants for employment, called NEOGOV, with a new applicant tracking system (ATS).

According to the business case, NEOGOV is an ATS that is designed specifically for public sector employers. It is an online product that moves applicants through the steps of the application process in a way that "ensure[s] compliance with outdated and laborious civil service standards." HRD proposes to replace the existing system because according to the business case the current system is inefficient to operate and not user friendly for applicants. No replacement ATS has yet been selected. According to the business case, HRD is currently looking at all the ATS systems to select the system that best meets the County's needs.

This project would be funded from the General Fund. The project budget includes a 20 percent contingency.

Review of the Benefit Achievement Plan (BAP): According to the BAP the primary benefit of the project is the replacement of an outdated and inefficient ATS with a new ATS that would:

- be more user-friendly and efficient for applicants and for County recruiters
- present the County to applicants in a better light (as more advanced technologically),
- make the County more competitive as an employer, and would include the capability of reaching out and recruiting potential candidates who have not yet applied for County employment.

Staff analysis of this project continues and will include further analysis of the BAP and the projected cost of selecting, acquiring, implementing, and maintaining a new ATS and training staff to use it.

DES Countywide Electronic Payment Implementation Support

2015-16 Request	$741,000
Total Project Cost	$741,000
Fund Source	KCIT Rates

Project Summary:), This project would enable electronic payments by customers of King County services of all types across multiple departments.

This project is jointly sponsored by the Finance and Business Operations Division (FBOD) of the Department of Executive Services, and King County Information Technology (KCIT) This project would provide staff support and access to pooled funding for other agencies seeking to implement or expand electronic payment options.

This capital appropriation would support 2.0 TLTs financial coordinators (including one electronic payment coordinator position) in FBOD, as well as portions of multiple KCIT positions totaling 3.0 FTE to fill the gaps of whatever fiscal, business practice, policy and/or technical support is needed by County departments or agencies for the implementation of electronic payments. This project will be discussed in the FBOD budget staff report.

The project would be funded by KCIT rates and includes a contingency of 20 percent.

Review of the Benefit Achievement Plan: The primary anticipated benefits of this project are improved customer service due to the ability to offer electronic payment options for an increased array of King County services and products. Staff review of the BAP continues, including exploration of any internal benefits this centralized coordination can offer.

Staff analysis is ongoing of the relationship between this proposed project and current and proposed efforts in operating agencies countywide to accept electronic payments.

Superior Court Management Information System (SCOMIS) Replacement Project

2015-16 Request	$1,987,000
2017-18	$1,974,000
Total Project Cost	$3,960,829
Fund Source	Debt Service—General Fund

Project Summary: This project would replace the record keeping solution for Superior Court records and facilitate public and government access to those records.

The Department of Judicial Administration (DJA) has the statutory responsibility to track and index Superior Court records and facilitate public and government access to those records. The Superior Court Management Information System (SCOMIS), the statewide system through which DJA has fulfilled those responsibilities, is scheduled for replacement within the next three to four years. This project proposes to implement a record-keeping solution specific to King County apart from the state, which will include an integrated financial management module and better meet King County's high case volume and complex business need.

DJA is also evaluating combining this project with a 2012 appropriation for $2.2 million to replace DJA's Electronic Court Record (ECR) system. Ideally, a system could be implemented that meets the case management system needs (SCOMIS), financial management, and electronic court records needs. However, it is unknown at this time if a reasonable technology solution is available to cover all of those needs.

The project would be debt financed and supported by the General Fund. The project budget includes a contingency of 20 percent.

Review of the Benefit Achievement Plan: The primary anticipated benefit of this project is the ability to maintain service levels by replacing older technology. Secondary benefits anticipated include improved customer service (better public access to information and payments of Legal Financial Obligations) and internal services (reduction in manual entry and enhanced ability to respond to business changes).

Staff analysis continues on this project and will include analysis of the project phasing and internal support needs, as well as the relationship to the Superior Court case management system.

DNRP Solid Waste Paradigm Upgrade—Transfer Station Transactions System

2015-2016 Request	$890,651

Total Project Cost	$890,651
Fund Source	Solid Waste Account

Project Summary: This project would upgrade the existing cashiering system at Solid Waste Division transfer stations, by which commercial and self-haul waste loads are received and accounted for.

Commercial and self-haul customers of the solid waste system deliver loads of waste to transfer stations throughout the county, for consolidation and transfer to Cedar Hills; customers pay a fee at the gate for acceptance of the waste, which is received and accounted for using the current Paradigm cashiering system.

The agency has been notified that the operating system and the software that support this cashiering system will reach end of life in 2015, and will no longer be supported. According to the business case, this project upgrades the current transfer station cashiering system by replacing the current operating system and software as well as the infrastructure needed for both the software and hardware. The business case indicates that this project would prevent any service interruptions and avoid potential financial impacts resulting from interrupted waste stream flow and associated acceptance fees. The business case also indicates that the project would improve transaction times at scale houses, resulting in lesser wait times and shorter lines for transfer station customers. Additionally, some processes that are currently manual wouldbe automated, resulting in an improvement to the business process.

The project would be funded from Solid Waste funds and includes a contingency of 10 percent based on the department's assessment of the low level of risk associated with this project.

Review of the Benefit Achievement Plan: The primary benefits identified by the BAP are the reduction of risk associated with a transfer station cashiering system that has several components that are aging, for which vendor support will end in 2015. Council staff will work with Solid Waste to integrate the measurements for the operational benefits into the BAP

Staff analysis continues on this project and will include analysis of cost increments, timing of project expenditures, and whether the project is designed to accommodate coming changes in the transfer station network.

Parks Division Facilities Scheduling Upgrade (CLASS Replacement)

2015-16 Request	$401,921
Total Project Cost	$401,921
Fund Source	Parks & Rec Operating (Parks Levy)

Project Summary: This project would replace the Park's scheduling software used to manage registration, scheduling, user fees, and entrepreneurial activities

The Parks Division currently uses an information system from CLASS Software Solutions (now called The Active Network) to manage registration, scheduling, user fees, and entrepreneurial activities for Parks facilities. The Division currently processes over 26,000 bookings, 3,000 user groups, and $4 million in revenue annually through this system.

The Active Network is phasing out CLASS Software Solutions and has announced that it will no longer support the software system beyond 2017. As a result, the Parks Division is seeking a replacement software solution to support registration, scheduling, user fees, and business functions. The new solution would be designed to interact with County systems such as Oracle and E-commerce (the current CLASS software does not). This scheduling system would also allow for a new feature of on-line park reservations and scheduling.

This project would be funded by Parks & Recreation Operating Funds raised by the Parks Levy and has a proposed contingency of 10 percent.

Review of the Benefit Achievement Plan: The primary anticipated benefits of this project are avoiding system failures and providing new services – such as on-line scheduling and reservations – to the public. Staff will work with the Parks Division to update the Benefit Achievement Plan to ensure that customer satisfaction with the new system is measured.

Staff continue to analyze this project with a particular focus on how credit card fees will be handled, and how credit card systems are coordinated with other countywide systems.

DOT Transit HASTUS Planning Module

2015-2016 Request	$398,539
2017-2018	$75,360
Total Project Cost	$473,899
Fund Source	Public Transportation Fund

Project Summary: HASTUS is the software suite used to produce vehicle and operator schedules. This proposal would add a module to Transit's HASTUS suite for use by the Transit Service Planning staff.

The Transit Performance Audit identified additional functionality of HASTUS as a useful tool to find operational savings; implementation of this audit recommendation is credited with $13 million in ongoing annual savings.

The module would replace the current procedure for developing initial service change proposals, a labor-intensive Excel-based process that creates draft timetables to evaluate the benefits and costs of projected service changes. When this material is transmitted to other staff groups for implementation, it must be manually recreated. The purpose of the new module is to save staff time and create a data product that can be shared among staff groups. This is considered a low-risk project as there is a close working relationship with the vendor and other upgrades have been accomplished successfully over a 20-year period.

The project would be funded by the Public Transportation Fund and includes a contingency of 30 percent,

Review of the Benefit Achievement Plan (BAP): The BAP explains the disadvantages of current practices and how the new HASTUS module would improve efficiency by reducing the need for manual input of data.

Staff analysis continues on the need for a 30 percent contingency.

DOT Transit Business Intelligence Reporting Database (T-Bird)

2015-2016 Request	$936,633
Total Project Cost	$936,633
Fund Source	Public Transportation Fund

Project Summary: This project would consolidate multiple data sources into a single database allowing Metro staff to easily and quickly access key data about bus service.

According to the business case, Metro's sources of performance data are scattered across the agency in many different databases and formats. The ability to match and integrate data from different sources is highly specialized and limited to only a few staff across the agency. When integration is done, it is not automated, very time-consuming, and subject to differences in staff judgment and methodology. This lack of integration limits the ability of Metro to answer questions which could help in strategic planning such as:

- What are some of the least reliable travel corridors in the system?
- Which routes have the highest/lowest percentage of ORCA use?

The project would be funded through the Public Transportation Fund, and the project budget includes a 20 percent contingency for this project.

Review of the Benefit Achievement Plan (BAP): Staff review of the Benefit Achievement Plan continues with an emphasis on better understanding the internal service benefits of this project and those benefits will be measured by Transit.

Staff analysis continues on this project.

DOT Transit ORCA Replacement Planning

2015-2016 Request	$884,000
2017-2018	$28,116,000

Total Project Cost	$30,000,000
Fund Source	Public Transportation Fund

Project Summary: ORCA is a multi-agency smart card fare payment system overseen by a Joint Board (the CEOs and General Managers). The existing system was deployed in 2009 and includes a central clearinghouse for ORCA data and fare revenue distribution. The vendor operates the clearinghouse under a contract that ends in 2020.

The ORCA Joint Board has concluded that a replacement system will be needed because the existing vendor relationship is not likely to be renewed, hardware is becoming antiquated, and a new system presents opportunities for lower costs and faster implementation of upgrades. The Joint Board has identified the following objectives for the replacement project:

(1) Improved customer experience;
(2) Increased ORCA usage;
(3) Fiscal responsibility (lower total cost of ownership, lower upgrade and improvement costs); and
(4) Operational efficiency (roll out upgrades faster, make data more accessible).

The 2015-2016 budget request is for Metro's share of planning activities in which all ORCA agencies will participate. The 2015-2016 budget request includes a contingency of 30 percent. The 2017-2018 and 2019-2020 amounts are placeholders for project implementation; a detailed budget request is anticipated in the 2017-2018 biennium.

Review of the Benefit Achievement Plan (BAP): The BAP identifies the primary benefit of this project as identifying a second-generation ORCA strategy that addresses multi-agency needs and achieves the Joint Board's priority objectives. The BAP identifies priority requirements for the new system and emphasizes that this is a planning project that Metro needs to participate in to ensure that ORCA meets Metro's needs. Staff review of the Benefit Achievement Plan continues.

Staff analysis continues on this project with an emphasis on better understanding how a replacement system will be identified and managed within the ORCA consortium.

DOT Transit Replacement of 4.9 Network and Mobile Access Routers

2015-2016 Request	$14,711,713
2017-2018	$1,510,495
Total Project Cost	$16,222,208
Fund Source	Public Transportation Fund

Project Summary: This project is to replace a wireless network used to transmit important data such as ORCA fare revenues between buses and centralized systems.

In 2009, Transit installed a 4.9 MHz wireless network to connect bus on-board systems with "back office systems" at the seven operating bases to obtain daily on-time performance data, passenger counts, fare transactions, ORCA card reloads, fare tables, daily on-board bus schedules, stop announcements and other on-board configuration data. The network processes more than 60 percent of fare revenue and potential failure could result in the loss of fare revenue if data cannot be downloaded before its seven day expiration deadline. The 4.9 Network also provides data for RapidRide route signal priority and Real Time Information Systems.

The 4.9 Network consists of Cisco proprietary equipment and software. Due to lower than projected sales, Cisco notified customers in late 2013 that it will end software support in 2017. According to the BAP, the County is already experiencing maintenance and operations issues “due to the lack of spare parts and Cisco’s delayed turnaround on warranty repairs.” These problems are expected to increase in frequency over time.

The project is anticipated to replace 1,450 mobile routes on buses, 140 routers on RapidRide corridors, 44 access points at transit bases, and 241 access points on RapidRide corridors and other Intelligent Transportation System (ITS) corridors.

The project would be funded from the Public Transportation Fund and includes a contingency of 30 percent based on project risks.

Review of the Benefit Achievement Plan (BAP): The BAP discusses the project history and resulting need for a replacement prior to system failure.

Staff review continues with an emphasis on better understanding how KCIT and Transit would identify a replacement system and assess its risks.

DOT Transit Signal Priority Equipment Replacement

2015-2016 Request	$683,460
Total Project Cost	$683,460
Fund Source	Public Transportation Fund

Project Summary: Transit Signal Priority (TSP) is a technology that improves bus schedule reliability and speed by monitoring intersections and when appropriate changing the signal cycle so a bus can move through an intersection without delay. RapidRide Lines and some other bus routes use TSP.

According to the business case, the TSP equipment platform was updated in the past two years but is based on 20-year old technology and must be replaced. Repair parts are not available, the system has reliability issues, and new installations are not possible because the 4.9 MHz Network equipment is no longer sold. This funding request is for planning ($106,500) and preliminary design ($576,960) and includes a consultant contract. The planning effort is to be coordinated with the 4.9 MHz Network and Mobile Router project.

The project would be funded by the Public Transportation Fund and includes a contingency of 30 percent.

Review of the Benefit Achievement Plan (BAP): Council staff is working with DOT to also identify any expected system improvements that would happen as a result of this project.

Staff review of the Benefit Achievement Plan continues with an emphasis on better understanding the scope and schedule, the process for identifying a replacement system, and how the planning for this project would be integrated with the 4.9 MHz Network project work effort.

DOT Transit Power & Facilities Timekeeping via EAM

2015-2016 Request	$216,978
Total Project Cost	$216,978
Fund Source	Public Transportation Fund

Project Summary: This project would replace Transit's stand-alone, outdated system for reporting employee payroll time entry by making modifications to Transit's existing asset management system to include managing timekeeping.

According to the business case, Transit's system (ETTS) for providing timekeeping for the Power & Facilities section is thirteen years old, is no longer supported by the vendor, and running with an outdated operating system. The system also requires redundant data entry and approval processes. Rather than upgrading the current system, Transit determined it would be more cost effective to modify their existing asset management system (EAM), which contains work order data, to generate time and labor entries. This project would require EAM to interface with PeopleSoft.

This project would be funded by the Public Transportation Fund and includes a 30 percent contingency based on associated risks.

Review of the Benefit Achievement Plan (BAP): The BAP states this project will improve internal operations by eliminating redundant data entry and approval processes, which would save time and improve accuracy, and by allowing the outdated timekeeping system to be retired, which would also reduce system maintenance. Staff review of the Benefit Achievement Plan continues with an emphasis on better understanding how the operational improvements from this project will benefit the agency.

Staff analysis continues with an emphasis on the project contingency.

DOT Transit Vehicle Maintenance Dispatch Replacement

2015-2016 Request	$1,853,305
Total Project Cost	$1,853,305
Fund Source	Public Transportation Fund

Project Summary: This project would replace the outdated system that dispatches Metro's buses.

According to the business case, the system that allows Metro to accurately locate, maintain, and dispatch its more than 1,300 buses at seven operating bases is outdated and needs to be replaced. The current system is more than eighteen years old, no longer supported by the vendor, and is incompatible with newer operating systems. The system introduces risk of failure that would disrupt base operations and potentially result in higher operating costs. This project would replace the dispatch system.

This project would be funded by the Public Transportation Fund includes a 30 percent contingency based on associated risks.

Review of the Benefit Achievement Plan (BAP): The primary benefit of this project is that it would reduce the risks associated with the current system. Staff review of the Benefit Achievement Plan continues with an emphasis on better understanding the risks of the current system.

Staff analysis continues on this project with an emphasis on how this project fits into Transit's other technology needs.

DOT Transit Capital Management and Reporting System

Prior Appropriation	$600,000
2015-2016 Request	$2,520,460
Total Project Cost	$3,120,460
Fund Source	Public Transportation Fund

Project Summary: This project would provide Metro with an integrated, streamlined tool for managing its $1.4 billion Capital Improvement Program (CIP).

Metro's CIP data is currently maintained in disperse, non-integrated, mostly manual systems, and creating consolidated CIP reporting is time-consuming and produces unreliable data. The need for improved CIP reporting and practices has been a finding of several performance audits of Metro dating back to 1999.

Transit is requesting $2,520,460 for this project which would be combined with an earlier appropriation of $600,000 for this project. For the earlier appropriation, Transit did not prepare a business case, cost-benefit analysis, or benefit achievement plan. As part of the 2015-2016 budget, Transit submitted all three documents, although the business case remains incomplete.

This project budget would be funded from the Public Transportation Fund and includes a 20 percent contingency.

Review of the Benefit Achievement Plan (BAP): The BAP states that a new Capital Management and Reporting System would improve internal operations by allowing for the establishment of uniform project management standards, providing efficiencies in compiling data, improving accuracy and timeliness of project reporting, and improving project delivery rates. Staff review of the Benefit Achievement Plan continues with an emphasis on better understanding the expected benefits for project delivery rates.

Staff analysis continues on this project with an emphasis on understanding project scope, cost, technology alignment and considerations, and project planning and alternatives analysis.

DOT Real-Time Improvements

2015-2016 Request	$625,565
2017-2018	$628,148
Total Project Cost	$1,253,713
Fund Source	Public Transportation Fund

Project Summary: This project would implement changes to the systems Metro customers use to access real-time bus arrival information in order to improve the information about reroutes, stop closures, and service cancellations.

According to the business case, Metro customers use a variety of systems to look up bus schedule and status information, including Metro Online, the Automated Trip Planner, the Interactive Voice Response system, Real Time Information Signs, and applications such as OneBusAway. Many customers also receive Transit Alerts via email, text, Twitter, and Facebook. These systems do not provide consistent information about changes that may affect customers' trips, such as reroutes, stop closures, and service cancellations. Providing this information to customers requires redundant inputs by multiple staff members and is not easy for customers to find or understand. This project would allow Metro to conduct a comprehensive analysis of customer information systems and make changes that would improve the information quality and streamline the operational processes involved in conveying the information to customers.

This project would be funded from the Public Transportation Fund and includes a contingency of 30 percent due to the associated risks.

Review of the Benefit Achievement Plan (BAP): The primary benefit of this project would be improving the reliability of real-time information. Staff review of the Benefit Achievement Plan continues with an emphasis on better understanding how the external and internal benefits of this project would be measured by Transit.

Staff analysis continues on this project with an emphasis on how this project coordinates with the efforts of partner agencies, what alternatives are under consideration, and how this project integrates with Metro's other technology needs.

District Court Unified Case Management System

2015-2016 Request	$7,660,242
Total Project Cost	$7,660,242
Fund Source	Debt Service – General Fund

Project Summary: This project would replace District Court's reliance on an outdated 34-year old case filing system and several side systems with an integrated case management system that is expected to significantly improve operations enabling District Court to reduce personnel costs.

According to the business case, District Court's current case management system has deficiencies that lead to false arrests, dismissals due to speedy trial errors, and redundant data entry and document scanning that consumes court resources. The system also lacks important functions like eFiling and the ability to run reports and metrics that assist with business planning. This project will implement a new case management system by 2016. It would also replace several outdated and stand-alone systems with one integrated system that includes: an eFiling program, a probation management system, a court calendaring system, a document management system, a financial system, witness management, a search warrant database, and interpreter web.

District Court has done extensive preparation, planning, and research for this budget submittal and prepared a detailed benefit achievement plan and business case.

This project would be debt financed and supported by the General Fund. It includes a 20 percent contingency based on the associated project risk.

Review of the Benefit Achievement Plan (BAP): District Court has spent considerable time developing the BAP for this project and integrating staff comments. They identified significant benefits such as improving convenience to the public through the option to eFile, freeing up staff time by improving business processes, and improving accuracy by reducing redundant data entry. The project is expected to pay for itself six years after implementation through operating efficiencies and reduced FTE needs.

Staff analysis continues on this project.

Elections Management System Replacement

2015-16 Request	$468,000
Total Project Cost	$468,000
Fund Source	Elections Operating Funds

*Project Summary***:** Elections is seeking to implement a new Election Management System, the hardware and software that allows Elections to maintain a voter registration database and perform other election management functions from candidate filing up to tabulation of votes.

This project would replace the current solution in use by Elections, which the department indicates has not kept pace with changes in elections processes in King County, nor the department's standards for statistical and quality assurance tracking and reporting. As a result, Elections staff has needed to customize and support system modifications in-house; they expect that the new EMS product would eliminate the need for such modifications.

Elections states that the total project budget will be $1.28 million, including a contingency of 20 percent based on the risk associated with this project. The $468,000 appropriation request is proposed to be debt financed with the payments coming from the Elections operating budget. Staff analysis is ongoing on how this total expenditure corresponds to the requested appropriation.

Review of the Benefit Achievement Plan: The project has completed a BAP. The primary anticipated benefits of this project are improved internal services, specifically documented and streamlined processes within the software solution that eliminate the need for customized process development and support by Elections. Staff review of the BAP continues.

Staff analysis continues on this project.

KCIT GIS Regional Aerials Project

2015-16 Request	$1,993,238
Total Project Cost	$1,993,238
Fund Source	KCGIS O&M Rates, Imagery Fund Reserve, External funding

Project Summary: This project is a continuation of the County's digital imagery acquisition program and proposes to replace the county's aging aerial imagery (orthophotography).

The County's aerial photos are used for regular operations within multiple county agencies (e.g. King County Parks, Road Services, Wastewater Treatment, Water and Land Resources, Assessments, Permitting and Environmental Review, E-911, and Emergency Management), as well as external agencies and the general public. The King County Geographic Information System (KCGIS) Technical and Oversight committees have identified a two year replacement cycle for these photos due to continual changes in on-the-ground physical conditions and development; however, the county has not updated its aerial imagery since 2012.

The project proposes to acquire the imagery through a cost-share of more than 50 regional agencies, which is anticipated to result in approximately 75 percent savings to the county and higher quality imagery compared to if the county opted to pursue the project independently. This approach is consistent with the 2012 imagery acquisition project and regional cost-sharing. Planning work for the 2015 project has already begun and an RFP has been issued.

This project would be funded from GIS operating rates, Imagery Fund Reserve, and external funding. The project budget includes a contingency of 15 percent based on the level of risk associated with this project.

Review of the Benefit Achievement Plan (BAP): The primary benefits of this project are continuation of the county's access to high-quality aerial imagery in order to help inform decisions to serve the public by having a better understanding of up-to-date ground conditions.

Staff analysis is ongoing

ISSUE 4 TWO PRIOR TRANSIT PROJECTS

DOT Transit Mobile Ticketing Pilot Project

Prior Appropriation	$3,315,000
2017-2018	No appropriation request
Total Project Cost	Unknown at this time
Fund Source	Public Transportation Fund

Project Summary: The Transit Mobile Ticketing Pilot Project ($470,938) is a proposed demonstration that would allow a self-identified group of customers to use their smartphones to pay transit fares.

In 2013-2014 Transit budget, Council appropriated funding ($3,315,000) for a project titled "Orca Self-Service Kiosk." The project has since changed scope and Transit has prepared a new business case, a cost-benefit analysis, and a benefit achievement plan for a new pilot project with a budget of $470,938. However, Transit has a total appropriation authority for this project of $3,315,000. While the project has expenditure authority, spending has not begun on the project. The budget review process is an opportunity for Council to evaluate this new project.

Mobile ticketing technology provides customers the ability to pay their transit fares using their smartphones. The most common application is where a "ticket" is purchased with a mobile phone (or computer), and a graphic is displayed on the phone that can be shown to a bus driver or fare inspector to show that it is valid. This application requires no reader infrastructure on the vehicles so it can be implemented quickly and with relatively low capital cost. This project will pilot the implementation of mobile ticketing technology for use throughout the Metro system, using up to 10,000 participants for a period of six months extensible by another six months. There will be an assessment following the Pilot that will include evaluating the fare collection approach as to its suitability for a cashless operating environment.

This project would be funded from the Public Transportation Fund. The project budget includes a 20 percent contingency.

Review of the Benefit Achievement Plan (BAP): The BAP also includes a discussion of the costs of a future new farebox system, because Metro staff hopes the pilot project will provide an option for reduced dependence on cash fare payments. Council staff will work with Transit to further refine the BAP.

Staff review of this project continues.

DOT Transit Vanpool Information System Modernization

Prior Appropriation	$250,000
2015-2016 Request	$0
Total Project Cost	$250,000
Fund Source	Public Transportation Fund

Project Summary: This project would replace the Vanpool Information System (VIS) and Vanshare desktop applications to meet current King County IT standards and address the risk that the unsupported VIS program may fail.

The Vanpool Program is the largest such public program in the U.S., with over 1,300 vanpool groups serving 10,057 customers, VIS and Vanshare are used to set up and manage vanpool groups, track mileage, schedule maintenance, and collect monthly payments. The VIS system was built in 1995 using Visual Basic 6, which Microsoft stopped supporting in 2008. Vanshare is a work-around added in 2004. DOT reports that replacing this system is essential in order to have a stable system to manage essential vanpool functions (establishment of groups, ensuring timely maintenance, processing fees).

Transit is not requesting a new appropriation for this project. The project has a 2013-2014 appropriation for $250,000 which will cover the cost of this project. As part of the 2013-2014 appropriation request, the Executive’s budget did not identify this project as part of the technology investments and thus Transit did it not prepare a business case, cost-benefit analysis, or benefit achievement plan. After the budget adoption, Transit became aware the requested documents had not been prepared and has done so as part of this budget process. Those documents have been transmitted and reviewed by Council staff as part of this appropriation request and no issues have been identified.

The project is funded from the Public Transportation Fund. The project budget includes a contingency of 20 percent.

As this project already has existing appropriation, unless there is an objection from the Council, Transit intends to begin work on this project prior to the 2015/2016 budget adoption.

Review of the Benefit Achievement Plan (BAP): The BAP states the primary benefit of this project is replacing a system that is not operationally stable.

Staff review of this project continues.

Analyst:	Clifton Curry

CABLE COMMUNICATIONS

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation	$649,080	$684,000	5.4%
FTE:	1.5	1.5	0%
TLTs:	0.0	0.0	N/A
Estimated Revenues	$4,763,208	$6,162,000	29.4%
Major Revenue Sources	Franchise and PEG Fees		

The Office of Cable Communications assists cable television subscribers in resolving complaints and answering questions regarding their cable service in unincorporated King County. The cable office negotiates, monitors, and enforces the rules set forth in the cable television franchises granted by King County and held by cable television companies. The office collects a franchise fee of five percent of gross revenues from the cable companies for their use of the County's rights-of-way. In addition, cable television companies pay Public, Education and Government (PEG) fees that support capital equipment that supports programming for governments (such as King County Television), schools and public access.

The cable office is funded through the General Fund and generates approximately $2.8 million per year for the General Fund. In the past year, the council approved new ten-year franchise agreements with both WAVE and Comcast.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The office's 2015-16 proposed budget is $684,000, 5.4 percent higher than the amount approved in the combined 2013-14 Adopted Budgets. These changes are primarily the result of technical changes and the incorporation of salary-related changes. As noted above, the council adopted new ten-year franchise agreements with both WAVE and Comcast. The agreements increased PEG fees from $0.55 to $0.76, resulting in an estimated increase in PEG revenues of $1.0 million during the biennium. In addition, while the new agreements left the county's franchise fee at five percent, the county's revenues from franchise fees is expected to increase because the number of subscribers has increased.

ISSUES

Staff have identified no issues with this budget.

Analyst:	Katherine Cortes

FINANCE AND BUSINESS OPERATIONS DIVISION

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation	$56,070,712	$57,166,000	2.0%
FTE:	186.92	180.41	-3.5%
TLTs:	2.5	5.0	100%
Estimated Revenues	$53,063,668	$55,018,000	3.7%
Major Revenue Sources	Central rate charges, intergovernmental fees		

The Finance and Business Operations Division (FBOD) manages the County's payroll, financial employee benefits, and retirement systems, as well as provides procurement, contract, and financial management services to county departments and agencies. The Financial Services fund is an internal service fund. FBOD also manages the operations of the County's Investment Pool which invests idle cash on behalf of King County departments and 100 other local governments. Revenues for FBOD operations are generated by rates charged to all General Fund (GF) and non-GF agencies and from fees charged to manage various County funds and fees charged to other local governments for investment services. FBOD's activities help to strengthen the County's top bond ratings and strengthen internal controls associated with financial systems and business processes, in support of the King County Strategic Plan's goal of sound financial stewardship.

SUMMARY OF PROPOSED BUDGET AND CHANGES

FBOD has contained its anticipated costs to 2 percent growth over the 2015-16 biennium, including a 3.5 percent reduction in permanent staff positions. FBOD has been deeply engaged in seeking countywide efficiencies, as central business owner of the Oracle E-Business Suite financial system and is a key leader in King County's implementation of Accountable Business Transformation. This budget continues and expands work on business process standardization, including through an Activity Based Costing pilot expansion to better hold management accountable for productivity improvements. FBOD plans to accomplish this through a cost-neutral operating resource realignment and an $800,000 capital project investment.

Additionally, FBOD will expand electronic payment options for customers of King County services through a $740,000 capital project providing technical support and guidance for other agencies. Both the Activity Based Costing pilot and the electronic payment expansion project will be funded through the IT projects central rate and will also be reviewed as part of the overall Technology CIP staff report in this panel.

ISSUES

ISSUE 1 – FUNDING MODEL AND ORGANIZATION FOR FBOD CAPITAL PROJECTS

The Activity Based Costing pilot is sponsored and coordinated by the Executive Office, with staffing support from FBOD. Specific amounts or areas of benefits or savings have not yet been identified. The electronic payment expansion project includes FBOD and KCIT staffing support for various County agencies not yet completely specified. Both projects are proposed to be funded through the IT projects central rate. Staff analysis continues on the reflection of these project structures in the proposed budget.

Analyst:	Rachelle Celebrezze Polly St. John

FACILITIES MANAGEMENT DIVISION

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation	$97,313,210	$97,844,000	0.5%
FTE:	315.17	307.02	-2.6%
TLTs:	1.00	3.00	200.0%
Estimated Revenues	$97,964,875	$97,239,000	-0.7%
Major Revenue Sources	FMD Central Rates		

PROGRAM DESCRIPTION AND PURPOSE:

The Facilities Management Division (FMD) manages and maintains the County's physical and capital assets. Responsible for operation and maintenance of the County's buildings, FMD provides a range of internal services including custodial, landscaping, moving, security, HVAC, pest control, recycling, parking facilities management, routine maintenance, major maintenance, strategic planning, and capital planning. FMD also operates the County's print shop. FMD is an internal service fund which charges the expenses related to providing services to other County agencies on a reimbursement basis.

Real Estate Services (RES), which manages the purchase and sale of County property and leasing functions for the County, is a section of FMDthat has its own budget appropriation. As such, RES is discussed in a separate staff report.

SUMMARY OF PROPOSED BUDGET AND CHANGES

Overall, the Executive's 2015-2016 budget proposes a slight increase in appropriation for FMD of approximately $530,000, or 0.5 percent, for the biennium, and a decrease in expected revenues of approximately $726,000, or 0.7 percent, for the biennium. FMD's 2015-2016 budget also proposes a net reduction of 10.15 FTEs.

The proposed 2015-2016 budget for FMD includes several changes that, if adopted, would result in a net reduction in staff and dramatically alter the department's organizational structure. Taken together, the proposals would result in the elimination of the department's strategic planning division, the consolidation of the capital planning and major maintenance divisions, and reductions in staffing to account for the projected reduction in square footage to be managed by FMD. At the same time, however, FMD proposes to increase staffing for new initiatives, such as the creation of a fund to reduce energy demand, and to address increased demand in some of the department's service areas.

Other major changes proposed for the 2015-2016 biennium include:

- A reduction of over $2.7 million in projected expenditures due to space consolidations and facility closures, including the closure of several public health clinics, the relocation of Bellevue District Court, and the sale of the Blackriver office building.
- An increase in expenditures of $258,000 for operating costs in the 2015-2016 biennium relating to the reopening of the Maple Valley Sheriff's Office Precinct. The precinct was closed—and budget authority for operating costs were removed from FMD's budget—in 2012, but reopened in February 2014 to address the most current needs of the King County Sheriff's Office. Expenditures necessary to operate the precinct in 2014 were approved in the first omnibus of 2014 (Ordinance 17855).
- An increase in expenditures of approximately $509,000 for the additional building services costs associated with the projected reopening of the Yesler Building in mid-2016. The Department of Public Defense is anticipated to be the building's primary tenant.
- A decrease to the base budget of approximately $2.8 million in revenues, as adjusted to account for inflation, projections for collections and usage, and the forecast of the Office of Economic and Financial Analysis.
- A decrease in expenditures of approximately $1.4 million in central rates costs as compared to adopted costs of the 2013-2014 biennium. A reduction in Business Resource Center (BRC) central rates—due to the change in BRC's rate setting model—of approximately $1.2 million, or 52.3 percent, is the largest single factor in the overall decrease in central rates costs.[1]
- An increase in expenditures of $32,300 for the biennium for FMD's portion of countywide climate change and air quality program costs. Costs associated with the program include updating the County's Strategic Climate Action Plan, consulting fees, and organizational membership fees. While the program is not new for the County, the 2015-2016 biennium is the first time that FMD will be required to pay a portion of these costs. Beginning with the 2015-2016 budget, the Executive proposes to charge agencies for climate change and air quality program costs in an amount equal to each agency's level of greenhouse gas emissions. FMD would be responsible for 4 percent of the program's costs for the biennium.[2]

ISSUES

ISSUE 1 – REORGANIZATION OF FMD

Overall, the proposed 2015-2016 budget for FMD includes several changes that, if adopted, would dramatically alter the department's organizational structure. In the

[1] The 2015-2016 proposed FMD budget reflects the reduction in the increment for central rates as compared to the base at $1.9 million.
[2] Under the 2015-2016 proposed budget, the Department of Natural Resources and Parks would be responsible for 51 percent of the climate change and air quality costs, the Department of Transportation would be responsible for 41 percent of the costs, and Fleet would be responsible for the remaining 4 percent.

2013-2014 biennium, FMD identified six lines of business carried out by the department: building services, capital planning, major projects, strategic planning, the print shop, and real estate services. Under the proposed 2015-2016 budget, FMD's lines of business would shrink to four: ongoing building services and maintenance, capital planning, real estate services, and the print shop. The strategic planning unit would be eliminated in its entirety and the major projects unit would be consolidated with capital planning. Staffing for the consolidated capital planning unit would be reduced. In addition, FMD's proposal includes the reduction of staff within capital planning and building services, a portion of which reduction is in response to the projected decrease in the size of FMD's portfolio.

The two changes relating to the reorganization included in the 2015-2016 proposed budget are a $2.4 million reduction in expenditures resulting from the reorganization of FMD executive positions and a $1.4 million reduction in expenditures resulting from other reductions in staffing. If implemented, these two proposals would eliminate a total of 15.00 FTEs for the 2015-2016 biennium, 8.00 FTEs due to the executive reorganization and 7.00 FTEs due to other staffing reductions. Of the 15.00 FTE positions to be eliminated, 5.00 FTE positions are vacant.

While some of the proposed changes included in the 2015-2016 budget would eliminate or reduce FMD programs, others represent new initiatives or services. One such initiative—the establishment of a fund to reduce energy demand—would encourage customer agencies to proactively implement facility and operational upgrades aimed at reducing long-term energy cost. FMD is requesting an additional $830,000 to implement the program over the biennium, which would support 2.00 FTEs—a plumber and an electrician—to carry out the work.

In addition, FMD is seeking approximately $107,000 in additional appropriations to provide for a new 0.5 FTE in the print shop to address increased workload relating to KCIT Data Center printing.

The FMD 2015-2016 proposed budget also includes a request for an additional appropriation of $106,000, which would support 0.5 FTE, to formalize an existing ESJ initiative. The ESJ initiative would provide free delivery of surplus furniture to qualified non-profit organizations. FMD indicated that, since all of the surplus furniture that had been stored at Harbor Island and Blackriver has already been cleared under the program, going forward, the 0.5 FTE would deliver surplus furniture directly from a County-owned or leased space where the surplus furniture was being used to a qualified non-profit. According to FMD, this program would allow FMD to only touch the surplus furniture once and eliminate the need for some storage capacity. Given the lack of stored surplus furniture at this time, Council may wish to consider converting the 0.5 FTE to a 0.5 TLT.

Staff analysis is ongoing.

ISSUE 2 – PROPOSED CLOSURE OF PUBLIC HEALTH CLINICS

FMD's proposed 2015-2016 budget includes reductions in expenditures based on the assumption that the County-owned or leased public health clinics slated for closure are closed. For example, if funding for operation of the Auburn Public Health Clinic or another public health clinic managed by FMD is restored in the Public Health budget, FMD would need the appropriate budget authority to support its operating costs associated with the Auburn facility. According to FMD's current estimates, if the Auburn Public Health Center were to remain open for the 2015-2016 biennium, FMD would require the restoration of funding to support 1.00 FTE.

Staff will need to address this issue based upon other changes that might occur later in the process related to public health staffing. If there are no questions, this particular item can be closed with the note that the budget may need to be adjusted later.

ISSUE 3 – MOVING CUSTODIAL STAFF FROM EVENING SHIFT TO DAY SHIFT

The 2015-2016 proposed budget includes an approximately $113,000 decrease in expenditures relating to moving custodial staff at the King County Courthouse, Chinook Building, Administration Building, and Maleng Regional Justice Center from an evening shift—typically 3pm to 11:30pm—to a day shift—10am to 6:30pm. FMD projects that such a move would generate $58,000 in savings on reduced parking expenditures for employees, as more custodial staff would commute to work via public transportation, and $54,800 in reduced energy costs, as FMD would be able to turn off air conditioning and lighting earlier. According to FMD, unions and clients (including Courthouse clients) were consulted about the proposal and support the change.

A shift to daytime custodial duties will require increased communications between clients and custodial staff, as under the proposal, custodial staff will be cleaning during business hours, a time when most client staff will also be working. While the shift is potentially beneficial in terms of improving safety for the custodial staff and building stronger relationships with clients due to increased visibility, scheduling will likely be challenging, particularly in courtrooms which are in use much of the day. FMD believes that parking capacity issues will not be an issue, pointing to the fact that the day shift affords greater opportunities for staff to commute via public transportation.

Analyst:	Rachelle Celebrezze

REAL ESTATE SERVICES

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation	$7,047,736	$7,666,000	8.8%
FTE:	18.0	18.0	0.0%
TLTs:	0.0	2.0	200.0%
Estimated Revenues	$16,432,186	$8,268,000	-49.7%
Major Revenue Sources	General Fund, interfund charges		

PROGRAM DESCRIPTION AND PURPOSE:

King County's Real Estate Services Section (RES), within the Facilities Management Division (FMD), manages the use of County property. Activities include acquisitions of real estate parcels; right-of-way and easements acquisitions to support County capital improvement projects and operations; sales of unneeded surplus real property; leasing space for or from the County, including leasing services for the King County International Airport; and permitting and fees for use of County property such as for planned construction or public events.

SUMMARY OF PROPOSED BUDGET AND CHANGES

Compared to the 2013-2014 adopted budget, the Executive's 2015-2016 proposed budget for Real Estate Services seeks an increase in appropriation of approximately $620,000, or 8.8 percent. Although projected revenues appear to be declining steeply in the 2015-2016 biennium, the net decrease does not represent a net decrease to General Fund revenues. Rather, the net decrease is almost entirely explained by the removal of approximately $9 million in revenue from the Cedar Hills landfill, which was transferred to a separate General Fund appropriation in the 2014 budget.

The proposed budget includes additions of:

- $158,194 in additional appropriation to manage the County's compliance with the federal Clean Water Act and coordinating storm water inspections of general government facilities and tax title properties—those properties that have been transferred to RES stewardship after the failure to sell at foreclosure auctions held by the Assessor.
- $200,000 in additional appropriation to provide, as the custodial agency for several County properties in the Lower Duwamish Superfund site, policy, strategic, and technical support relating to the Duwamish clean-up efforts.

Also noteworthy is that RES is proposing an update to its wireless right-of-way fee structure. Staff analysis of the fee ordinance (Proposed Ordinance 2013-0401) will be presented during Reconciliation.

ISSUES

ISSUE 1 – RES PROPOSES TO INCREASE BUDGET BY $258,000 AND 2.0 TLTS DUE TO UNANTICIPATED LEASING AND PROPERTY SALES TRANSACTIONS

The baseline staffing levels in the 2015-2016 proposed budget are the result of a detailed five-year workload forecast undertaken by RES in response to a Council budget proviso (Motion 2013-0409) and implemented in 2014. As a result of that analysis, RES's staffing levels were reduced as part of the 2014 budget. The proposed 2015-2016 would not change the RES's FTE projections for the biennium—the division proposes to hold staffing at a total of 18.0 FTEs. However, the 2015-2016 proposed budget seeks funding for 2.0 TLTs—at an increased appropriation of approximately $258,000 for each position—to address increased workloads in leasing transactions and sales that were unanticipated at the time the five-year workload forecast was developed.

The unanticipated workload includes lease renegotiations relating to the creation of the Department of Public Defense, lease negotiations and property sales relating to public health clinic closures, and leasing or acquiring a new facility for the Automated Fingerprint Information System (AFIS).

It should be noted that the expenditures for the 2.0 TLTs, if adopted, would be at least partially revenue backed, as RES recoups leasing and sales fees. Any remaining costs would be covered by the General Fund.

RES has indicated that the 2.0 TLT positions will be eliminated after 2016, and that the division still anticipates fulfilling reductions in staffing detailed in the five-year workload forecast in the long-term.

Analyst:	Rachelle Celebrezze

Facilities Management Division Parking Services

Budget Table

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation	N/A	$5,742,000	0.0%
FTE:	N/A	N/A	N/A
TLTs:	N/A	N/A	N/A
Estimated Revenues	N/A	$5,742,000	0.0%
Major Revenue Sources	Parking Fees		

Program Description and Purpose:

A Parking Facilities Fund is proposed to be established in the 2015-2016 budget to increase transparency of the parking facility revenues and revenue-backed expenditures under Facilities Management Division (FMD) management.

Summary of Proposed Budget and Changes

The 2015-2016 proposed budget would establish the Parking Facilities Fund as a subfund of the General Fund.[1] Previously, the revenues and revenue-backed expenditures for County parking operations (namely, Goat Hill Garage) had been budgeted in the General Fund. The proposed Parking Facilities Fund budget establishes budget authority for the payment of state and local taxes on behalf of the parking facilities, payment of debt service, contribution to the Major Maintenance Reserve Fund (MMRF), and operating expenses for the parking facilities. The proposed budget also establishes the transfer of surplus revenues to the General Fund, in accordance with KCC 3.32.090.

Issues

Issue 1 – Elimination of Parking Facilities Funding for Children and Family Services Fund

The 2015-2016 proposed budget for the Parking Facilities Fund assumes the enactment of section 4 of Proposed Ordinance 2014-0411 (relating to the reorganization of the children and family services fund), which strikes the requirement in KCC 3.32.090 (relating to the disposition of parking revenues) that requires "an allocation to the children and family set-aside fund for support of health and human services activities sufficient to increase the allocation from 2004 levels at the local consumer price index.".

[1] No legislation was submitted to the Council to establish the subfund, as legislation is only required to establish a fund.

As a result, the Parking Facilities Fund does not include any expenditures for the Children and Family Services Fund. General Fund revenue is proposed to replace the parking garage revenue for human services, as detailed in proposed ordinance 2014-0411, which is discussed in the Community Services Division staff report.

Analyst:	Wendy Soo Hoo

PUBLIC HEALTH – SEATTLE & KING COUNTY

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation*	$481,753,452	$317,003,000	-34.2%
FTE:	1,115.6	812.13	-27.2%
TLTs:	11.8	9.5	-19.7%
Estimated Revenues*	$480,906,558	$323,662,000	-32.7%
Major Revenue Sources	General Fund, state and federal funding, the City of Seattle and grants		

Note: The changes from 2013-2014 Adopted to 2015-2016 Proposed also reflect the establishment of a separate Environmental Health Fund and appropriation unit.

Public Health – Seattle & King County (Public Health) seeks to identify and promote the conditions under which all people can live within healthy communities and can achieve optimum health. It protects and improves the health and well-being of all people in King County and employs strategies, policies and interventions to reduce health disparities. PH is organized into five operating divisions and two sections. The divisions are Community Health Services, Emergency Medical Services, Environmental Health Services, Jail Health Services, and Prevention Services. The Cross-Cutting and Business Administrative Services sections include public health analytic, policy and communications functions, and the department's core business infrastructure. Jail Health Services, Emergency Medical Services, Local Hazardous Waste, and the Medical Examiner's Office all have separate appropriations and budgets.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Public Health budget is proposed to decline by 34.2 percent compared to the combined budget for 2013 and 2014, roughly commensurate with a 32.7 percent reduction in expected revenue. The shortfall in the Public Health fund has largely resulted from an ongoing structural gap that was exacerbated by recent reductions in federal Medicaid Administrative Claiming reimbursements. The Executive's proposed budget reduces Public Health's workforce by more than a quarter. The largest reductions are in the Community Health Services Division, which operates the public health centers as well as a number of regional programs. The proposed reductions would have significant equity and social justice impacts, as Public Health's clients, particularly in the public health centers, are low-income people of color.

The Public Health financial plan projects revenues of $334.7 million and expenditures of $328 million for 2015/2016. However, because of the deficit that exists in the fund in 2014, Public Health projects a $2.5 million shortfall at the end of the biennium. Due to the ongoing nature of the structural deficit facing the Public Health Fund, the deficit is projected to increase to $11.1 million by the end of the 2017/2018 biennium.

Despite the significant reductions included in the proposed budget, the proposal also includes a $2 million contra (an unallocated reduction). The Executive's budget states: "Efficiencies alone are not expected to fulfill the goals of the contra. Accordingly, Public Health will also work with its partners to actively pursue new funding options in 2015."

ISSUES

ISSUE 1 – REDUCTION AND ELIMINATION OF SOME PUBLIC HEALTH CENTERS

To address Public Health's $30 million budget gap for 2015/2016, the Executive's proposed budget includes the closure of public health centers in Auburn and Bothell (Northshore). The proposal also transitions primary care to community partners and eliminates stand-alone family planning services at the Columbia and North Public Health Centers. In total, these changes would reduce Public Health expenditures and revenues by $27.4 million and $18.1 million respectively.

Public Health Center Closures and Operational Changes in Executive Proposed 2015/2016 Budget

Public Health Center	Primary Care	Dental	Family Planning	MSS/WIC	Travel/ Refugee Screening
Auburn			*Proposed to close*	*Proposed to close*	
Columbia (Rainier Valley)	*Proposed to shift to Neighborcare & UW*		*Proposed to close (and shift to primary care providers)*		
Downtown Seattle					
Eastgate (Bellevue)					
Federal Way			*Proposed for restoration in Executive's budget*	*Proposed for restoration in Executive's budget*	
Kent					
North (Northgate)	*Proposed to shift to Neighborcare*	*Proposed to remain at Lake City location*	*Proposed to close (and shift to primary care providers)*	*Assuming PHSKC leases space at Meridian Center*	
Northshore (Bothell)				*Proposed to close but satellite operations shift to*	

				Eastgate	
Renton					
Greenbridge (White Center)			*Proposed to shift to Planned Parenthood*	*Proposed for restoration in Executive's budget*	

The Executive's proposed budget restores two clinics that were proposed to close in the department's budget request – Federal Way and Greenbridge – with Planned Parenthood providing family planning services and assuming space at Greenbridge.

Public Health's original proposal to close four clinics was based on the following criteria:

- Reduction of clinical services consistent with anticipated revenues.
- Preserving the department's status as a Federally Qualified Health Center (FQHC), which enables PHSKC to receive higher reimbursements to cover service costs. To maintain its FQHC status, PHSKC must continue to provide some primary care.
- Prioritization of low-income adult dental services – revenues for dental services more than cover their costs and there are few other providers.
- Ability to transition primary care to community partners – the downtown Seattle and Eastgate clinics would continue to provide primary care as PHSKC needs to maintain primary care at two sites to maintain its Federally Qualified Health Center (FQHC) status.[1]

The Executive's proposed restorations of the Greenbridge and Federal Way centers were partly enabled by partnerships with the City of Federal Way, and with Planned Parenthood and the City of Seattle in the case of Greenbridge.[2] In addition, partnership with labor yielded concessions (applied to represented and non-represented employees) resulting in $2.1 million in savings across the entire public health system and enabled the buy-back of the Federal Way center.[3]

The Auburn and Northshore centers are still slated to close at this time, along with Auburn's satellite centers located on the Muckleshoot reservation and in Enumclaw. These centers currently provide Maternity Support Services (MSS), Special

[1] Providing primary care services is necessary to maintain PHSKC's status as a Federally Qualified Health Center (FQHC). As a 330(h) homeless grantee, Public Health receives FQHC enhanced payments for encounters provided to federal Medicaid clients. Public Health estimates that it must operate a minimum of two primary care sites to maintain FQHC status. In addition to Downtown and Eastgate, PHSKC also proposes to maintain primary care services at Navos Mental Health Solutions in Burien and its mobile medical van in South King County, both of which have separate funding streams.

[2] The Executive's proposed budget assumes $800,000 in revenue from the City of Seattle over the biennium to support specific Seattle-based programs, such as the Greenbridge Public Health Center, the Gun Violence Prevention Program, the HIV/STD program, and the Access and Outreach program. The proposed budget assumes $221,000 from the City of Federal Way to support the Federal Way Public Health Center for 2015/2016.

[3] At Greenbridge, 89 percent of clients have incomes below 200 percent of the Federal Poverty Level and 78 percent are people of color. At the Federal Way center, 92 percent have incomes below 200 percent of the Federal Poverty Level and 69 percent are people of color.

Supplemental Nutrition Program for Women, Infants and Children (WIC) and stand-alone family planning. Loss of these services would have the most impact on people with low incomes and people of color. At the Auburn center, 97 percent of clients have incomes below 200 percent of the Federal Poverty Level and 59 percent are people of color. At Northshore, 92 percent have incomes below 200 percent of the Federal Poverty Level and 58 percent are people of color.

According to Executive staff, the ongoing funding gap for the Auburn center is about $2.5 million. However, if closed, the county would be required to pay an early termination lease penalty of about $500,000. The penalty would be avoided if the Auburn center remained open, so the funding needed to restore the Auburn center for the 2015/2016 biennium would be approximately $2 million.

Executive staff have not estimated restoration costs for Northshore. About two-thirds of the building has been vacant since HealthPoint moved out of Northshore and into its own new facility. The Executive plans to propose the sale of the Northshore property with the proceeds being directed to the Public Health Fund.[4]

Note that a number of administrative reductions are proposed in the budget as well, including:

- Abrogation of the Chief of Staff position in the Office of the Director ($437,495) and (1.0 FTE)
- Abrogation of the Pharmacy Chief position ($275,476) and (0.5 FTE)
- Reduction of Assessment, Policy Development and Evaluation Section staff ($410,103) and (1.5 FTE)
- Reduction of Policy Community Partnership Communications staff ($1,730,549) and (7.0 FTE)
- Reduction of Sexually Transmitted Disease clinic operating hours at Harborview ($807,324) and (0.5 FTE). This change is not expected to impact service delivery.
- Reduction of staff in the following sections: Finance; Provision Assurance; Administration and Business Standards; Contract, Procurement and Real Estate Services; Business Standards and Accountability; and general administration ($1,930,701) and (8.7 FTE)

Staff analysis is ongoing.

ISSUE 2 – ADDITIONAL EXECUTIVE PROPOSED RESTORATIONS NOT INCLUDED IN THE DEPARTMENTAL REQUEST

The Executive also proposes to restore the following regional services (as compared to the department's proposal) in the following areas:

[4] As discussed in the July 15, 2014 staff report for 2014-B0108, the public health center properties owned by the counties are General Fund properties. The Executive's proposed budget assumes $6 million in revenue from the sales of the Auburn, Renton and Northshore public health center properties.

	Department Proposed Level	Executive Proposed Level	Cost of Restoration	Restoration Funding Source
Health Educators	2.0 FTE *(a reduction of 5.8 FTE)*	4.0 FTE *(restores 2.0 FTE)*	$0.4M	Labor concessions, additional administrative reductions & City of Seattle
Nurse Family Partnership (King County – not Seattle)	9.0 FTE *(a reduction of 4.0 FTE)*	11.0 FTE *(restores 2.0 FTE)*	$0.6M	Labor concessions & additional administrative reductions
Gun Violence Prevention/Child Death Review	0 TLT *(a reduction of 0.5 TLT)*	1.0 TLT *(restores 1.0 TLT)*	$0.3M	General Fund ($196,000) and City of Seattle
HIV/STD Program	*A reduction of 5.5 FTE*	*Restores 3.0 FTE*	$1.0M	Labor concessions, additional administrative reductions and City of Seattle

The Health Educators provide evidence-based health education and outreach related to family planning. This is a service provided by Public Health for which no community capacity or expertise exists. While partially restored in the Executive's proposed budget, 3.8 FTE remain to be cut.

The Nurse Family Partnership is an evidence-based, intensive program that serves first-time, young, low-income mothers. Public Health nurses visit clients in their homes approximately twice a month, from early pregnancy through the first two years of the child's life. While partially restored in the Executive's proposed budget, 2.0 FTE remain to be cut.

The Gun Violence Prevention/Child Death Review program was initiated in 2013 and is a program supported by the county General Fund and the City of Seattle. In 2013 and 2014, the program collected and analyzed gun violence data and promoted responsible gun ownership. Under the Executive's proposal for 2015/2016, the program would generally continue these activities on a smaller scale.

The primary functions of the HIV/STD Program are to plan for and assure HIV care and prevention services, STD clinic services, HIV/STD partner services, syringe exchange, HIV/STD education and technical assistance, HIV/STD surveillance and epidemiology, and laboratory testing. Public Health had proposed to eliminate 5.5 FTE, but the Executive's budget would restore 3.0 FTE. The positions that would be eliminated in the Executive's proposal are associated with reduced demand for laboratory services and an efficiency reduction in STD clinic hours at Harborview. Based on client visit data, the reduction in clinic hours is expected to have no significant service impact.

Staff analysis is ongoing.

ISSUE 3 – EQUITY AND SOCIAL JUSTICE PROGRAM ADD IN PUBLIC HEALTH: $1.13 MILLION AND 3.0 FTE

The Public Health budget includes an addition for "Advancing Equity and Social Justice in King County." This proposal would provide funding for Equity and Social Justice and Limited English Proficiency efforts to better include marginalized communities in county decision making and to increase their access to county services. The proposal includes $1.1 million from the General Fund, with approximately 67 percent ($737,000) being recouped from other funds through the General Fund overhead model.

Staff analysis is ongoing.

ISSUE 4 – PROPOSED BUDGET MAINTAINS SUPPORT FOR THE HEALTH AND HUMAN SERVICES TRANSFORMATION PLAN: $476,000

The Executive's proposed budget for Public Health also continues support for Health and Human Services Transformation Plan efforts at $476,000. (Additional resources are proposed in the Department of Community and Human Services budget.) The Transformation Plan work is supported by the General Fund. However, no Health and Human Services Catalyst Fund is proposed for 2015/2016.

Staff analysis is ongoing.

Analyst:	Wendy Soo Hoo

MEDICAL EXAMINER'S OFFICE

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation	$12,972,953	$11,245,000	-13.3%
FTE:	27.99	28.4	1.5%
TLTs:	N/A	N/A	N/A
Estimated Revenues	$12,974,860	$11,040,000	-14.7%
Major Revenue Sources	General Fund, fees for services		

The Medical Examiner's Office (MEO) conducts medical evaluations of all deaths in King County, including investigations of deaths that are of concern to the public health, safety, and welfare of the community such as sudden, violent, unexpected, or suspicious deaths occurring in King County. In addition to determining the cause and manner of death, the office works to provide accurate identification of decedents under their jurisdiction, and to notify the next of kin.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The MEO budget is proposed to decrease by 13.3 percent from $13.0 million to $11.2 million. Staffing is proposed to increase by 1.5 percent to 28.4 FTE. The most significant changes are due to technical adjustments. The overall reduction is driven by elimination of Public Health's overhead double-budgeting methodology.

ISSUES

ISSUE 1 – EXECUTIVE PROPOSED BUDGET INCREASES GENERAL FUND SUPPORT FOR THE MEO

The proposed budget includes an increase of $480,000 in General Fund support for mandated services. These funds would offset increased expenditures related to rising service demand due to population growth, as well as fee revenue shortfalls. This increase is in addition to a $420,687 inflationary adjustment in General Fund support for the MEO. Altogether the increase in General Fund support would be $900,687.

Staff analysis is ongoing.

Analyst:	Amy Tsai

ENVIRONMENTAL HEALTH SERVICES

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation	$44,553,016	$47,592,000	6.8%
FTE:	133.25	145.5	9.2%
TLTs:	0.0	0.0	0.0
Estimated Revenues	$54,990,683	$48,238,000	-12.3%
Major Revenue Sources	Fees, grants, charges for services, general fund		

Environmental Health Services (EHS) is one of five divisions within Public Health – Seattle & King County (PHSKC). The EHS Division provides fee-based, grant-based and regional services focused on prevention of disease through sanitation, safe food and water, proper disposal of wastes and toxics, and promoting safe and healthy environmental conditions. Sections include Community Environmental Health (wastewater, solid waste, rodent control, local hazardous waste, plumbing and gas piping, marine recovery area pollution, toxicology), Food and Facilities, Zoonotic Diseases and Healthy Community Planning.

SUMMARY OF PROPOSED BUDGET AND CHANGES

As part of improving financial monitoring, for 2015/2016 expenditures and revenues for Environmental Health are moved out of the Public Health Fund and into a separate fund, as recommended by the County Auditor. The proposed budget reflects an expenditure increase of $3,038,478, or 6.8 percent, and a revenue decrease of $6,753,643, or 12.3 percent. In part due to technical adjustments, the net result is that in 2015/2016 the expenditures and revenues are more closely aligned with each other ($47.6 and $48.2 million, respectively, in 2015/2016, versus $44.6 and $55.0 million in 2013/2014).

The budget proposes to add a total of 14.25 FTEs to a range of programs which are discussed below. Eight of the positions are inspectors for the Food and Water Recreation Program, Plumbing and Gas Piping Program, and Solid Waste Program. Executive staff have indicated that the proposed increases reflect an increased demand for environmental health inspection services as a result of economic growth.

The proposed budget also includes position requests that are administrative or managerial in nature, which, although supported by fees, are not fee-generating positions. As a result, these positions if adopted by the Council would require fee increases by the Board of Health to support the positions. The fees are established by the Board of Health, not the Council. Board of Health action on the fee proposals will likely occur after Council's adoption of the budget. Fees under review by the Board of Health include the following:

- Food and Facilities (Restaurants, grocery stores, mobiles, caterers, temporary events, farmer's markets)
- Water Recreation Facilities (Pools, spas, water parks)
- Pet Businesses (Pet stores, pet care facilities, animal shelters, breeders, petting zoos)
- On-Site Septic (Septic systems, private wells)
- Solid Waste (Transfer stations, haulers, recycling facilities)

There are also a number of large technical adjustments in the EHS proposed budget, including a $2.8 million central rate reallocation, a $9.4 million adjustment that removes double budgeting, overhead and direct distributed charges in the amount of $4.5 million and a local hazardous waste adjustment in the amount of $1.0 million.

One other area of note for EHS is the addition of a state-grant funded TLT to work on addressing on-site septic system failures in the Vashon/Maury Island Marine Recovery Area (MRA) which has historic tribal shellfish beds. The project has a significant equity and social justice component, addressing long-standing engineering challenges, outreach and engagement of residents, and loan programs for low-income residents who have difficulty affording septic system repair and are at risk of sewage contamination of groundwater sources.

ISSUES

ISSUE 1 – POSITION ADDS THAT RESULT IN FEE INCREASES

Table 1 lists the positions requested in the Executive's proposed budget and indicates, according to EHS, whether the position would have an impact on fees. Positions that would result in fee increases are primarily administrative and supervisory positions. The costs of these positions would be distributed among applicable fees. Staff analysis is continuing on the justification for these positions and the estimated rate impact of each position. Staff analysis is also continuing on the workload justification for the inspector positions.

The positions include the following:

Table 1. Proposed Position Adds and Impact on Fees

POSITIONS	2015/2016 COST	FTEs	FEE INCREASE?
Food Program Supervisor (Local 17)	$1,048,700	1.0	Yes
Food Program Senior Inspector (Local 17)		1.0	Partial
Food Program Inspectors (Local 17)		3.0	No
Plumbing and Gas Piping Inspectors (Local 32)	$324,265	3.0	No
Solid Waste Inspector (Local 17)	$235,331	1.0	No
Section Manager for Chemical Hazards and	$735,417	3.0	Yes

Solid Waste, Accountant, and Paralegal			
Performance Manager for Local Hazardous Waste	$280,340	1.0	No
Zoonotic Investigations and Veterinarian	$494,682	0.25	Yes
On-Site Septic System Inspector (Local 17) and program development/implementation	$485,331	1.0	No

Food and Water Recreation Program $1,048,700, 5.0 FTE – The Food and Facilities section accounts for approximately half of EHS's revenues and staffing. It houses 51 inspectors. The proposed FTEs were the result of a 2013-2014 comprehensive program review of the Food Protection program that identified workload and span of control issues, which can impact quality assurance and consistency of food safety inspections. In its decision package, EHS identified a shortage of almost 2,500 food inspections each year for the past two years. On average, an inspector will perform 870 inspections per year. EHS also showed rising overtime costs over the past two years, with overtime costs of $195,129 in 2012 and $243,031 in 2013. Their data appears to support an ongoing workload need for three additional inspectors, as proposed. The workload projections assume that the current policies for number of food inspections would remain in place.

The supervisor and senior positions are intended by EHS to address span of control and quality assurance needs identified by EHS in its food program review. The supervisor would bring the span of control from 17 supervised staff per supervisor to 12 or 13. The senior position would be aimed at improving turnaround time for plan reviews. EHS anticipates a significant increase of new food establishments and more plan reviews for pool and spa users in response to federal changes. While the inspector positions are fee-generating, the supervisor and senior positions are generally not and would need to be supported by an increase in rates. While the requested expenditure is $1 million, the estimated revenues are only $475,000. EHS reports that this is due to some of these proposed positions replacing positions that were previously unbudgeted TLTs that were covered by actual revenues. As a result, a portion of the revenue needed to cover these positions was already in the base budget. However, EHS states that a fee increase by the Board of Health would still be needed to fund all five requested positions.

Staff analysis of the need for the supervisor and senior positions is continuing.

Plumbing and Gas Piping $324,265, 3.0 FTE – Public Health issues plumbing and gas piping permits and performs inspections for unincorporated King County, Seattle, Beaux Arts, Clyde Hill, Medina, and plumbing for Yarrow Point. The program has nine inspectors and two technical senior positions. In 2013, the program saw an increase in inspections of 16 percent and an increase in permits of 15 percent, primarily in the City of Seattle. Three Plumbing and Gas Piping program inspectors are proposed to be added in response to a projected increase in building permits. The Office of Economic and Financial Analysis forecasts a countywide increase in new construction of 24 percent in 2015 and 10 percent in 2016. The positions would be supported by the fees charged for services.

Staff analysis of the workload issue is continuing.

Solid Waste $235,331, 1.0 FTE – The Solid Waste and Rodent Control Program has seven inspectors and two seniors. According to EHS, the increase of a 1.0 FTE solid waste inspector position is in response to a backlog of inspections and plan reviews, and for responding to complaints on illegal dumping and rodent infestations. The position would be supported by the fees charged for services. Staff analysis is continuing of the amount of backlog and ongoing workload support for the position request. This request has an equity and social justice and local government impact. EHS notes that a large number of solid waste complaints involve property owners who are low income with limited capacity to address issues. The work focuses on unincorporated areas with limited infrastructure, which also have high populations of people of color.

Administrative Positions $735,417, 3.0 FTE – There is a request for three administrative infrastructure positions. These include an accountant, a paralegal, and a manager for additional oversight in the Community Environmental Health Section.

The accountant work would include daily work as well as supporting external audits, process improvements and internal controls. Part of EHS's impetus for this request includes Public Health's planned partnerships with the Office of Performance, Strategy and Budget and the Finance and Business Operations Division to improve the department's financial management practices. A recent Moss Adams consultant report highlighted areas of financial concern in response to the financial troubles experienced by Public Health. Analysis of EHS's current accounting capacity and need for this position is ongoing.

The paralegal would perform legal assistant duties for EHS's one legal staff. The position would assist with enforcement-related tasks such as investigation, research, gathering and organizing evidence, assisting with case monitoring, and other supportive legal functions. The paralegal would be fee supported and would provide basic advice for inspectors. Staff analysis is continuing on the workload justification for this position.

The manager for Community Environmental Health (CEH) would reduce the span of control which currently has one manager overseeing seven programs. Although the CEH manager oversees a similar number of staff as the Food and Facilities section manager (approximately 50 staff each), the subject matter areas of the CEH programs are much more diverse, ranging from subjects such as biomedical waste regulation to rodent control. These internal positions would be supported by fee increases spread across the division.

Staff have requested additional information on the proposed restructuring. Impact of these administrative positions on EHS rates is also undergoing further analysis.

Local Hazardous Waste $280,340, 1.0 FTE – The Local Hazardous Waste Management Program works with residents and businesses to reduce production of and exposure to toxics and hazardous products, and to ensure proper storage and disposal of toxics and hazardous waste. It is a multijurisdictional program implemented through a multijurisdictional Management Coordination Committee. The program has multiple program partners, including Public Health, Department of Natural Resources and Parks

Water and Land Resources and Solid Waste Divisions, Seattle Public Utilities, the Sound Cities Association and Muckleshoot and Snoqualmie Indian Tribes. The proposed performance manager position would monitor each agency's roles and responsibilities, conduct policy-level work, and help track performance towards strategic goals. It would be supported by solid waste collection rates and fees.

Staff analysis of the need for this position and current staffing support for the program is continuing.

Zoonotic Investigations and Veterinarian $494,682, 0.25 FTE – This proposal would move part of the Veterinarian position to the Environmental Health fund to partially compensate the Prevention Division for foodborne illness investigations and support for the department veterinarian. A time study recently conducted suggested that the Prevention Division's Infection Disease Prevention and Control section was incurring costs related to restaurant inspections that was not being fully covered by EHS. For example, EHS reports that seven of 64 conditions handled by the section are often related to improper food handling or consumption of contaminated products.

Staff continues to analyze the distribution of charges between the two divisions.

On-Site Septic and Drinking Water Program Enhancements $485,331, 1.0 FTE – EHS reports that King County has an estimated 157,000 septic systems in operation, but only 47,913 known septic systems are in the county database. EHS reports that with staffing cuts, the On-Site Septic and Drinking Water Program has minimal capacity and primarily handles permit applications. The proposed position would perform general program work as well as conduct research to document existing septic systems. This funding request would also support transferring hard copy and microfiche property septic system records into electronic format for easier online access to the public. EHS estimates that documenting septic systems is a body of work could take several years to complete. Once the septic systems are documented, the position would continue to monitor septic systems and update the septic system database. Existing fees would support the position.

Staff are continuing to analyze the body of work that would be performed under this budget request and the ongoing need for an FTE.

The proposals to add positions that increase rates come at a time when the Board of Health is reviewing proposed fee schedules. Environmental Health fees were not increased in 2012 or 2013. In 2014, Public Health hired a consultant to perform a rate study and fee analysis, using time studies of services and financial data. Some fees are proposed to decrease, but most are proposed to increase, including significant increases for some. The proposed increases have been a cause of some concern by small businesses at stakeholder outreach meetings held by EHS. Small businesses also wanted Environmental Health to look for ways to control costs, such as by reducing inspection times. EHS continues to seek efficiencies to help keep control permit fee costs, such as continuing to transition to on-line services for permits.

Staff analysis of these issues are ongoing.

Analyst:	**Polly St. John** **Rachelle Celebrezze**

EMERGENCY MEDICAL SERVICES (EMS)

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation	$145,455,165	$149,616,000	2.86%
FTE:	124.25	142.05	14.33%
TLT:	0	0	0%
Estimated Revenues	$131,501,855	$147,982,000	12.53%
Major Revenue Sources	EMS Levy		

EMS provides Medic One services and oversees a tiered regional model for emergency medical care and training throughout King County.

The tiered system model is built on partnerships rooted in regional, collaborative and cross jurisdictional coordination. This system of consistent standardized medical care and collaboration includes 30 fire departments, six paramedic providers, five dispatch centers, 20 hospitals, the University of Washington, and private ambulance companies operating in King County. Services are provided in urban, suburban, and outlying areas of King County, including Snoqualmie Pass (I-90 corridor), Steven's Pass (Route 2) areas, and Highway 12 east of Enumclaw.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2015-2016 proposed EMS budget is based upon the approved EMS Strategic Plan adopted by the Council in Ordinance 17578 in May 2013. In November 2013, the voters approved a six year levy (2014-2019) to support services. This budget will cover the second and third years of collection at a rate not to exceed 33.5 cents per $1,000 of assessed valuation. The EMS levy funds supporting this budget are restricted by state law and can only be spent on EMS-related activities.

The 2015-2016 budget proposal of $149,616,000 reflects planned programs and initiatives anticipated in the Strategic Plan. The proposal is 2.86 percent higher than the 2013-2014 adopted budgets. The budget supports the tiered system for three areas: Advanced Life Support (paramedics), Basic Life Support (EMTs) and Regional Services and Strategic Initiatives.

Changes in the EMS budget include:

- In 2016, the transfer of $1.5 million in expenditure authority for EMS grants from the Public Health Fund to EMS, which will provide a clearer overview of the total costs for EMS.

- A $1 million dollar decrease in expenditure authority based on a Budget Office analysis of historic data to calculate and manage vacancies. .
- Increased expenditures of $1.5 million resulting from the acceleration of the Community Medical Technician (CMT) program, which responds to lower acuity medical 9-1-1 calls. The CMT program was originally scheduled in the EMS Levy Strategic Plan to begin in 2015, with two units online by the end of 2016. The proposed budget would accelerate the rollout of the CMT program by bringing three CMT units online by the end of 2016. The Emergency Medical Services Advisory Committee (EMSAC) recommended acceleration of the program to help offset 9-1-1 responses for these low acuity situations and to better manage 9-1-1 calls.
- A $7.2 million increase in expected revenues due to higher than anticipated collections, as reported by the Office of Economic and Financial Analysis in August 2014.
- This budget would support the merger of KCM1 and Vashon ALS: This proposal will change how ALS service is provided on Vashon Island to ensure that there are no gaps in service during off of Island transports. It is anticipated that paramedic readiness and emergency backup will improve for Vashon services. Currently, Vashon Island Fire and Rescue (VIFR) contracts with EMS to provide services on the island. Under this proposal, VIFR's ten employees will become King County employees. Due to the ALS allocation formula used by EMS to provide for paramedic unit costs, the budget will vary only slightly – an increase of only $14,000.
- EMS grants will be moved from the Public Health Fund to the EMS Fund in 2016. This move should provide a complete accounting of all EMS grant revenues of $2 million. 8.35 FTEs associated with the grants are proposed at a cost of approximately $1.5 million. About half, or 4.55 FTEs are specifically funded by the grants for research projects, many related to cardiac arrest. The remaining FTEs are associated with the EMS entrepreneurial effort that supports the online training that is revenue backed by subscriptions from outside agencies.

ISSUES

ISSUE 1 – CHANGES IN BLS ALLOCATION

A $3 million increase for the BLS Allocation is proposed. Half of the increase – or $1.5 million – is for a new Core Services Support Program to provide additional training and equipment to maintain first-on-scene service medical protocols. Criteria and procedures have not been developed to determine under what circumstances this funding will be accessed and disbursed to BLS agencies. The Council may wish to consider a proviso to establish criteria for access prior to disbursement of the funds.

ISSUE 2 – CENTRAL RATE SERVICES AND OVERHEAD

Central rate and overhead costs for EMS expenditures are projected to cost $8.2 million for the biennium, or only 5.6 percent of the total EMS appropriation. Overall, compared to prior budgets, central rate and overhead costs are increasing in the EMS budget. There are two components of overhead and central rates charged to EMS: County general government overhead and since EMS is a division of Public Health - Seattle & King County, departmental overhead.

County general government overhead increased approximately 15 percent for the biennium, with the largest driver being increased charges for Prosecuting Attorney services, which increased from approximately $45,000 to $334,000. Business Resource Center (BRC) charges are also proposed to increase, consistent with increased BRC rate allocations across the county budget. Other county general government charges are proposed to decrease, such as charges for insurance and financial management.

Costs budgeted in the Public Health Fund and passed on to the EMS Division include department overhead costs that range from human resource and payroll services to diversity initiatives. These administrative overhead costs, excluding KCIT, are also increasing by $250,000 or approximately 12 percent over the biennium.

KCIT charges are increasing from approximately $1.8 million to $2.9 million and can be considered the largest driver of central rate charges to the EMS fund. A portion of this increase is related to a past error that requires payment to KCIT for services provided in 2013-2014, but not paid for, as well as an increase in current charges for the 2015-2016 biennium. Another factor in the increasing cost of KCIT charges is a change in the method used to distribute KCIT rates between divisions within Public Health. Beginning in 2015-2016, Public Health proposes to charge radio rates and KCIT application services directly to EMS.

In prior budgets, these rates were charged through Public Health and not directly to the EMS Fund. It is hoped that in the 2017-2018 biennium the technology costs will stabilize.

Analyst:	Katherine Cortes Kelli Carroll

ALCOHOLISM AND SUBSTANCE ABUSE FUND

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation	$57,513,954	$65,675,000	14.2%
FTE:	33.5	31.6	-5.8%
TLTs:	1.0	3.0	200%
Estimated Revenues	$56,671,712	64,172,000	13.2%
Major Revenue Sources	Federal and state grants, Medicaid (anticipated)		

The Mental Health, Chemical Abuse and Dependency Services (MHCADS) Division of the Department of Community and Human Services (DCHS) provides oversight and management of publicly funded substance abuse services for eligible King County residents with an emphasis on prevention, intervention and recovery.

The State provides funding to MHCADS to provide alcohol and drug treatment, which it does primarily through contracts with local agencies. Direct services from MHCADS include 24/7 street outreach and triage service to assist chronic inebriates and others impaired by drugs and alcohol in the downtown Seattle area. Alcohol and Other Drug Prevention Program staff also works with local communities to support substance abuse and violence prevention efforts.

During the last legislative session, the State mandated that mental health and substance abuse be integrated into one behavioral health system and contract by April 2016[1]. While there are no proposed budgetary implications for the Substance Abuse Fund this matter is highlighted in the staff report for the Mental Health Fund.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Alcoholism and Substance Abuse section anticipates significant changes to its business model and increases to revenues based on the implementation of Medicaid expansion and behavioral health integration in King County and throughout Washington. New Medicaid revenues ($12 million over the biennium) and other revenue increases will more than offset the $4.5 million in State cuts to non-Medicaid funds, though the array of services the section provides will need to be reviewed and potentially altered to comply with different funding requirements. 2015-16 revenue estimates are based conservatively on current data about Medicaid expansion for mental health services.

[1] Senate Bill 6312

The department may need to return for supplemental appropriation authority if the estimate proves too low.

The Alcoholism and Substance Abuse section has pursued administrative efficiencies, decreasing 1.0 FTE supervisory staff position, while at the same time adding temporary line staff capacity (2.0 TLT designated mental health professionals) to address emergent issues and increased demand in Crisis and Commitment services. Specifically, these additions are proposed to improve the section's ability to meet statutory timelines related to involuntary commitment, and to match capacity to meet demand increases anticipated due to State expansion of involuntary commitment criteria in ESSB 5480.

DCHS has not proposed budget changes related to planned conversions of detox facilities to 16 beds or less to comply with its current interpretation of State law. If not granted a waiver that would allow the department to continue to contract with a provider operating a 27-bed detox facility using Medicaid dollars, DCHS plans to bring on capacity in facilities with fewer units before reducing the number of beds in the current facility.

ISSUES

Staff analysis has identified no issues with this budget.

Analyst:	Rachelle Celebrezze Kelli Carroll

EMPLOYMENT AND EDUCATION RESOURCES

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation	$23,431,575	$22,681,000	-3.2%
FTE:	55.28	36.50	-34.0%
TLTs:	1.0	0.0	-100.0%
Estimated Revenues	$23,473,776	$22,433,000	-4.4%
Major Revenue Sources	General Fund		

PROGRAM DESCRIPTION AND PURPOSE:

The Employment and Education Resources (EER) program of the Department of Community and Human Services (DCHS) provides education, job placement, training and other services to youth and adults through a combination of contracted services and services provided directly by King County employees. Populations served by EER programs include youth who have dropped out of high school, youth in danger of dropping out of high school, criminal justice-involved youth and adults, homeless families, young parents with children, veterans and their families, and displaced workers.

SUMMARY OF PROPOSED BUDGET AND CHANGES

Compared to EER appropriations for the 2013-2014 biennium, the Executive's 2015-2016 budget for EER proposes a reduction in appropriations of approximately $750,000, or 3.2 percent. The proposed 2015-2016 budget for EER also includes staff reductions for the program over the previous biennium of 18.78 FTEs, a 34 percent reduction, and 1.0 TLT, a 100 percent reduction. Of those, 12.00 FTEs and 1.0 TLT are proposed to be removed from the EER budget as part of the adjustments to the 2013-2014 adopted budget, which removes one-time changes from the prior biennium's adopted budget. Revenues are also expected to decline by just over $1 million, or 4.4 percent.

Although some of the reductions proposed for EER in the 2015-2016 biennium relate to the department-wide effort to consolidate administrative processes and create efficiencies, a portion is linked to efforts by DCHS to address the lack of sustainability of EER's historical funding model. The challenges to the sustainability of EER funding were examined in the transmitted report submitted by the Executive and DCHS in response to a proviso included in the adopted 2013-2014 budget.[1] The transmitted

[1] Motion 2014-0300 acknowledging receipt of the transmitted report was adopted by the Council on September 29, 2014.

report highlighted the historical reliance of EER on declining federal funding, particularly funding provided under the Workforce Investment Act (WIA). In light of the challenging funding environment, DCHS is pursuing a range of measures to mitigate the impact of reduced federal funding on the EER budget, including rightsizing EER program staff, optimizing the use of resources, and expanding revenues. Those measures, as projected in the proposed 2015-2016 budget for EER, include:

- A reduction of 4.0 FTE, which results in a reduction in appropriation for salaries of approximately $890,000 and a reduction in proposed revenues of $1.9 million. Of the 4.0 FTE positions, two positions are vacant, one position (which is filled by an individual who is retiring) supports the WIA-funded dislocated workers program, and one position supports the Veteran's Aerospace Manufacturing Pilot Program (which was funded by one-time Veterans Levy fund balances and is scheduled to sunset at the end of 2014).
- An increase in expected revenues of $611,000 over the biennium due to potential partnerships with other King County agencies to fully use the office and training space at WorkSource and YouthSource Renton.
- An increase in expected revenues, from a variety of sources, of approximately $3.0 million over the biennium. The $1.5 million Face Forward grant from the U.S. Department of Labor is the largest of the new revenue sources. Through that grant, the EER program will provide education and employment services to youth ages 14-24 who are or have been involved with the juvenile justice system. It is expected that 192 youth will be served by the program over the biennium.

Key changes included in the proposed 2015-2016 EER budget relating to department-wide effort to consolidate administrative processes and create efficiencies include:

- The transfer from EER of 0.5 FTE to the Human Services Levy, 0.25 FTE to DCHS Administration, and 2.0 FTE to the Veterans Program to align those positions with where the work is being performed.

Other changes proposed for EER for the 2015-2016 include:

- An increase in appropriation of approximately $83,000 to provide COLA increases in 2015 and 2016 to all contracted service providers under the Youth and Family Services Association (YFSA) and Juvenile Justice Initiative (JJI) in an amount equal to the county's expected COLA increase in those years. DCHS proposes to provide this COLA increase to all of the department's contracted service providers in 2015 and 2016.
- An increase of approximately $235,000 in appropriation for higher than expected central rates costs. The main drivers of the increased central rates costs are increases in KCIT workstation charges, which are expected to total $268,000 for the biennium, and long-term leasing costs, which are expected to total $81,000 for the biennium.
- A projected reduction in revenues of approximately $3.5 million, of which $3.3 million is the result of projected reductions in federal assistance for the Adult Dislocated Worker Program and the WIA Out of School Youth program.

- A one-time transfer of $416,667 to EER—$250,000 from the Human Services Levy and $166,667 from the Housing Opportunity Fund—to continue the Clear Path to Employment program through the 2015-2016 biennium. The Clear Path to Employment program assists homeless youth and young adults aged 16-25 throughout King County with job readiness, work experience, and employment services aimed at attaining entry-level employment. The Clear Path to Employment program was first funded in 2014 through a one-time appropriation from the General Fund. No funding has been identified to continue the Clear Path to Employment Program past the 2015-2016 biennium.

ISSUES

No issues have been identified by staff.

Analyst:	Rachelle Celebrezze Kelli Carroll

VETERANS PROGRAM

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation	$6,363,312	$6,342,000	-0.3%
FTE:	7.0	9.0	28.6%
TLTs:	0.0	0.0	N/A
Estimated Revenues	$5,742,735	$6,093,000	6.1%
Major Revenue Sources	Property taxes; Veterans Levy		

PROGRAM DESCRIPTION AND PURPOSE:

The Veterans Program provides services to low-income, homeless, disabled, and at-risk veterans and their families, as required by RCW 73.08.010. Veterans, current service members, National Guard members, Reserve members, and dependents of these military personnel may be eligible for Veterans Program services, provided that the individuals meet the applicable residency requirements, length of service standards, and income guidelines.

Veterans Program services are provided directly by the Community Services Division (CSD) of the Department of Community and Human Services (DCHS) at two main offices and eight satellite offices in King County. Services provided include emergency financial assistance, housing assistance, employment guidance and assistance, case management, life stability, veterans' benefits counseling, and mental health referrals.

The Veterans Program is funded by two types of property taxes: 1) a dedicated portion of the County's Regular Property Tax Levy and 2) a portion of the Veterans and Human Services Levy.

SUMMARY OF PROPOSED BUDGET AND CHANGES

Compared to the 2013-2014 budget, the 2015-2016 proposed appropriations for the Veterans Program are projected to decline slightly over the biennium—by $21,000, or 0.3 percent—while revenues are projected to increase over the biennium by approximately $350,000, or 6.1 percent.

The majority of the changes proposed for the 2015-2016 Veterans Program budget relate to the Department of Community and Human Services' (DCHS) efforts to increase transparency in the budget, including:

- The transfer of 2 FTEs from the Employment and Education Resources (EER) fund to Veterans' Services. This transfer is a one-time technical adjustment to align the 2 FTEs—a social worker who works with veterans and a program manager for the Veterans Program—with the program in which the work is being performed and funded. The transfer will have no impact on services provided by the Veterans Program.
- A reduction in expenditure authority of $235,000 to align the Veterans Program budget with actual historical and expected expenditures.
- An increase of $201,782 in expected revenues, as projected using the August 2014 forecast developed by the Office of Economic and Financial Analysis and approved by the Forecast Council.

The proposed 2015-2016 Veterans Program budget also includes a one-time transfer of $100,000 in revenues from Veterans Levy fund balances to the Veterans Program to provide operational and central rates support. The transfer complies with strategy 1.1 of the adopted Veterans Levy Service Improvement Plan (SIP) and will have no impact on contracts or service levels supported by the Veterans Levy. Future transfers are not expected to be necessary.

ISSUES

No issues have been identified by staff.

Analyst:	Rachelle Celebrezze Kelli Carroll

VETERANS AND HUMAN SERVICES LEVY

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Veterans Levy			
Budget Appropriation	$19,360,630	$17,720,000	-8.5%
FTE:	11.0	13.0	18.2%
TLTs:	1.0	3.0	200.0%
Estimated Revenues	$16,710,168	$17,793,000	6.5%
Human Services Levy			
Budget Appropriation	$18,540,410	$17,708,000	-4.5%
FTE:	4.5	5.0	11.1%
TLTs:	0.0	0.0	N/A
Estimated Revenues	$16,608,440	$17,692,000	6.5%
Major Revenue Sources	Levy proceeds		

PROGRAM DESCRIPTION AND PURPOSE:

The Veterans and Human Services Levy (VHSL) supports services to veterans and their families and other individuals and their families in need. The initial VHSL was passed by voters in November 2005 and renewed for an additional six-year term in August 2011. The current VHSL period began in 2012 and runs through 2017. The proceeds from the VHSL are divided 50/50 between the Veterans Levy, which is dedicated to helping veterans, military personnel and their families, and the Human Services Levy, which is dedicated to helping other individuals and their families.

The identified goals of the 2012-2017 VHSL are to prevent and reduce homelessness, reduce unnecessary criminal justice and emergency medical system involvement, and increase self-sufficiency of veterans and vulnerable populations. The VHSL's Service Improvement Plan (SIP) established details on how levy proceeds may be expended to accomplish the levy's goals. Two boards—the Veterans Citizen Oversight Board and the Regional Human Services Citizen Oversight Board—provide oversight of the Veterans Levy and the Human Services Levy, respectively, by reviewing the expenditure of levy proceeds and reporting annually to the Executive and the Council.

VHSL services are provided directly by staff of the Community Service Division (CSD) of the Department of Community and Human Services (DCHS), through contracts with CSD, or distributed to other county departments via memoranda of understanding.

Summary of Proposed Budget and Changes

Overall, the 2015-2016 proposed budget for combined Veterans Levy and Human Services Levy appropriations total approximately $35.4 million, a decrease of nearly $2.5 million, or 6.5 percent. The 2015-2016 proposed budget reduces Veterans Levy appropriations from $19.4 million to $17.7 million over the biennium, a reduction of 8.5 percent. Human Services Levy appropriations are reduced over the biennium from $18.5 million to $17.7 million, a 4.5 percent reduction.

The proposed budget includes increased revenues for the Veterans Levy and Human Services Levy of $1.1 million each over the 2015-2016 biennium, a 6.5 percent increase for each fund.

As with other areas of the DCHS budget, the 2015-2016 proposed budget for VHSL includes several technical changes to increase transparency and efficiency and to properly align staffing with expenditures. None of these budget transparency efforts will affect contracts or service levels supported by either the Veterans Levy or the Human Services Levy. Changes relating to the streamlining of the DCHS budget for the biennium include:

- The removal of one-time expenditure authority associated with the use of rollover funds from the first levy period, as approved in the 2014 mid-biennial budget ordinance, of $1.8 million in the Veterans Levy and approximately $556,000 in the Human Services Levy.
- Increased revenues of approximately $848,000 and appropriations of $50,000 for administrative costs for both the Veterans Levy and the Human Services Levy that correspond with the August 2014 forecast developed by the Office of Economic and Financial Analysis and approved by the Forecast Council.
- Reductions in expenditure authority of $524,000 for the Veterans Levy and $516,000 for the Human Services to align expenditure authority with the Council-approved SIP and eliminate unnecessary and unused expenditure authority that remained in each fund's budget due to historical precedent.
- The transfer of 0.5 FTE from the Employment and Education Resources (EER) fund to the Human Services Levy to align the 0.5 FTE with where the work is being performed.

Key changes to the 2015-2016 proposed budget for the Veterans Levy that are not related to DCHS's budget transparency efforts include:

- A one-time transfer of $100,000 of unspent funds from the 2013-2014 Veterans Levy to continue the HERO program through 2016. The HERO program offers eligible veterans paid internships with local government, along with support services tailored to reentry into the civilian workforce. This one-time transfer will primarily be used to cover general operating expenses for the HERO program. The HERO program has historically been funded with one-time funding and does not have a steady funding support stream. No funding for the HERO program has been identified to continue the HERO program past the 2015-2016 biennium.

- The proposed use of $62,000 of unspent funds from the 2013-2014 Veterans Levy to partially support the Regional Veterans Initiative (RVI) through 2015.
- A one-time transfer of $100,000 of Veterans Levy fund balances to the Veterans Program to provide operational and central rates support. The transfer complies with strategy 1.1 of the Veterans Levy SIP and will have no impact on contracts or service levels supported by the Veterans Levy. Future transfers are not expected to be necessary.
- A one-time transfer of $250,000 to the Employment and Education Resources (EER) fund to provide a portion of the funding necessary to continue the Clear Path to Employment program through the 2015-2016 biennium.[1] The Clear Path to Employment program assists homeless youth and young adults aged 16-25 throughout King County with job readiness, work experience, and employment services aimed at attaining entry-level employment. The program had been supported by the General Fund in 2014, but given the pressures on the General Fund, DCHS sought other sources of revenue to continue the program. The $250,000 in Human Services Levy amounts to be used for the Clear Path to Employment program are amounts that result from better than expected Human Services Levy revenues over the biennium that exceed the current needs of Human Services Levy SIP programs. The Clear Path to Employment program appears to meet strategy 2 of the SIP and the Human Services Levy's goals, but DCHS has not yet obtained approval from the Regional Human Services Citizen Oversight Board for the transfer. DCHS has requested a special meeting with the Regional Human Services Citizen Oversight Board to discuss the use of the unexpended fund balance for Clear Path to Employment. The meeting is scheduled for October 9, 2014 at 2:15pm.

ISSUES

No issues have been identified by staff.

[1] The remaining $166,667 in expenditure authority necessary to carry out the program for the 2015-2016 biennium is included in proposed budget for the Housing Opportunity Fund.

Analyst:	Mary Bourguignon

FEDERAL HOUSING AND COMMUNITY DEVELOPMENT FUND

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation	$38,230,343	$35,153,000	-8.0%
FTE:	37.50	28.75	-23.3%
TLTs:	1.50	0.00	--%
Estimated Revenues	$49,323,953	$35,125,974	-28.7%
Major Revenue Sources	Federal block grant funds, including CDBG, ESG, HOME, etc.		

The Federal Housing and Community Development (FHCD) Fund was established to administer federal funding programs that support homeless prevention, housing repair, low-income and special needs housing development, and community development. The federal funds, which include Community Development Block Grant (CDBG), HOME Investment Partnership (HOME), Emergency Solutions Grant (ESG), and others, are administered in the Department of Community and Human Services.

FHCD is fundamentally integrated with the County's equity and social justice goals, as the funds in this area are used to assist individuals and families who are in greatest need: those who are homeless, at risk of homelessness, or low income.

SUMMARY OF PROPOSED BUDGET AND CHANGES

FHCD is anticipated to decline by 7.9 percent, from $38 million in 2013-14 to $35 million in 2015-16. This decrease is due to an anticipated decreased in Federal grant funds that will be available over the next biennium.

Allocation of the FHCD Fund is guided by the Consolidated Housing and Community Development Plan, which is developed by the King County Consortium (the consortium of cities and towns that partner with King County to allocate Federal and State grant funds) and approved by the County Council. The 2015-2019 Consolidated Plan had been anticipated to be transmitted to the Council for approval by the end of 2014. However, due to a delay in the new e-filing system developed by the Federal Department of Housing and Urban Development (HUD), HUD has delayed the deadline for the Consolidated Plan until the third quarter of 2015. As a result, the Consolidated Plan will not be transmitted for Council review until 2015, and the disbursement of Federal funds may be delayed. As noted, this is due to a Federal government issue.

ISSUES

Staff has identified no issues at this time.

Analyst:	Mary Bourguignon

HOUSING OPPORTUNITY FUND

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation	$69,497,049	$63,996,133	-7.9%
FTE:	0.00	0.00	0.0%
TLTs:	0.00	0.00	0.0%
Estimated Revenues	$66,697,377	$63,996,133	-4.1%
Major Revenue Sources	State Disability Lifeline Housing & Essential Needs (HEN) Document Recording Fee Homeless Housing Funds State Homeless Block Grant Veterans & Human Services Levy (VHSL) Mental Illness and Drug Dependency (MIDD)		

The Housing Opportunity Acquisition Fund (HOF) was created in 1990 through Ordinance 9368 to acquire, purchase, renovate, and construct housing for low-income families, seniors at risk of displacement and homelessness, homeless individuals and persons with special housing needs. The County contracts with outside organizations, such as non-profit housing developers and human service providers, to develop and manage the housing and to provide needed services to the residents.

The HOF is funded through a variety of state and local dedicated funds, including the King County Veterans & Human Services Levy (VHSL) and dedicated document recording fees, homeless housing funds, and mental illness funding sources.

A total of $2 million in HOF funding each year comes from the Mental Illness and Drug Dependency (MIDD) fund per MIDD policy. All of the MIDD budgets are reviewed in the Internal Service Funds and Health and Human Services Panel as part of the overall MIDD budget.

The HOF is fundamentally integrated with the County's equity and social justice goals, as it is used to assist individuals and families who are in greatest need: those who are homeless, at risk of homelessness, or low income.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The HOF budget is proposed to decrease by 7.9 percent for the biennium, from $69.5 million for 2013-2014 to $64 million for 2015-2016. This decrease is due to a projected reduction in the revenues available to the HOF.

ISSUES

ISSUE 1 – YOUTH AND YOUNG ADULT HOMELESSNESS

Homelessness among youth and young adults (YYA) is recognized as a serious problem, with as many as 1,000 YYA homeless or unstably housed at any given time. In September 2013, the Homeless Youth and Young Adult Initiative released a Comprehensive Plan to Prevent and End Youth and Young Adult Homelessness (YYA Plan). The YYA Plan included a set of priority actions to provide homeless prevention, family reunification, shelter beds, permanent housing, education and employment.

As part of the 2014 budget, the Council appropriated a total of $940,000 ($690,000 from the HOF and $250,000 from the General Fund) to support the YYA Plan and to provide ongoing funding for existing YYA shelters.

The proposed budget includes $856,667 in proposed allocations for 2015 from the HOF and an additional $250,000 from the Human Services Levy for a total of $1,106,667.

Description	Identified Need in Plan for 18 months	Funded in 2014 budget	2015 Proposed	2016 Proposed	Biennial Total Proposed
Project SAFE	$150,000	$150,000	$100,000	$150,000	$250,000
In-home support	$150,000	$150,000	$87,500	$150,000	$237,500
Technical assistance for providers	$50,000				
South County shelter (AYR, 6 beds)	$120,000	$60,000	$60,000	$60,000	$120,000
Services for 12 beds of low-barrier housing	$340,000				
Clear Path to Employment (serve 70 YYA)[1]	$250,000	$250,000	$166,667	$250,000	$416,667
Housing Stability Team (serve 50 YYA)	$130,000	$130,000	$97,500	$130,000	$227,500
Step down rental assistance/ case mgt	$280,000				
Additional YYA shelter funding provided by County Council (not in YYA Plan)					
YouthCare Orion Center shelter	N/A	$120,000	$120,000	$120,000	$240,000
The Landing shelter (Friends of Youth)	N/A	$40,000	$40,000	$40,000	$80,000
ROOTS shelter	N/A	$40,000	$40,000	$40,000	$80,000
TOTAL	**$1,470,000**	**$940,000**	**$711,667**	**$940,000**	**$1,651,667**

[1]Funding for Clear Path to Employment: 2014 General Fund; 2015 HOF; 2016 Human Services Levy
Funds from sources other than the HOF are shaded

Staff will continue to analyze proposed allocations from the HOF.

Analyst:	Kelli Carroll

DEPARTMENT OF COMMUNITY AND HUMAN SERVICES ADMINISTRATION

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation	$ 6,814,265	$10,736,000	36.5%
FTE:	15.0	22.25	32.6%
TLTs	0.0	1.00	100.0%
Estimated Revenues	$ 6,292,653	$10,472,000	39.9%
Major Revenue Sources	Departmental Overhead Housing Funds Veterans and Human Services Levy		

PROGRAM DESCRIPTION AND PURPOSE:

Department of Community and Human Services Administration (DCHS-A) houses the department's director. The office provides oversight for all of the programs and services with the Department of Community and Human Services (DCHS). It also provides leadership for planning and implementation of county priorities such as the Health and Human Services Transformation Plan, the Youth Action Plan, the Duals Demonstration Project and the state required mental health and substance abuse integration work.

The work of DCHS is fundamentally integrated with the County's equity and social justice goals, as its programs and services are provided primarily to the most vulnerable county residents.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed DCHS-A 2015-2016 budget is $10.7 million, including funding for 22.25 FTEs, and $10.4 million in estimated revenues. The biennial proposal reflects a 36.5 percent increase over the 2013-2014 adopted budget.

The budget increase is largely attributed to three technical changes that reorganize work, increase transparency, and align staff to functional areas where the work is performed. The reorganizational changes to the DCHS-A budget include:

1. Moving Committee to End Homeless 7.0 FTEs, over $3 million of expenditure authority, and nearly $3 million of revenue from the Federal Housing and Community Development fund to DCHS-A.
2. Moving 1.0 TLT and $259,000 of expenditure and revenue associated with carrying out the Health and Human Services Transformation Plan from the Veterans and Human Services Levy to DCHS-A.
3. A General Fund increase of $476,000 to continue the Health and Human Services Transformation Plan work.

4. Moving the governmental relations officer position from the Housing Opportunity Fund and Employment and Educational Resources Fund to DCSH-A where it is supported by departmental overhead charges to the divisions within the department. There are no programmatic or service changes associated with the staffing moves.

The overall budget increase masks administrative reductions taken by the director's office as part of a department wide effort to consolidate administrative processes and create efficiencies. A 1.0 FTE finance position is proposed to be eliminated in the upcoming biennium, along with $320,463 of expenditures. The position duties are to be reassigned to remaining staff to accommodate the reduction.

ISSUES

ISSUE 1 – CONTINUING GENERAL FUND SUPPORT OF HEALTH AND HUMAN SERVICES TRANSFORMATION PLAN

In November 2012, the King County Council recognized via Motion 13768, that despite progress on some measures of health and well-being, significant and unacceptable disparities persist in King County—by geography, by race and ethnicity, and by other social factors. The Transformation Plan grew out of the Council's request that the Executive use the health and human services system to improve outcomes for King County residents. It charts a five-year course to a better performing health and human service system for the residents and communities of King County.

General Fund support for staffing of the Health and Human Services Transformation Plan (HHSTP) is proposed to be continued for the biennium at the 2014 budgeted level of $476,000 in DCHS-A. There is also a budget request in the Public Health fund related to HHSTP work. Support for the catalyst fund ($500,000) ends at the end of 2014 and is not renewed for the biennium.

Executive staff indicate that funds will support staffing capacity in DCHS and Public Health to support the collective impact model of funders, providers, and community members as they track shared outcomes and strategies to achieve the two "go first" strategies of the HHSTP. The two early strategies are:

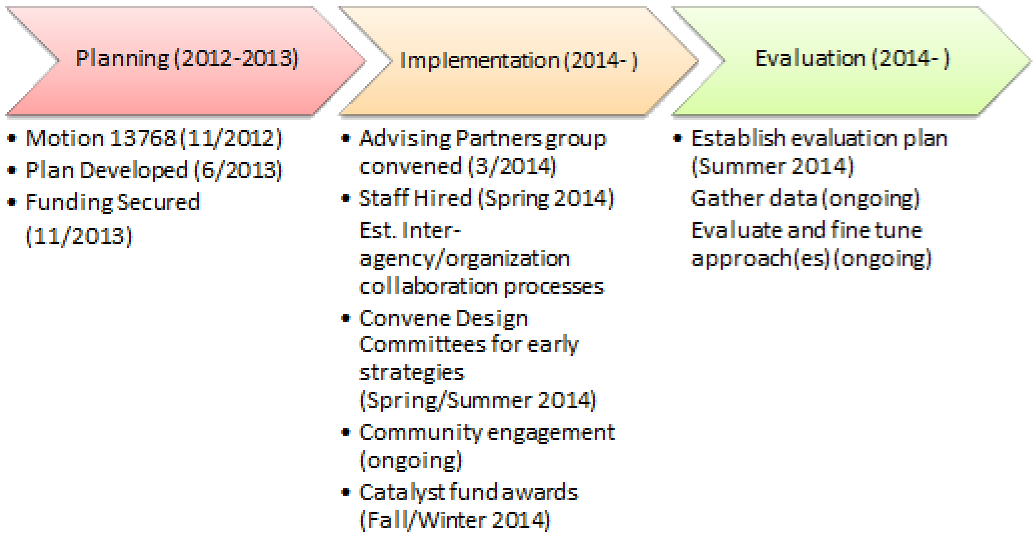
1. Improving outcomes for adults with complex health and social issues

2. Improving outcomes for communities facing health and social challenges

For the upcoming period, these funds would enable staff to initiate the performance measurement and evaluation framework, including data collection methodologies and tools as well as gather and report on data.

The HHSTP Catalyst fund leveraged a $500,000 commitment from the Seattle Foundation of $500,000 per year for five years invested into the HHSTP work, along with an initial commitment from Living Cities for another $100,000. No catalyst funding is proposed for 2015-2016.

HHS Transformation Project Phases



Analyst:	Kelli Carroll

COMMUNITY SERVICES OPERATING FUND

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation	$9,549,236	$9,877,000	3.3%
FTE:	12.5	11.5	-8.7%
TLTs	0.0	0.0	0.0%
Estimated Revenues[1]	$3,849,240	$9,149,000	57.9%
Major Revenue Sources	General Fund, Departmental Overhead, MIDD		

PROGRAM DESCRIPTION AND PURPOSE:

This fund is operated by the Department of Community and Human Services (DCHS) and is used to gather and distribute revenue to other divisions, funds, or appropriation units in support of a wide variety of human service activities and contracts. Prior to this budget request, this fund was known as the Children and Family Service Fund.

Among the several actions proposed by the Executive for this budget for 2015-2016, is a change to the fund's name from the Children and Family Service Fund to the Community Services Operating Fund. Legislation that would effectuate this change (Proposed Ordinance 2014-0411) has been transmitted to the Council and is slated to be taken up by the Council later during the budget process. For continuity purposes, this staff report references the fund as the Community Services Operating Fund.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed 2015-2016 budget for the Community Services Operating (CSO) fund budget is $9.8 million, including funding for 11.5 FTEs, and $9.1 million in estimated revenues. While fund balance closes the gap between expenditures and revenues, the financial plan for this fund also includes an unallocated reduction (contra) of $64,728 and a 2013-2014 revenue shortfall figure of $11,507, which when combined reflect a funding gap of $76,235. Overall, revenues for 2015-2016 are projected to align with expenditures. Revenues are discussed in detail below.

The biennial proposal reflects a 3.3 percent spending increase over the 2013-2014 adopted budget, reflective of the following changes:

[1] From 2013-2014 Executive budget book estimated revenues pg. 411.

1. Technical adjustments that include aligning expenditures and revenue to appropriate cost centers and removing unnecessary historical expenditure authority.
2. Efficiency reductions of administrative staff (1.0) and costs of $416,000.
3. Increases to human service contracts (discussed below).
4. Transfer $371,616 of fund balance to the Employment and Education Resources (EER) Fund to offset reductions in EER revenues and maintain programming.

The proposed budget for this fund reflects a number of significant administrative changes and poses key policy questions for the Council as outlined below.

ISSUES

ISSUE 1 – HUMAN SERVICE CONTRACT INCREASES

The proposed budget for 2015-2016 includes over $5.3 million in support for human services contracts, which is just over an 11 percent increase for the same contracts funded in the 2013-2014 budget. The proposed budget for 2015-2016 includes increases to the base funding and/or cost of living (COLA) adjustments for the following contract areas as shown in table 1 below. Contract increases are proposed to be backed by General Fund revenue.

Table 1.

Service Area	Add to the Base	COLA	One Time Adds
Domestic Violence Services	X	X	
Sexual Assault Services		X	
Legal Services		X	
Winter Shelter Services	X	X	
Senior Center Services		X	
DAWN		X	X
Team Child		X	X

In addition, the budget proposes to utilize $664,204 of fund balance to continue one-time 2013-2014 Council support to the Domestic Abuse Women's Network (DAWN) and Team Child. The funding amount also includes COLA for the agencies.

With regard to the winter shelter services funding, the Executive notes that,

> *For the past several years one-time supplemental budget requests have been used to increase funding for this program to meet community needs. This request proposes increasing the base budget to provide continuity and consistency for this program. This proposal is based on the estimated cost to run the winter shelter at its current location in the King County Administration Building for 5.5 months per year (November through mid-April) and 9.5 hours per night (8:30pm-6:00am). This request covers the DCHS contracted services portion of winter shelter operations. Additional*

facility and security costs are incurred by the Facilities Management Division[2].

<u>ISSUE 2 – RESTRUCTURING & RENAMING OF THE COMMUNITY SERVICES OPERATING FUND</u>

A foundational component of the Executive's 2015-2016 budget for human services is the overhaul of the Community Services Operating Fund (the Children and Family Services Fund). The Executive proposes a number of administrative changes to the fund to increase transparency and efficiency and simplify revenue transfers.

Currently, the fund receives revenue from five sources: General Fund, sales tax collections, parking garage revenue, marriage license fees, and divorce filing fees. The Executive proposes redirecting these revenues to the General Fund and replacing those revenues in equal amounts with a General Fund transfer to the fund. The Executive proposes eliminating two of the fund's three appropriation units and replacing the double, and in some cases, triple budgeting of funds between appropriation units, with a direct General Fund transfer. All revenues and expenditures would be consolidated in the remaining single appropriation unit. From a staff perspective, these actions appear to be quite reasonable and would have a positive impact on transparency and efficiency.

As noted above, Proposed Ordinance (PO) 2014-0411 transmitted with the Executive's proposed budget would change the name of the fund. The PO would also make a key policy change to K.C.C. by eliminating the provision that a portion of parking garage revenues be allocated to human services. Executive staff indicate that the primary goal of increasing transparency is driving the change to the set-aside of parking garage revenue to human services and that the commitment of the Executive is to fund human service programs to the greatest extent possible with General Fund support, even in revenue constricted environments. The Council will have the opportunity to discuss this policy question in detail as it takes up Proposed Ordinance 2014-0411.

<u>ISSUE 3 – COMPETITIVE PROCESS FOR HUMAN SERVICE CONTRACTS</u>

While the 2015 proposed budget would continue to directly allocate funds to certain human service agencies as has been historical practice, the Executive proposes in 2016 that a competitive Request for Proposal (RFP) process be utilized for human service contracts. The amount of these contracts would be put into competitive funding rounds for that particular service type as follows:

- Domestic Violence Survivor Services
- Sexual Assault Victim Services
- Legal Services
- Homeless Prevention and Emergency Services
- Senior Services

[2] Executive Book, pg. 413.

This proposal reflects a 2006 Council Audit report that recommended DCHS engage in a competitive process for human service contracts.

Executive staff state that

> *"…a fair, transparent, competitive process will produce better programs through higher levels of accountability. In addition, opening up the process for competition will allow (more) community based organizations to participate in funding opportunities, thereby promoting a more equitable distribution of services, especially in traditionally underserved areas and potentially, underserved cultural groups."*

In response to Council staff inquiries, Executive staff provided additional information on the proposal. If approved, the competitive process would adhere to the following principles:

- Maintain available funding in existing major categories, with future adjustments made to categories of service rather than specific providers or agencies.
- Ensure that overall levels of service are maintained or increased through award decisions.
- Provide for a range of criteria will be incorporated into the fair and transparent process including, but not limited to, program performance, populations served, and regional need for specific services.

Analyst:	Kelli Carroll

DEVELOPMENTAL DISABILITIES

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation	$ 55,100,017	$60,905,000	9.5%
FTE:	16.0	16.0	0.0%
TLTs	0.0	0.0	0.0%
Estimated Revenues	$ 54,240,997	$59,076,000	8.2%
Major Revenue Sources	State and Federal Contracts Property Tax		

PROGRAM DESCRIPTION AND PURPOSE:

The Developmental Disabilities Division (DDD) of the Department of Community and Human Services provides services and supports for King County residents with developmental disabilities and their families. Services include: early intervention for infants and toddlers with developmental delays and family resource coordination for their families; employment services for adults and youth; independent living and community integration; in-home interventions for families; and community information and education services to assist individuals and families.

The work of DCHS, including the DDD is fundamentally integrated with the County's equity and social justice goals, as its programs and services are provided primarily to the most vulnerable county residents.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed DDD 2015-2016 budget is $60.9 million, including funding for 16 FTEs, and just over $59 million in estimated revenues. The biennial proposal reflects a 9.5 percent increase over the 2013-2014 adopted budget.

The budget increase is largely attributed to additional state and federal funds changes that include:

1. Additional State Developmental Disabilities Administration funds of $7.6 million supporting ongoing services for school-to-work students authorized for employment services by the state. It is an increase in the State Employment and Day Program revenue.
2. Additional Federal Individuals with Disabilities Education Act funds of over $883,000 which supports the Early Intervention Program for Infants and Toddlers with Disabilities. This increase is the result of King County's growing developmentally disabled population.

3. Additional State Division of Rehabilitation funds of $440,000 for an outcome based employment services contract. It supports school-to-work employment services for eligible students.

The overall budget increase masks the division's discontinuance of the Third Party Administrative Services for School Districts, a reduction of over $4.8 million in expenditures and revenues. Effective June 30, 2014, the DDD ceased serving as the third party administrator for school districts with early intervention programs. School districts now contract directly with provider agencies, resulting in stronger relationships between providers and districts.

The budget also includes a request for $459,475 to implement a technology project to improve fiscal management and services. This project, and all other technology projects, was discussed in the IT CIP staff report section of this panel.

ISSUES

Staff analysis has identified no issues with this budget.

Analyst:	Kelli Carroll

MENTAL HEALTH FUND

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation	$341,848,040	$421,281,000	18.9%
FTE:	78.3	73.5	-6.5%
TLTs	1.0	1.0	0.0%
Estimated Revenues	$341,087,366	$417,945,000	18.4%
Major Revenue Sources	State and Federal Contracts-Medicaid and Non-Medicaid		

PROGRAM DESCRIPTION AND PURPOSE:

The Mental Health, Chemical Abuse and Dependency Services Division (MHCADSD) of the Department of Community and Human Services provides oversight and management of the publicly funded mental health services for eligible King County residents. In Washington State, Regional Support Networks (RSNs) are the administrators of the public mental health system. The King County RSN, which is part of MHCADSD, has operated the County's mental health service system since 1989 and is responsible for enacting mental health policies, establishing local procedures, financial management, and ensuring the quality of mental health services.

The RSN, through MHCADSD, also coordinates the managed care Mental Health Plan, authorizes mental health care for people who meet criteria for services, and manages the mental health provider network. The publicly funded mental health system provides crisis services, outpatient treatment, inpatient services, residential services, and involuntary hospitalization services. The majority of RSN services are provided via contracts with community-based agencies offering a range of services based on individual need, including case management, family counseling, individual or group counseling, medication management, residential care, emergency/crisis assistance, and vocational or school-based services. Specialized services available at some agencies include deaf/hearing impaired services, children's services, ethnic/cultural services, homeless outreach, and co-occurring mental health and substance abuse services. The division also provides some direct mental health services including 24/7 crisis intervention and involuntary treatment outreach and investigation provided by Designated Mental Health Professionals (DMHPs) to people in emotional crisis.

During the last legislative session, the State mandated that mental health and substance abuse be integrated into one behavioral health system and contract by April 2016[1]. While this work is evolving into a key driver for the work of the Department of

[1] Senate Bill 6312

Community and Human Services and the division during the upcoming biennium, the budgetary and policy impacts are not yet defined or fully known. Consequently, this budget does not reflect significant financial or policy decisions related to behavioral health integration. At this time, the department is absorbing what may likely become a significant body of work, though there may be supplemental adjustments associated with this work requested in the future. It is also noteworthy that the State legislation requires the integration of primary care by 2020, which will require further work on the part of the health and human services systems.

The work of the MHCADSD is fundamentally integrated with the County's equity and social justice goals, as its programs and services are provided primarily to the most vulnerable county residents.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed MHCADSD 2015-2016 budget is over $421 million, including funding for 73.5 FTEs, and nearly $418 million in estimated revenues. The biennial proposal reflects an 18.9 percent increase over the 2013-2014 adopted budget.

The budget increase can be largely attributed to four significant expenditure and revenue changes associated with increasing state funds and projected increases to Medicaid funds. The funding increases include:

1. Expanded Medicaid projections of $80 million based on current Medicaid receivables.
2. Expanded State funding of nearly $2.4 million for an additional Program of Assertive Community Treatment (PACT). PACT provides mobile intensive case management and supports for the most vulnerable community members living with mental illness.
3. Additional State funding for of $4.6 million for one or more new Evaluation and Treatment (E&T) facilities.
4. State funding for the Transition Support program of $1 million, assisting individuals who have been involuntarily detained or hospitalized to successfully transition from hospitalization to the community. The Transition Support Program provides a mobile, multi-disciplinary team of staff to assist community hospitals with designing and implementing a viable discharge and a community based transition plan.

The MHCADSD budget includes four reductions ranging in size and impact, including:

1. Reductions of nearly $7.5 million in expenditure and $11 million in state revenue associated with non-Medicaid services due to the transition of clients previously covered by non-Medicaid revenue to becoming Medicaid eligible under the Affordable Care Act.
2. Reduction of $204,000 and 1.0 FTE to align the MHCADSD budget with Involuntary Treatment Court budget, reflecting the past elimination of scheduler position; scheduling duties are now carried out by the Court.
3. Elimination of a 1.0 FTE contract monitor position as an efficiency reduction, reducing $231,000 from the budget.

4. As part of the departmental effort to reorganize work, increase transparency, and align staff to functional areas, 1.75 FTE are eliminated, .25 FTE is transferred to DCHS Administration as part of the Executive's shared policy position proposal, resulting in $515,000 in savings for the division.

ISSUES

ISSUE 1 – INCREASING INVOLUNTARY TREATMENT BED CAPACITY

The Mental Health fund is proposed to receive $1.2 million of Mental Illness and Drug Dependency (MIDD) funds to support costs associated with developing a 16-bed inpatient E&T facility.

In light of the boarding crisis, the county has received permission from the State to construct two 16-bed free-standing mental health inpatient E&T facilities. The State appropriated $1.1 million in start-up funds in the last legislative session for one 16-bed King County E&T, covering the costs of site acquisition and development, design and permitting, licenses and certifications, and equipment purchases. The $1.2 million of MIDD support proposed by the Executive in the 2015-2016 budget would fund acquisition and development of a second site.

The involuntary treatment boarding crisis is detailed in the following MIDD Fund section of this report.

Analyst:	Kelli Carroll

MENTAL ILLNESS AND DRUG DEPENDENCY FUND

BUDGET TABLE

	2013-2014 Adopted	2015-2016 Proposed	% Change 2013-2014 v. 2015-2016
Budget Appropriation	$115,785,749	$113,385,403	-2.1%
FTE:	75	87	13.8%
Estimated Revenues	$99,778,701	$111,222,000	10.3%
Major Revenue Sources	Sales Tax		

PROGRAM DESCRIPTION AND PURPOSE:

The Mental Illness and Drug Dependency (MIDD) fund is comprised of sales tax revenue dedicated by state law to supporting new or expanded chemical dependency or mental health treatment programs and services and for the operation of therapeutic court programs and services. MIDD funds also support programs and services formerly supported by other revenue such as county General Fund. This particular MIDD support is known as "supplantation" and is subject to certain rules established by the State Legislature. Supplantation is discussed below.

King County established policy goals for the MIDD funds, with the overarching goals of the programs and services supported by the MIDD fund are to prevent and reduce chronic homelessness and unnecessary involvement in the criminal justice and emergency medical systems and promote recovery for persons with disabling mental illness and chemical dependency by implementing a full continuum of treatment, housing, and case management services.

MIDD funds are allocated to 35 strategies established in the MIDD Action Plan approved by the Council in 2007. The strategies correspond broadly to three areas: community based care strategies, strategies for youth, and jail and hospital diversion strategies. Of the 35 strategies, all but three have been funded and are operational. The three strategies have not been funded in the past due to supplantation demands and lower than expected revenue receipts to the fund.

The programs and services supported by MIDD funds are fundamentally integrated with the County's equity and social justice goals, as its programs and services are provided primarily to the most vulnerable county residents.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed MIDD operating budget for 2015-2016 is $113 million, including funding for 87 FTEs. Overall, the MIDD budget is reduced by just over 2 percent, while FTEs supported by the MIDD increase by 12 FTE. The $133 million budget proposal includes funding for both supplantation and previously funded MIDD strategies, with the three previously unfunded strategies are proposed to remain on hold in the biennium. In 2015-2016, MIDD is proposed to supplant just over $16 million of formerly General Fund backed programs. The 2015-2016 budget reflects just over a 10 percent increase in estimated revenues as adopted by the Forecast Council in August, to $111,222,000 from just over $99 million in the previous biennium.

The MIDD budget changes include:

1. Technical adjustments from the 2013-2014 adopted MIDD appropriation units reflecting salary and COLA updates, central adjustments, removal of budget contras, adjustments related to Medicaid expansion, and changes to contracts.
2. Addition of 12 FTE, 10.5 of which reflect the addition of Department of Public Defense staff as county employees rather than through contracts with the four previous public defense entities. The balance of the added FTEs are associated with the District Court MIDD that support Mental Health Court, reflecting the addition of a Mental Health Court Specialist and Court Clerk based on growing caseloads.
3. A reduction in supplantation support in 2016 for Jail Health Psychiatric nursing of $1.8 million due to the state law required ramp down in supplantation levels. Supplantation is discussed below.
4. Proposed use of $1.2 million in MIDD funds for the development of a 16-bed psychiatric evaluation and treatment facility. This is issue is discussed below.

The MIDD financial plan shows a new reserve in 2015-2016 of $3.6 million, $1 million of which is reserved for future technology upgrades necessitated by the State mandated mental health and substance abuse integration, and $2.6 million in reserve for involuntary treatment bed capacity. The reserves are discussed below.

For the 2017-2018 biennium, the MIDD financial plan shows the impact of the elimination of supplantation on the MIDD fund, based on the assumptions that 1) the MIDD tax is renewed and 2) supplantation is no longer allowed by state statute. In 2017, $11.4 million of services would be eliminated or would need to be picked up by the General Fund or other funding source; in 2018, the amount is $11.9 million. Services such as Jail Health Psychiatric nursing, non-Medicaid supported mental health and substance abuse services, the county's Step Up program, and mental health services for survivors of domestic violence and sexual assault, among other services would be impacted.

ISSUES

ISSUE 1 – MIDD FUNDING OF INVOLUNTARY TREATMENT BED CAPACITY

The boarding of psychiatric patients in hospital emergency rooms and acute care centers because space is not available at certified psychiatric treatment facilities is a major problem in King County and across the state, with over sixty-four percent of involuntarily detained individuals boarded in King County in 2012[1]. When psychiatric

[1] June 9, 2014 Department of Community and Human Services presentation to Law, Justice, Health and Human Services Committee.

beds are not available and individuals are detained in hospital emergency rooms or medical beds psychiatric care is not provided or provided consistently.

On August 7th, the Washington State Supreme Court ruled that hospital boarding of individuals in mental health crisis, absent medical need, is unlawful. The Court has temporarily stayed its order until December 26, 2014 to allow time for the publically funded mental health system to respond.

In light of the boarding crisis, the county has received permission from the State to construct two 16-bed free-standing mental health inpatient evaluation and treatment (E&T) facilities. The State appropriated $1.1 million in start-up funds in the last legislative session for one 16-bed King County E&T, covering the costs of site acquisition and development, design and permitting, licenses and certifications, and equipment purchases. The $1.2 million of MIDD support proposed by the Executive in the 2015-2016 budget would fund acquisition and development of a second site.

The MIDD funds that would support this proposal would come from fund balance and not through reducing allocations to funded and operational MIDD strategies. Though using MIDD funds in this manner is allowable under the RCW that established the MIDD sales tax, concerns have been raised by some members of the MIDD Oversight Committee that these MIDD funds should be used to pay for the three strategies that have remained on hold first due to supplantation, then due to declining revenues, rather than on the boarding crisis. Now that the MIDD fund has a fund balance, it has been argued that the fund should be used on planned MIDD activities rather than on non-MIDD strategies.

The County, as the Regional Support Network, has a statutory requirement to provide appropriate involuntary psychiatric treatment beds. The County does not have another revenue source to utilize for responding to the boarding crisis and Supreme Court decision other than the MIDD. Consequently, without the $1.2 million from the MIDD to support the development of the second 16-bed E&T facility, the likelihood that the county could not detain individuals in beds with appropriate psychiatric care in accordance with the law, is greater.

It is noteworthy that the while the State has received a waiver from Medicaid regarding the 16-bed facility limit, this waiver is time limited, approved for only two years. Thus, for the next two years, the County can involuntarily detain a mentally ill individual in facilities with more than 16 beds and have that bed paid for by Medicaid rather than with continuously reduced state-only non-Medicaid funds. After the two year period, if the waiver is not reinstated, the demand for 16-bed or smaller facilities will expand. Further, even with the ability to place individuals in facilities larger than 16 beds, there is a grave lack of psychiatric treatment bed capacity (both voluntary and involuntary) in all facilities throughout King County.

ISSUE 2 – SUPPLANTATION

State law[2] specifies rules about supplantation of MIDD funds. Per the statute in 2015, up to 20 percent of MIDD revenues may be supplanted and 10 percent in 2016, to zero in 2017 (unless renewed by Councilmanic vote, the MIDD will expire at the end of 2016). The proposed budget plans for reduction in supplantation in 2016, with no reductions in supplantation planned in 2015. The 2016 supplantation reduction decreases supplanted funds to Jail Health psychiatric nursing by $1,888,887.

No reductions are needed in 2015 primarily due to a change in state law that allows therapeutic courts such as Family Treatment Court, Juvenile Drug Court, Mental Health Court, Regional Veterans Mental Health Court to be funded by MIDD without being considered under the supplantation cap. Thus in 2015-2016, the county's therapeutic courts continue to be MIDD supported without being counted as supplanted, freeing up supplantation "capacity" that results in no reductions to supplantation in 2015. Additional revenue projections also play a part in enabling supplantation amounts to remain steady in 2015.

During analysis of the 2015-2016 MIDD proposed budget, Council and PSB staff identified an oversight in the 2016 supplantation budget where $362,000 of supplantation funding was inadvertently left out of the calculation. While these funds are budgeted and included in the supplantation amounts for 2015, this expenditure is not included in 2016. The mid-biennial budget update will provide an opportunity to correct the error, potentially without the use of General Fund or exceeding the supplantation cap should revenues continue to increase.

ISSUE 3 – RESERVES

The Executive's 2015-2016 budget for the MIDD fund assumes financial plan reserves of $3.6 million. Due to both supplantation and very tight revenues over the past five years, the MIDD fund has not had fund balance available for reserve or for programming beyond the revenue stabilization reserve of 5.25 percent of revenues.

Executive staff reports that the reserves are intended for two purposes: 1) $1 million of reserved for future technology upgrades necessitated by the State mandated mental health and substance abuse integration, and 2) $2.6 million in reserve for involuntary treatment bed capacity. The reserves are detailed as follows:

- **Behavioral Health Integration Technology $1.0 million Reserve** - The State of Washington has mandated that Mental Health and Substance Abuse Services are to be purchased through an integrated managed care contract with a single regional Behavioral Health Organization (BHO) by April 2016. Executive staff state that:

  > *King County MCADSD is positioning itself to proposing to act as the BHO for the King County region. Currently, MHCADSD has a single data system for mental health data and substance abuse data is managed by the state Division of Behavioral Health and Recovery. Under the required BHO model, MHCADSD will need to develop a single integrated data system for mental health and substance abuse data that supports the*

[2] RCW 82.14.460

necessary payments, data gathering, managed care utilization functions, and exchange/reporting requirements with our provider networks and with the state agencies.

This proposal requests to reserve $1 million of the MIDD fund balance to develop an integrated data system that can support the county's new, required role as a managed care BHO in compliance with the state's mandate under ESSB 6312.

Washington State has applied to CMS for a State Innovation Models (SIM) grant of approximately $92 million to fund the overall cost of behavioral health integration. Should these funds be awarded and appropriated to King County, this funding would be released from reserve into fund balance.

Executive staff state that they will be developing an IT project proposal once they have better understanding of the scope and requirements from the State. The proposal will include all documents required for normal project submission:

- A Business Case (BC)
- A Benefit Achievement Plan (BAP)
- A Cost Benefit Analysis (CBA)

- **Funding for Additional Capacity of Inpatient Psychiatric Beds $2,658,569 Reserve –** Given the uncertainty around State funding, the timeline of bringing additional bed capacity on line, and the potential for risk should the County not provide the legally mandated type of bed and treatment, Executive staff indicate that this reserve would be held as a contingency to provide additional capacity of psychiatric inpatient beds should the need arise. Should these funds not be needed for psychiatric bed capacity, they will be released to fund balance.