Metropolitan King County Council

Physical Environment Panel of the Budget and Fiscal Management Committee

Tuesday, October 11, 2016 – 9:30 A.M.

Councilmembers: Rod Dembowski (Chair), Dave Upthegrove (Vice-Chair), Claudia Balducci, Reagan Dunn, Jeanne Kohl-Welles, Kathy Lambert, Pete von Reichbauer

Staff: Hiedi Popochock, (477-1842), Panel Lead;
Wendy Soo Hoo (477-0890), Budget Manager;
Analysts: Mary Bourguignon (477-0873), Paul Carlson (477-0875),
Patrick Hamacher (477-0880), Lise Kaye (477-6881),
Miranda Leskinen (477-0950), Beth Mountsier (477-0885), Mike Reed (477-0888),
Davin Simmons (477-3644),

Panel Assistant: Angélica Calderón (477-0874)

To show a PDF of the written materials for an agenda item, click on the agenda item below.

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Analyst:	Mary Bourguignon

CULTURAL DEVELOPMENT AUTHORITY

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$57,596,322	$6,396,000	(217.8%)
Max FTEs:	0.0	0.0	N/A
Max TLTs:	0.0	0.0	N/A
Estimated Revenues	$57,596,322	$6,396,000	(217.8%)
Major Revenue Sources	Lodging tax special account ("endowment") 1% for Art 10% of General Fund building sales		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

This appropriation unit transfers funding from the County's Cultural Development Authority Fund to 4Culture,[1] the quasi-governmental Cultural Development Authority that administers King County's arts, culture and heritage programs.[2]

When 4Culture was established, it was authorized to use a portion of the County's lodging (hotel/motel) tax.[3] However, between 2013 and 2020, 4Culture has limited access to lodging tax revenues:

- **From 2013-2015,** lodging tax revenues were to be used to retire the Kingdome debt, with any additional revenues if the debt was retired before the end of 2015 to be dedicated to arts and culture.[4] Because the Kingdome bonds were retired in March 2015, the remaining revenues through the end of 2015 were included in the Cultural Development Authority Fund's 2015-2016 budget and used to back the bonds for the Building for Culture program, [5] which provided capital support to arts, cultural and heritage organizations around the county.

- **From 2016-2020,** all lodging tax revenues are to be dedicated to the football stadium and exhibition center.[6]

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[1] This proposed appropriation for the Cultural Development Authority Fund (aka Arts and Cultural Development Fund [K.C.C. 4A.200.140]) will be transferred to 4Culture after adoption of the budget. Following that action the 4Culture Board will approve a budget for 4Culture.
[2] Ordinance 14482, K.C.C. 2.49
[3] RCW 67.28
[4] RCW 67.28.180(3)(b)
[5] Ordinances 18179, 18180, 18181
[6] RCW 67.28.180(3)(c)

- **After January 1, 2021,** lodging tax revenues will be allocated as follows:
  - 37.5 percent to arts and cultural purposes;
  - 37.5 percent to affordable workforce housing near transit stations or for services for homeless youth; and
  - 25 percent for capital or operating programs that promote tourism and attract tourists to the county, including arts, heritage, and cultural events.[7]

From 2013 through 2020, while 4Culture has limited access to lodging taxes, the agency is funded by a special account[8] that was required to create during the early 2000s from its portion of the lodging tax. In addition, 4Culture receives funding from the 1% for Art program (aka public art program), as well as from a portion of General Fund property and building sales.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2017-2018 proposed budget for the Cultural Development Authority Fund is $6.4 million, 218 percent lower than the 2015-2016 budget. This significant decrease was anticipated, as the 2015-2016 budget included both the 2015 post-Kingdome lodging taxes and the bond proceeds for the Building For Culture program.

Items of note proposed for the 2017-2018 biennium include:

Contingency for Property Sales and 1% for Art. The proposed budget includes $1.965 million as contingency appropriation authority for $400,000 in carryover and $1.565 million in anticipation of upcoming revenues from property sales and 1% for Art projects.

- **Property Sales.** Per County Code, sales of General Fund-owned properties with gross sale proceeds of $250,000 or greater must dedicate 10 percent of sales proceeds to the Cultural Development Authority Fund.[9]

  The 4Culture Board addressed funding received in this manner in a 2012 resolution, noting that, "[t]he county has changed over those 45 years, and the cultural development needs of its communities have changed with it," and going on to commit that 4Culture, "must continue to adapt our techniques to reach and serve new and growing populations."[10] The operational impact of this resolution has been that the 4Culture Board has, in general, focused funding received from property sales on addressing the needs of previously underserved communities.

  For the 2017-2018 proposed budget, the contingency includes $600,000 in building sales funds, in anticipation of the potential upcoming sales of the Northshore ($4.1 million) and Renton ($2 million) Public Health clinics.[11]

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[7] RCW 67.28.180(3)(d), RCW 67.28.180(3)(h)(ii)
[8] Managed by 4Culture and not included in this proposed budget
[9] K.C.C. 4.56.130
[10] 4Culture Resolution 2012-01
[11] Northshore (Ordinance 18379), Renton (Not yet transmitted)

- **1% for Art.** The County has a long-established public art program,[12] through which all County-funded capital projects set aside one percent of eligible project costs for public art outreach, artist fees, design, development, installation, and maintenance.[13] For the 2017-2018 biennium, the Wastewater Treatment Division will be moving forward with a number of large capital projects that are eligible for 1% for Art but are also subject to mandatory phased appropriation, meaning that the timing of the 1% for Art set-asides for these projects is uncertain. As a result, the remainder of the contingency fund (approximately $965,000) would provide appropriation authority in anticipation of these public art set-asides.

Building For Culture. In 2015, the Council approved a $29 million bond issuance to fund the Building For Culture program[14] and provide capital support to arts, cultural and heritage organizations. Bond proceeds are anticipated to be largely disbursed prior to the end of 2016, and are therefore not included in the 2017-2018 proposed budget, with two exceptions:

- **Barn Again.** The proposed budget reflects the anticipated transfer of $500,000 out of the Cultural Development Authority Fund to the Historic Preservation Program for the Barn Again program;[15] [16]and

- **Preservation Action Fund.** Building For Culture included a $2 million Preservation Action Fund[17] that requires Council approval of an agreement with 4Culture prior to implementation.[18] The Council has not yet taken action on this required agreement,[19] and thus the $2 million is included as contingency for the proposed 2017-2018 budget in the event the Council does not take action before the end of the year. If the Council takes action during the 2017-2018 biennium, this amount would need to be reappropriated out of contingency. In addition, because the proviso terms are effective only through the end of the 2015-2016 biennium, the Council may wish to repeat the proviso in the 2017-2018 budget ordinance (see Issues section below).

ISSUES

ISSUE 1 – PROVISO FOR PRESERVATION ACTION FUND

The Building For Culture Program included a $2 million Preservation Action Fund, which was described as follows:

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[12] K.C.C. 2.46
[13] K.C.C. 4.40.015
[14] Ordinance 18180
[15] Ordinance 17941 Section 92 P1 as amended by Ordinance 18179 (See Briefing 2016-B0070)
[16] Please note that the transfer of $500,000 for the Barn Again Program is booked in the 2015-2016 biennium in the Historic Preservation budget, but Barn Again grants will proceed regardless of the year in which this transfer is made.
[17] Motion 14406
[18] Ordinance 17941 Section 74 P1 as amended by Ordinance 18179
[19] Proposed Ordinance 2016-0119

Preservation Action Fund. This fund provides direct investment into the acquisition, stabilization, and redevelopment of significant but endangered historic properties throughout King County. This targeted, project-based fund will be managed by King County Preservation Program, 4Culture, and Washington Trust for Historic Preservation through the establishment of a Preservation Action Fund Advisory Committee. Only properties outside the City of Seattle will be eligible. The fund will be managed for sustainability.[20]

When the Council appropriated funds to implement the Building For Culture program, it added a proviso requirement that the Preservation Action Fund could not be implemented until the Council approved the agreement. The proviso read:

P1 PROVIDED THAT:

Of this appropriation, $2,000,000 shall be expended or encumbered solely for the preservation action fund. Of that amount, funds shall not be expended or encumbered until the executive transmits an agreement between the county and 4culture on how the preservation action fund will be administered and governed and a ((~~motion~~)) ordinance[21] that approves the agreement, and the ((~~motion~~)) ordinance is passed by the council. The ((~~motion~~)) ordinance shall reference the subject matter, the proviso's ordinance, ordinance section and proviso number in both the title and body of the ((~~motion~~)) ordinance. The executive must file the ((~~motion~~)) ordinance required by this proviso by February 16((~~1~~)), 2016,[22] in the form of a paper original and an electronic copy with the clerk of the council, who shall retain the original and provide an electronic copy to all councilmembers, the council chief of staff, the policy staff director and the lead staff for the budget and fiscal management committee, or its successor.[23]

The Executive transmitted the required agreement,[24] but the Council has not yet taken action on it. If the Council does not act by the end of this year, the proviso requirement will lapse. Thus, the Council may wish to consider renewing this proviso requirement in the 2017-2018 budget ordinance.

[20] Motion 14406, Attachment A
[21] Ordinance 18259 changed this requirement from a motion to an ordinance.
[22] Ordinance 18259 changed the due date from February 1 to February 16, 2016
[23] Ordinance 17941 Section 74 P1 as amended by Ordinance 18179
[24] Proposed Ordinance 2016-0119

Analyst:	Mary Bourguignon

NATURAL RESOURCES AND PARKS ADMINISTRATION

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$13,436,591	$16,249,000	20.9%
Max FTEs:	29.3	32.0	9.2%
Max TLTs:	0.0	0.0	N/A
Estimated Revenues	$13,412,187	$16,240,000	21.1%
Major Revenue Sources	Charges assessed to agency divisions, inter-departmental cost allocation, recording fee surcharge		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

The Department of Natural Resources and Parks (DNRP) Administration operating budget provides funding for three existing sections and one proposed cost center in the department that are under the Director's management:

Administration. The Administration section provides overall policy direction for the department and supports the divisions in a variety of functional areas, including review of proposed legislation, financial management and budgeting, emergency response planning and coordination, records management, performance measurement, continuous improvement efforts, human resource policy and administration. This section will host the proposed new Climate Change cost center, which is discussed below.

Historic Preservation Program (HPP). The HPP staffs the Landmarks Commission, and provides landmark designation and regulation both for unincorporated King County and 22 other municipalities through a regional program. The HPP also provides other services such as review of County agencies' development projects that could impact cultural resources, archaeological site identification and protection, and technical assistance.

Community Services Area (CSA) Program. The CSA Program provides outreach to unincorporated areas on behalf of all county agencies and performs a variety of community engagement functions in support of all county agencies with unincorporated area services, projects and issues. These functions include: maintaining primary point-of-contact with community organizations in each of the CSA areas; maintaining up-to-date workplans for each of the CSA areas showing active capital projects and other county agency programs and initiatives; convening cross-department and inter-branch meetings in each CSA area; administering the CSA community grants; assisting individual departments with outreach efforts; and working with the Public Outreach unit on a variety of communications to the seven CSA areas.

Climate Plan (proposed). The 2017-2018 budget proposes to establish a new Climate Change cost center within DNRP Administration. This cost center is proposed to include a total of four FTE (three existing, one new). This cost center would be in addition to existing staff in DNRP Administration who currently work on climate change issues related to DNRP and its divisions. See below in the Issues section for more information on this proposal.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2017-2018 proposed budget for DNRP Administration is $16.25 million, 21 percent higher than the 2015-2016 budget. The number of FTEs would increase from 29.3 to 32.0, a 9.2 percent increase. These increases are focused around:

- **Chief Administrative Officer.** During 2015-2016, DNRP added a TLT Chief Administrative Officer to provide for greater departmental oversight and coordination. The 2017-2018 budget would convert this position into an FTE.

- **HPP Archaeologist.** The proposed budget would increase the Historic Preservation Program's Archaeologist from 0.7 to 1.0 FTE as a way to meet the increasing level of demand by County agencies for below-ground environmental reviews as part of construction efforts.

- **Climate Change Cost Center.** The proposed budget would add a new Climate Change Cost Center in DNRP Administration. This issue is discussed in more detail below.

ISSUES

ISSUE 1 – CLIMATE CHANGE COST CENTER

The proposed budget includes funding and position authority for a new Climate Change initiative that would be based in a cost center in DNRP Administration, for a proposed 2017-2018 cost of $2,171,856.

The proposed Climate Change cost center would fund a total of four FTEs, two in DNRP Administration and two in the Executive Office. (This would be in addition to other staff in DNRP Administration and other agencies who currently have climate change portfolios.) The proposal for the four FTEs would include:

Position	Location	Status
Climate Engagement Specialist	DNRP Admin	Existing (from WTD)
Climate Preparedness Specialist	DNRP Admin	New
Energy Policy & Partnerships Specialist	Executive Office	Existing (from Fleet)
Director of Climate and Energy Initiatives	Executive Office	Existing (in Exec Office)

This proposal has implications for a number of other budgets throughout the County, including DNRP's Divisions, the Executive Office, Department of Transportation, and Facilities Management Division.

The proposed budget would allocate costs for this new group by charging agencies based on their operational greenhouse gas emissions. That would result in a proposed allocation of:

Proposed Allocation Methodology*		
Agency	**2017-18 Allocation $**	**2017-18 Allocation %**
DNRP - Solid Waste Division	$649,385	29.9%
DNRP – Wastewater Treatment Division	$421,340	19.4%
DNRP – Parks and Recreation Division	$30,406	1.4%
DNRP – Water and Land Resources Div.	$6,516	0.3%
DOT – Transit	$857,514	39.5%
DOT – Roads	$5,343	0.2%
DOT – Airport	$6,233	0.3%
DOT – Marine	$21,371	1.0%
DOT – Fleet	$86,874	4.0%
DES – Facilities Management Division	$86,874	4.0%
TOTAL PROPOSED	**$2,171,856**	**100.0%**

* Executive staff note that the proposed 2017-2018 budget builds on the 2015-2016 budget cost-share allocation model, through which agencies pay shares of joint climate work based on operational greenhouse gas emissions

Staff will continue to analyze this proposal and to prepare analysis that evaluates this new proposed cost center within the context of existing staff with climate change portfolios that are already housed within County agencies but that would not be part of this new initiative.

Analyst:	Mary Bourguignon

HISTORIC PRESERVATION PROGRAM

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$1,532,550	$1,097,000	(28.4%)
Max FTEs:	0.0	0.0	N/A
Max TLTs:	0.0	0.0	N/A
Estimated Revenues	$919,470[1]	$1,026,000	11.6%
Major Revenue Sources			
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

The **Historic Preservation Program (HPP)** staffs the Landmarks Commission, and provides landmark designation and regulation for unincorporated King County and 22 other municipalities through a regional program. The HPP also provides other services such as review of County agencies' development projects that could impact cultural resources, archaeological site identification and protection, and technical assistance.

Historic Preservation and Historical Programs (HPHP) Fund is a separate fund that supports the Historic Preservation Program. The HPHP Fund receives revenues from a $1 surcharge on recorded documents. Although the HPP program is supported by the fund, it is organizationally located within the Department of Natural Resources and Parks (DNRP) Administration, and program staffing is included in the DNRP Administration budget, which will be reviewed separately.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The HPHP Fund shows a 28.4 percent decrease from the past biennium, largely due to the $500,000 for the Barn Again Program (a program to preserve historic barns that was funded as part of the Building For Culture Program) that was included in the HPHP 2015-2016 budget.[2]

ISSUES

Staff have not identified any issues for this budget.

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[1] Please note that the Executive's preliminary estimates for 2015-2016 revenues are $1,496,927 (which assumes a transfer of $500,000 for the Barn Again Program, a transfer that was included in the expenditures but not the revenues in the revised budget submittal). This transfer is booked in different years in the Cultural Development Authority Fund budget and the Historic Preservation budget, but Barn Again grants will proceed regardless of the year in which this transfer is made.

[2] Ordinances 18179

Analyst:	Mary Bourguignon

CRITICAL AREA MITIGATION CIP (FUND 3673)

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Critical Area Mitigation CIP (Fund 3673)	$15,189,447	$6,227,382	(59%)
Major Revenue Sources	Mitigation fees		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

The Critical Area Mitigation Fund receives revenue from private development and public agency projects that pay a fee in-lieu of providing critical area mitigation for impacts to aquatic resources of those projects. The County then uses those fees to implement mitigation projects in the same watershed, at locations that have the most benefit to the watershed.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2017-2018 proposed budget for the Critical Area Mitigation CIP is $6,227,382 which is a 58.3 percent decrease from the previous biennium. This decrease was expected, as the 2015-2016 budget had experienced a one-time increase due to the fact that several large projects paid into the fund during that biennium, including mitigation for impacts of the Sound Transit South Sounder, King County Solid Waste Bellevue Transfer Station, BP Harbor Island Bulkhead Replacement, and Seattle Public Utilities Chester Morse Pump Station.

There is one master project under this fund. Once mitigation money is received, it is allocated through a multi-jurisdictional review team, including King County Department of Natural Resources and Parks, state and federal resource agencies, and interested tribes. Mitigation projects are required to occur in the same watershed where the permitted impacts occurred, and projects are recommended by King County staff in a prioritized list. Federal rules require that the funds pay for all aspects of selecting and implementing the mitigation projects, including administration; the rules also prohibit using the fees for any other purpose.

ISSUES

Staff have not identified any issues for this budget.

Analyst:	Mary Bourguignon

PARKS AND RECREATION - OPERATING

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$82,688,450	$87,237,000	5.5%
Max FTEs:	202.4	219.1	8.2%
Max TLTs:	0.0	0.0	N/A
Estimated Revenues	$83,075,702	$87,422,000	5.2%
Major Revenue Sources	Parks, Trails, and Open Space Levy, REET 1, REET 2, Conservation Futures Tax (CFT), Parks Business Revenues, Grants		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

The mission of the Parks and Recreation Division (Parks) is to steward, enhance and acquire parks to inspire healthy communities, and to offer close-to-home recreational experiences for everyone.

King County's parks and open space system does not receive General Fund support. Instead, it is funded through a combination of voter-approved special levies,[1] the Real Estate Excise Tax,[2] and business revenues that include user fees, special events, sponsorships, and partnerships.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2017-2018 proposed budget for the Parks Operating budget is $87.2 million, 5.5 percent higher than the 2015-2016 budget, and due to the projected 6.1 percent increase in the Parks Levy for the next biennium.

The number of FTE in Parks Operating is proposed to increase by 16.7 from 202.4 to 219.1, an 8.2 percent increase.

The FTE increases include 9.00 conversions from unbudgeted TLTs to FTEs and 7.7 new FTEs. Because Parks does not receive General Fund revenue, these new

[1] The most recent levy, the Parks, Open Space & Trails Levy, is a six-year property tax levy that was approved by King County voters in August 2013. The levy, which has a proposed 2017-2018 budget of $142,473,841, is discussed in a separate staff report.

[2] King County levies two 0.25% real estate excise taxes (REET 1 and REET 2) on the sellers of property in unincorporated King County. The budgets for these two tax funds (budgeted at approximately $14 million each for 2017-2018) are discussed in separate staff reports.

positions would all be funded from the Parks Levy or the Parks capital funds. The positions are proposed to be focused around, (1) managing the needs of a growing system (as the Parks Levy has resulted in both an increasing inventory of parks, trails and open space, as well as increased maintenance and operating commitments), (2) advancing equity and social justice in the regional parks and open space system, and (3) implementing commitments made in the 2015 Strategic Climate Action Plan (SCAP).[3] The added FTEs are proposed to be allocated as follows:

Positions	Description	Proposed FTEs	Convert from TLT?
Open Space Stewardship			
Park Specialist II	Annual allotment from Parks Levy for stewardship of newly acquired lands	2.0	✓
Arborist		2.0	
Capital Project Implementation			
Grounds Crew Triad (Truck driver, equipment operator, utility worker)	Team will work on small capital projects, such as ADA accessibility, drainage installation, culvert and fish passage replacement, and structure demolition	3.00	
Capital Project Manager IV	Coordinate capital project planning and financial management of trail construction and other parks capital improvements funded by Parks Levy	5.0	✓
Business & Finance Officer II		1.0	
Project Manager II	Plan and implement the Mobility Connections regional trails system project	1.0	✓
Equity and Social Justice			
Recreation Specialist	Increase staffing at White Center Teen Program to provide additional classes and activities	1.0	
Recreation Assistant*		0.25	
Park Specialist I*	Increase staffing to permit additional field work in underserved communities	0.5	
Climate Change (SCAP) Implementation			
Program Manager II	Manage natural resource lands in the Bear Creek geographic area	1.0	✓
TOTAL		**16.75**	**9.0**

*These positions are three existing part-time (@ 0.75 FTE) positions (1 Recreation Assistant and 2 Park Specialists) that are each being increased to full-time, for a total increase of 0.25 each.

As noted above, all of the increases to the Parks Operating budget, including the FTE increases, are funded by the Parks Levy or other capital funding sources. Parks does not receive General Fund.

In addition to these proposed changes, the Parks Operating budget proposes a number of adds related to the Executive's Climate Change initiative. (See discussion below.)

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[3] Motion 14449

ISSUES

ISSUE 1 – CLIMATE CHANGE INITIATIVE

As discussed in the DNRP Administrative budget, the proposed budget includes funding and position authority for a new Climate Change initiative that would be based in a cost center in DNRP Administration, for a proposed 2017-2018 cost of $2,171,856.

This cost center would be funded through charges to a number of County agencies, including Parks, based on their contribution to greenhouse gases. Parks' proposed contribution to the DNRP Climate Change cost center would be $30,406 for 2017-2018, a $19,286 increase from 2015-2016.

In addition to this new cost center, a number of County agencies have separate climate change activities and staff. For Parks, this includes:

- $568,969 for the Bear Creek Program Manager II (described above), as well as resources for additional forestry services, hazardous tree removal, and replacement of small equipment with greener alternatives to reduce energy and resource use;

- $200,000 for the Volunteer program to hire work study interns to lead tree planting events with the goal of reaching the SCAP target of planting one million native trees between 2015 and 2020.

Staff is developing an overarching analysis of climate change initiatives proposed throughout the County, including both those efforts funded through the new DNRP Administration Climate Change cost center, those efforts that are already in existence and are separate from this cost center, and new efforts that are separate from and in addition to the new cost center.

Analyst:	Mary Bourguignon

PARKS, OPEN SPACE & TRAILS LEVY

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$134,226,888	$142,474,000	6.1%
Max FTEs:	0.0	0.0	N/A
Max TLTs:	0.0	0.0	N/A
Estimated Revenues	$132,680,482	$142,103,000	7.1%
Major Revenue Sources	Parks, Open Space & Trails Levy		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

King County's parks and open space system does not receive General Fund support. Instead, it is funded through a combination of voter-approved special levies, the Real Estate Excise Tax, and business revenues that include user fees, special events, sponsorships, and partnerships.

In August 2013, King County voters approved a six-year Parks, Open Space & Trails Levy[1] to support the parks and open space system. The levy was originally set at 18.77 cents per $1,000 of assessed valuation, and was anticipated to raise approximately $61 million per year. The levy included an inflator, which adjusts annually by the consumer price index or the allowable increase in overall assessed value, whichever is greater.

The levy ordinance prescribed how levy funds could be used, specifying:

- Forty-seven percent for maintenance and operation of the parks system (including 1.3 percent for the Community Partnerships and Grants Program);

- Thirty-nine percent for acquisition, conservation, and stewardship of additional open space lands, natural areas, resource or ecological lands; acquisition and development of rights of way for regional trails; major maintenance repair, replacement, and improvement of parks system infrastructure; and development of trailhead facilities;

- Seven percent for distribution to cities for their local parks system projects (distribution based 50 percent on city population and 50 percent based on assessed value of parcels within the city); and

[1] Ordinance 17568

- Seven percent for distribution to the Woodland Park Zoological Society for environmental education with emphasis on traditionally underserved populations, horticulture and maintenance of buildings and grounds, conservation and animal care, and capital projects in existence as of December 31, 2012.[2]

Oversight of levy spending is entrusted to a nine-member Parks Levy Citizen Oversight Board, which reports to the Council, Executive, and Regional Policy Committee each year.

The original levy ordinance established that levy proceeds would be deposited in the Parks and Recreation Fund.[3] Following voter approval of the levy, the Council established a new subfund in the Parks and Recreation Fund[4] to hold funds from the Parks, Open Space & Trails Levy. Levy funds are then distributed as required by the levy ordinance. As a result, the Parks, Open Space & Trails Levy subfund serves only as a pass-through.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2017-2018 proposed budget for the Parks, Open Space & Trails Levy subfund is $142.5 million, a 6.1 percent increase from the 2015-2016 budget. This increase is due to increased property values.[5]

The levy subfund does not hold staffing authority, nor does it directly fund any projects. Instead, it simply passes funds through to the appropriate Parks capital funds, the Parks and Recreation operating fund, and the cities and Woodland Park Zoo as required by the levy ordinance.

ISSUES

Staff have not identified any issues for this budget.

[2] Ordinance 17568
[3] Fund 1450, established pursuant to K.C.C. 4A.200.480
[4] Ordinance 17686 established Subfund 1453
[5] Based on 99 percent of the August 2016 Office of Economic & Financial Analysis forecast

Analyst:	Mary Bourguignon

PARKS CIP (FUNDS 3160 & 3581)

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Parks & Recreation Open Space Construction (Fund 3160)	$11,976,692	$13,765,118	14.9%
Estimated Revenues	$11,820,016	$13,765,118	16.4%
Major Revenue Sources	REET 1 and REET 2, Grants		
Parks Capital (Fund 3581)	$61,083,234	$77,026,280	26.1%
Estimated Revenues	$51,078,193	$77,026,280	50.8%
Major Revenue Sources	Parks Levy, REET		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

The Parks Capital Improvement Program[1] supports the acquisition, construction and rehabilitation of regional and rural open space, parks, trail, and recreational facilities. It is supported by proceeds from the voter-approved Parks, Trails, and Open Space Replacement Levy (Parks Levy),[2] as well as Real Estate Excise Taxes (REET):[3]

Parks & Recreation Open Space Construction (3160)
Parks Capital Fund (3581)

The **Parks & Recreation Open Space Construction Fund** (3160) provides for capital planning efforts including acquisition efforts, budget development, and regional trails guidelines update. It is funded by grant funds, REET 1 and REET 2.

The **Parks Capital Fund** (3581) provides revenues to be used for open space and trail acquisition, development projects, and major maintenance. It is funded by the Parks, Open Space & Trails Levy, REET, and grants.

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[1] The Parks Facilities Rehabilitation Fund (3490) was part of the Parks CIP in past budgets. However, in an effort to streamline and simplify budgeting for parks capital projects, the Executive is in the process of closing this fund and moving its projects to a new Small Capital Project in Fund 3160. When all 2015-2016 expenditures from Fund 3490 have been recorded, the Executive will transmit an ordinance to formally close the fund.

[2] Ordinance 17568. The Parks Levy budget is discussed in a separate staff report.

[3] REET I and 2 are both levied on the sale of real property in unincorporated King County, each at the rate of one quarter of one percent of the sales price. The proposed budgets for each of the REETs are discussed in separate staff reports.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The **Parks & Recreation Open Space Construction Fund (3160)** is proposed to increase by 14.9 percent to $13.76 million. The increase is due to a larger share of REET revenues being dedicated to this fund. Key projects proposed for this fund during 2017-2018 include:

- **Final payment for Ravensdale Park CPG Project.** In 2014, the Council approved a $2 million Community Partnerships and Grants (CPG) Project award to the Ravensdale Park Foundation for athletic field improvements at Ravensdale Park.[4] To allow construction to move forward expeditiously, the Council approved payment of the entire amount at once. Since that amount exceeded the annual CPG budget, the payment was structured as a $500,000 payment from the 2014 CPG budget and an interfund loan of $1.5 million, which was to be repaid with $500,000 each year from the 2015, 2016 and 2017 CPG budgets. The proposed biennial budget would make the final payment for this project.

- **Turf replacement.** The proposed budget would allocate a total of $3.05 million for synthetic turf replacement for soccer fields 1-4 at Marymoor Park and fields 1-2 at Preston Athletic Fields. The turf replacement at Preston would be carried out in conjunction with the Eastside Football Club, which originally installed the fields in 2008 as part of a long-term use agreement with King County,[5] and, per Executive staff, has offered to manage the project with the vendor during the resurfacing.

- **Parks Maintenance Facility.** Parks has been working for a number of years to develop a central maintenance facility in Renton. The Council has made several appropriations for planning, design, and site acquisition. Since the last appropriation in 2015,[6] however, the project budget has more than doubled due to a departmental reorganization that has changed the staffing and programming for this facility. (See discussion below in Issues section).

The **Parks Capital Fund (3581)** is proposed to increase by 26.1 percent to $77 million. This increase is due to fund balance carryover, as well as the increase in the Parks Levy due to the built-in annual inflator.

Projects recommended for funding in 2017-2018 are a combination of open space purchases, bridge repairs, and trail development, as stipulated by the Parks, Open Space & Trails Levy.[7]

Open Space Acquisitions. For the open space acquisitions, recommendations for 2017 were made by the Conservation Futures Citizens' Oversight Committee, following the Parks Levy open space acquisition guidelines.[8]

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[4] Ordinances 17758, 17759, 17760
[5] Ordinances 15704, 16245
[6] Ordinance 18154
[7] Ordinance 17568

As noted in the separate staff report on the Open Space CIP, the Citizens' Oversight Committee reviews and makes recommendations for projects to be funded by both the Parks Levy and the Conservation Futures Tax (CFT). Depending on project eligibility, some projects are recommended for CFT funding; some projects are recommended for Parks Levy funding; and some projects are recommended to receive funding from both. Although this is a biennial budget, King County Code outlines an annual process for applications, review, and recommendations. As a result, the proposed 2017-2018 budget includes a list of proposed projects for 2017, as well as a set-aside for 2018 projects, which will be submitted and reviewed over the course of the next year.

The recommendations of the Citizens' Oversight Committee are transmitted to the Executive and then included as part of the proposed budget for Council review. For 2017, the CFT Citizens' Oversight Committee recommended Parks Levy funding for projects totaling $6.477 million.

These recommendations were transmitted to the Executive earlier this year, and were presented to the Council's Transportation, Economy and Environment Committee on July 19.[9]

Table 1: Proposed Allocation of Parks Levy for Open Space for 2017

Project	Requester	Acreage[10]	District	2017-2018 Proposed
Sno Corridor Rec Ptnrship Rattlesnake Mtn	North Bend/KC	31.86	3	$302,000
Emerald Necklace/Soaring Eagle Park Addition	King County	160.00	3	$500,000
Griffin Creek Natural Area	King County	6.29	3	$70,000
Middle Fork Snoqualmie NA Addition	King County	6.51	3	$59,305
Mitchell Hill Forest Additions	King County	156.00	3	$500,000
Snoqualmie at Fall City/Raging River	King County	207.00	3	$371,000
Snoqualmie Forest	King County	--	3	$25,000
Snoqualmie Valley Mill Site	King County	268.00	3	$296,000
Cougar Mountain Park Additions	King County	74.00	3	$350,000
Cougar-Squak	King County	28.00	9	$550,000
Lower Cedar/Dorre Don	King County	15.00	9	$530,000
Lower Cedar/Mouth of Taylor Cr. Reach	King County	9.90	9	$300,000
Upper Bear Creek Waterways/Paradise Valley	King County	21.90	3	$349,695
Patterson Creek Natural Area	King County	39.00	3	$25,000
Wetland 14 Natural Area Addition	King County	16.50	9	$330,000
Lower Newaukum Creek	King County	101.00	9	$400,000
Middle Newaukum/Big Spring Creek	King County	36.00	9	$400,000

[8] Motion 12809
[9] Briefing 2016-B0146
[10] Acres indicated are the total acres eligible for acquisition within the project scope. Many projects, particularly King County projects, are multiple parcel/multiple year efforts, and not all of the acreage will be purchased in one year.

Project	Requester	Acreage[10]	District	2017-2018 Proposed
Big Beach	King County	5.00	8	$350,000
Burton Pit	King County	20.00	8	$150,000
Maury Island Additions - Community Trails	King County	20.00	8	$500,000
Maury Island (Vashon) Golf Course	King County	53.00	8	$25,000
Piner Point Natural Area	King County	8.00	8	$350,000
Spring Beach	King County	23.75	8	$140,000
Vashon Island South Upland Forest	King County	97.00	8	$175,000
Issaquah Creek Protection	King County		3	-$205,000
Enumclaw Forested Foothill	King County		9	-$166,000
Chinook Wind	King County		8	$185,496
Lower Green River	King County		5	-$385,496
2017 Project Total				**$6,477,000**
2018 Set aside	King County			$7,474,000
Admin Support	King County			$50,341
GRAND TOTAL FOR 2017-2018				**$14,001,341**

In addition to its recommendations for acquisition funding, the Citizens' Oversight Committee meets each year to prepare a year-end review of previously funded projects, determining whether reallocation of funds is necessary based on emerging project needs and/or failure to progress. The Citizens' Oversight Committee completed this review in 2015 and made a number of technical adjustments. The adjustments for CFT-funded projects were approved by the Council earlier this year as part of the budget omnibus.[11] However, the adjustments for Parks Levy-funded projects were not included in the omnibus package and have therefore been incorporated into the 2017-2018 proposed budget package.

Those technical adjustments are included in the overall project totals in Table 1 above and are listed in Table 2 below.

Table 2: Open Space Technical Adjustments for Parks Levy

Project	Project #	2017 COC Rec	Transmittal
Snoqualmie Corridor Ptnrshp	1123928	$250,000	$302,000
Lower Cedar/Dorre Don	1044743	$325,000	$530,000
Lower Newaukum	1127075	$300,000	$400,000
Middle Newaukum	1121445	$300,000	$400,000
Issaquah Creek Protection	1114769	$0	($205,000)
Enumclaw Forested Foothill	1047185	$0	($166,000)
Chinook Wind	1124477	$0	$185,496
Lower Green River	1124478	$0	($385,496)

[11] Ordinance 18319

Trail Development. The fund supports development of trails, trailheads, and mobility connections, as well as ongoing maintenance of trails and trailheads as part of the regional trails system. Major proposed trails investments include:

Table 3: Major Trails Funding Proposals

Project	2017-2018 Proposed	Description
East Lake Sammamish Trail	$9.97 million	• Construction of the 1.3-mile South Sammamish Segment A • Preliminary and final design and permitting on South Sammamish Segment B ***See Issues discussion below*
Lake to Sound Trail	$1.36 million	• Final design for Segment C • Preliminary design for Segments D and E ***See Issues discussion below*
Foothills Regional Trail	$4.81 million	• Construction of hard surfaced trail
Eastside Rail Corridor	$7.5 million	• Preliminary and final design of Wilburton Segment • Final design of NE 8th trail bridge in Bellevue • Design and construction of trestle trail retrofits on Lakefront Segment • Design and construction of parking areas for Lakefront Segment and interim trail sections
Green River Trail Extension	$0.5 million	• Design development and environmental permitting
Trailhead Development	$6.45 million	• Design and permitting for six trailheads • Construction for five of the six trailheads
Mobility Connections	$2.75 million	• Development of up to four bicycle and pedestrian linkages between trails and transit
Bridges and Trestles	$2.7 million	• Replacement of 96-foot trestle on Snoqualmie Valley Trail • Inspections, load ratings, and small repairs of trail bridges and trestles
Trail Surface Improvements	$3.62 million	• Ongoing major rehab, emergency repair, and asphalt overlay of trails in need of repair
Trail Monitoring Maintenance	$1.3 million	• Monitoring and maintenance of plantings along trails
Trail Safety	$1.2 million	• Addition of safety improvements, including vegetation management, intersection safety improvements, trail striping, signage

Capital improvements and major maintenance renovations. The fund will also support improvements or major maintenance at Steve Cox Memorial Park, Skyway Park,[12] and play areas around the County.

[12] A discussion of these two projects can be found in the Youth Sports Facilities Grants staff report

ISSUES

ISSUE 1 – PARKS MAINTENANCE FACILITY

For a number of years, the Parks and Recreation Division has sought to redevelop and expand its central maintenance shop in Renton to better accommodate maintenance staff and equipment. A new maintenance facility was included in the Facilities Management Division's 2000 Maintenance Facility Master Plan. This Master Plan was updated in 2008 to reflect Parks' needs following the transfer of local parks to the cities and the closure of three of Parks' four regional maintenance shops. Funding for a new maintenance facility was included as part of the Parks, Open Space & Trails Levy, which was approved by County voters in August 2013.

In 2014, the Council approved $2.4 million from REET for planning, siting, design, and permitting for the central maintenance facility.[13] In 2015, the Council approved an additional $2.246 million appropriation[14] from Parks Operating fund balance to fund the purchase of property from the Road Services Division. At the time of the 2015 appropriation, the total cost of the maintenance facility was estimated at $12.3 million.

In the year since that last appropriation, however, Parks has completed a departmental reorganization to streamline parks and open space maintenance staffing. This reorganization has led to the decision to close Parks' Sunset and Cougar Mountain maintenance shops and to consolidate those staff at the central maintenance facility in Renton. Parks has also begun planning for the additional staff that might be needed for maintenance of the system over the useful life of the new facility.

The combination of planned closure of two existing maintenance shops and planning for future needs increased the staff to be accommodated at the new facility from 60 to nearly 100. Additional space for those staff, planning for administrative and meeting room space, and planning to achieve LEED Platinum status, have combined to increase the estimated budget of the facility to $27.7 million. The proposed 2017-2018 budget includes $6.7 million for programming, siting, design, and partial construction of underground site utilities to move forward with the project.

In 2015, this project was evaluated for potential identification as a high-risk capital project, which would have made it subject to mandatory phased appropriation.[15] At that time, the project was not identified as high-risk. This proposed increase in construction costs has not been reviewed by the Joint Advisory Group on Capital Projects.

Given the recent significant increase in the project budget, Council staff and staff from the Auditor's Office Capital Projects Oversight team have been working with staff from Parks and the budget office to evaluate the budget increase.

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[13] Ordinance 17941
[14] Ordinance 18154
[15] K.C.C. 4A.130

ISSUE 2 – MANDATORY PHASED APPROPRIATION TRAIL PROJECTS

Under county code, if a project is identified as high risk, the project budget is appropriated in phases. This allows opportunity for higher scrutiny and more oversight, if necessary. Two trail projects proposed for funding in 2017-2018 have been identified as high-risk capital projects and are subject to mandatory phased appropriation:[16]

Project Name	**2017-2018 Request**
East Lake Sammamish Master Plan Trail	$9,971,781

The East Lake Sammamish Master Plan Trail project includes the design and construction of a paved and soft surface multi-use recreational trail along 11 miles between Redmond, Sammamish and Issaquah on the east side of Lake Sammamish. When completed, it will connect with the Burke Gilman Trail, Marymoor Connector Trail, and Sammamish River Trail. King County purchased the corridor from BNSF in 1998 and opened an interim gravel trail in 2007.

Since then, the County has been working on the trail in phases based on funding availability. Preliminary design for the entire corridor was completed in early 2009. A 1.2-mile section in Redmond was opened in November 2011, a 2.2-mile section in Issaquah was opened in June 2013, and a 2.6-mile segment in North Sammamish opened in June 2015.

The proposed appropriation for 2017-2018 would cover construction of the 1.3-mile South Sammamish Segment A (between SE 43rd Street and SE 33rd Street); and preliminary and final design and permitting on South Sammamish Segment B (between Inglewood Hill Road and SE 33rd Street), which is the last segment of the trail.

Project Name	**2017-2018 Request**
South County Regional Trails (Lake to Sound Trail)	$1,356,208

The Lake to Sound Trail will be a 16-mile recreational trail in South King County that is being planned and developed by King County in partnership with the cities of Renton, Tukwila, Burien, SeaTac and Des Moines. When completed, it will connect the Cedar River Trail, the Green River Trail, the Westside Trail, the Des Moines Creek Trail, and the Eastside Rail Corridor, and will provide mobility connections to Link light rail.

Equity and social justice issues have been a particular focus of this trail, as residents in adjacent communities have the county's highest level of health disparities.

The Lake to Sound Trail project has been identified as a high risk project due to the need to secure underpass agreements with the BNSF and UP railroads, as well as the need to coordinate design, permitting and construction within multiple jurisdictions.

[16] K.C.C. 4A.130

Segment A has an additional risk that, due to its proximity to a colony of Great Blue Herons, there is a limited construction window from August through December.

The 2015-2016 biennial budget included $5,160,751 for final design, permitting, and construction for the 1.2-mile Segment A through the Black River Forest in Renton; construction of the 1.5-mile Segment B along Des Moines Memorial Drive in SeaTac and Burien; and preliminary design for the 2.4-mile Segment C from Des Moines Memorial Drive to Des Moines Creek Trail.

However, work on Segment B went over budget and required $1.1 million in additional funding, which was taken from the amount that had been set aside for Segment A. In addition, the cost for Segment A increased due to the addition of a pedestrian crossing and improvements at Monster Road.

To respond to these increased costs, the Council approved an appropriation of $2.525 million from the Regional Trail Reserve as part of the 2016 budget omnibus ordinance[17] to complete construction and closeout of Segment A.

The proposed appropriation for 2017-2018 would cover final design for Segment C and preliminary design for Segments D and E.

High risk projects are to receive appropriations tied to each project phase. Council staff are working with staff from the Auditor's Office to review the project records and ensure that they comply with Code requirements and are consistent with County best practices. Council staff will present more information on that review in the coming weeks.

[17] Ordinance 18319

Analyst:	Mary Bourguignon

OPEN SPACE CIP (FUNDS 3151 & 3522)

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Conservation Futures (Fund 3151)	$19,158,186	$24,237,631	26.5%
Estimated Revenues	$19,898,741	$23,351,214	17.3%
Major Revenue Sources	Conservation Futures Tax		
Open Space Non-bond County Projects (Fund 3522)	$2,533,000	$6,333,901	150%
Estimated Revenues	$7,989,726	$6.333,901	(21%)
Major Revenue Sources	State, Federal funding sources		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

King County manages a variety of funds devoted to the acquisition and preservation of open space lands. The Open Space Capital Improvement Program covered in this staff report consists of projects appropriated in two capital funds that were established to manage the proceeds from Conservation Futures Tax (CFT) funds, as well as levy and grant revenues:[1]

Conservation Futures Levy Subfund (3151)
Open Space Non-bond County Projects (3522)

Conservation Futures Levy Fund (3151). The Conservation Futures Tax (CFT) levy dedicates a portion of property taxes to purchase rural and urban open space in unincorporated King County and its cities. CFT funds are collected countywide as a dedicated portion of the annual property levy (up to $.0625 per $1,000 of assessed value) and are, by state law,[2] available only for the acquisition of open space and resource lands.

Per County Code,[3] the Conservation Futures Citizens' Oversight Committee conducts an annual review of applications for CFT funding and makes recommendations for the Executive and Council to consider as part of the budget. Although this is a biennial budget, the Code outlines an annual process for applications, review, and recommendations. As a result, the proposed 2017-2018 budget includes a list of proposed projects for 2017, as well as a set-aside for 2018 projects, which will be

[1] The Parks Capital Improvement Program, which is addressed in a separate staff report, also includes funding for open space acquisition through the Parks, Trails, and Open Space Replacement Levy.
[2] RCW 84.34.240
[3] K.C.C. 26.12

submitted and reviewed over the course of 2017 and then submitted for Council review and approval as part of the mid-biennial supplemental budget ordinance.

Open Space Non-bond County Projects (3522). This fund is used for the acquisition of fee and conservation easements for the protection and conservation of open space lands. It is supported by several outside federal and state revenue sources.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The **Conservation Futures Levy Fund** is proposed to increase by 26.5 percent, to $24.2 million. The increase is due to the overall increase in appraised property value, carryover fund balance, interest income, and $1.72 million as payment of a loan made as part of the 1999 budget to provide initial capitalization for the Transfer of Development Rights Fund.[4]

As noted above, K.C.C. 26.12 sets out a process by which a CFT Citizens' Oversight Committee reviews and makes recommendations for projects to be funded through the CFT. For 2017, the CFT Citizens' Oversight Committee recommended funding for projects totaling $11.5 million. These recommendations were transmitted to the Executive earlier this year, and were presented to the Council's Transportation, Economy and Environment Committee on July 19.[5]

Table 1: Proposed Allocation of CFT for 2017

Project	Requester	Acreage[6]	District	2017-2018 Proposed
Watts Property / Mary Olson Farm	Auburn	16.00	7	$111,000
Bellevue Greenway & Open Space System	Bellevue	4.18	6	$397,500
Wayne Golf Course - Front Nine	Bothell	46.00	1	$200,000
Wayne Golf Course - Back Nine	Bothell/KC	37.72	1	$800,000
Carnation Tolt Commons Park	Carnation	0.11	3	$25,000
Tolt River Additions	Carnation/KC	13.50	3	$200,000
South Covington Park/Jenkins Creek Trail	Covington	2.25	9	$100,000
Hylebos Creek	Federal Way	6.92	7	$98,300
Issaquah Creek Waterways	Issaquah	19.81	3	$200,000
Juanita Hts Pk/Juanita Creek Watershed	Kirkland	1.47	1	$135,000
SPU Property	Lk Forest Pk	5.60	1	$250,000
May Creek Tributary/Lake Boren	Newcastle	3.52	9	$199,000
Partnering for a Park - Rattlesnake Mtn	North Bend	31.86	3	$1,000,000

[4] Ordinance 13340 Section 119, "Provided that: Repayment for the initial capitalization of $1,500,000 for the transfer of development rights ban, capital improvements program (CIP) program number 352230, shall be from the conservation futures fund.
[5] Briefing 2016-B0146
[6] Acres indicated are the total acres eligible for acquisition within the project scope. Many projects, particularly King County projects, are multiple parcel/multiple year efforts, and not all of the acreage will be purchased in one year.

Project	Requester	Acreage[6]	District	2017-2018 Proposed
May Creek - Fawcett Property	Renton	5.20	9	$400,000
Snoqualmie Riverfront Reach	Snoqualmie	11.00	3	$150,000
Bitter Lake Playfield	Seattle	3.50	4	$1,000,000
Lake City Urban Village Additions	Seattle	0.33	1	$1,200,000
Delridge Open Space	Seattle	0.50	8	$40,000
Lakeridge Park Addition	Seattle	0.13	2	$30,000
Longfellow Creek Addition	Seattle	0.12	8	$200,000
Magnolia Greenbelt	Seattle	0.40	4	$40,000
North Beach Natural Area	Seattle	0.26	4	$30,000
Emerald Necklace/Soaring Eagle Park	King County	160.00	3	$200,000
Griffin Creek Natural Area	King County	6.29	3	$70,000
Middle Fork Snoqualmie NA Addition	King County	6.51	3	$59,305
Mitchell Hill Forest Additions	King County	156.00	3	$250,000
Snoqualmie Forest	King County	--	3	$25,000
Cougar Mountain Park Additions	King County	74.00	3	$50,000
Cougar-Squak	King County	28.00	9	$250,000
Lower Cedar/Dorre Don	King County	15.00	9	$50,000
Lower Cedar/Mouth of Taylor Cr. Reach	King County	9.90	9	$300,000
Upper Bear Creek/Paradise Valley	King County	21.90	3	$281,789
Patterson Creek Natural Area	King County	39.00	3	$25,000
Wetland 14 Natural Area Addition	King County	16.50	9	$330,000
Lower Newaukum Creek	King County	101.00	9	$300,000
Middle Newaukum/Big Spring Creek	King County	36.00	9	$300,000
Big Beach	King County	5.00	8	$350,000
Maury Island Additions - Community Trails	King County	20.00	8	$200,000
Piner Point Natural Area	King County	8.00	8	$250,000
Spring Beach	King County	23.75	8	$140,000
Vashon Island South Upland Forest	King County	97.00	8	$25,000
Dairies in King County/TDR	King County	328.00	3,7,9	$400,000
Farmland Easements in Enumclaw APD	King County	43.86	9	$190,000
Farmland Easements in Sammamish APD	King County	21.36	3, 6	$125,000
Farmland Acquisition in Lower Green APD	King County	47.00	7	$125,000
Protecting Farmland with Regional TDR	King County	928.00	--	$300,000
Red Barn Ranch	King County	39.69	7	$161,500
2017 Project Total				**$11,563,394**
TDR Program Support	King County			$142,983
2018 Open Space Set-Aside	King County			$12,191,836
Administrative Support	King County			$349,418
GRAND TOTAL 2017-2018				**$24,247,631**

The **Open Space Non-bond County Projects** is projected to have a 150 percent budget increase to $6.3 million, mainly due to carryover of funding from the previous biennium. Projects will be funded by grants from the Puget Sound Acquisition and Restoration Program (PSAR), the Estuary and Salmon Restoration Program (ESRP), the Washington Wildlife and Recreation Program (WWRP), and the Aquatic Lands Enhancement Account (ALEA). Projects will be carried out based on the grants that are received

ISSUES

Staff have not identified any issues for this budget.

Analyst:	Mary Bourguignon

WATER AND LAND RESOURCES CIP (FUNDS 3292 & 3840)

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Surface Water Management (SWM) CIP Non-Bond (Fund 3292)	$28,592,499	$22,207,228	(22%)
Estimated Revenues	$28,592,499	$22,207,228	(22%)
Major Revenue Sources	SWM fees, grants, bond proceeds, interlocal agreements		
Farmland and Open Space Acquisition (Fund 3840)	$1,222,279	$75,093	(94%)
Estimated Revenues	$1,222,279	$75,093	(94%)
Major Revenue Sources	Leases on County-owned farmland		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

The Water and Land Resources Division's **Surface Water Management (SWM) CIP Fund (3292)** is funded by SWM fees transferred from the operating fund, bond proceeds, state and federal grants, and inter-local agreements. It has two sections:

- **Stormwater:** The Stormwater Services Section is responsible for public safety, properties and water quality. Stormwater Services capital projects include repairing, improving, or constructing new facilities to control stormwater runoff and pollution, relieving drainage problems affecting residential areas and agricultural fields, and responding to emergencies. Projects managed by the Stormwater Services section preserve public safety and protect property from flooding, erosion, adverse water quality, or the deterioration of stormwater facilities designed to prevent such events.

- **Rural and Regional:** The Rural and Regional Services section is responsible for projects with an ecological and habitat restoration focus. Capital projects are authorized based on ecological criteria, urgency, readiness and effectiveness for recovery of endangered salmon and other critical watershed functions. These projects collectively protect or restore aquatic ecosystems in King County across Water Resource Inventory Areas (WRIA).

The **Farmland and Open Space Acquisition Fund (3840)** receives funding from fund balance and leases of County-owned farmland. The fund is used for farmland acquisition, as well as to make improvements, such as soil amendments, drainage improvements, and well, fence and road repairs, to County-owned farmland.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The **Surface Water Management (SWM) CIP Fund (3292)** is proposed to decrease by 22 percent to $22.2 million, largely due to a change in the way grant contingency is budgeted. In previous years, a grant contingency was embedded within each of the program's master projects. For 2017-2018, however, grant contingencies have been consolidated into two, one for each of the fund's lines of business. That change has led to a proposed $11 million reduction in grant contingency.

Major projects proposed to be funded by the SWM Fund include:

- **Water Resource Inventory Area (WRIA) projects.** The fund would cover aquatic ecosystem and habitat restoration projects in WRIAs 7, 8, 9 and 10, based on the adopted plans for each WRIA.[1] For 2017-2018, these WRIA projects are budgeted at $4.8 million. Proposed projects are listed in Table 1.

Table 1. Proposed Ecosystem Projects by WRIA (Fund 3292)

WRIA	Project Name	Amount
7	Frew Floodplain Reconnect	$1,005,000
7	Twin River Restoration – Lower Raging	$400,000
7	Tolt-San Souci	$480,000
7	Patterson Aldarra	$275,000
7	Move of grant contingency to line of business	-$1,654,250
7 TOTAL		**$505,750**
8	Riverbend Restoration	$5,300,000
8	Bear Creek Doyle Restoration	$94,494
8	Little Bit	$300,000
8	Move of grant contingency to line of business	-$461,716
8 TOTAL		**$5,232,778**
9	Turley/Lones Levee Setback	$625,000
9	Auburn Narrows Road RR	$386,603
9	Lower Newaukum Restoration	$104,969
9	Lower Soos Creek Restoration	$189,000
9	Move of grant contingency to line of business	-$3,219,352
9 TOTAL		**-$1,913,780**
10	M Boise Van Wierengen	$998,000
10 TOTAL		**$998,000**
GRAND TOTAL WRIAs		**$4,822,748**

[1] Ordinance 18148

- **Vashon Ecosystem restoration.** The fund would cover $393,000 for planning and habitat restoration in unincorporated portions of the Vashon-Maury Island Watershed. Projects to be funded are listed in Table 2:

Table 2. Proposed Ecosystem Projects for Vashon/Maury (Fund 3292)

Vashon/Maury	Project Name	Amount
V	Maury Island Reserve Armoring Removal	$770,000
V	Judd Creek Estuary Enhancement	$155,000
V	Cross Landing	$146,000
V	Marine Shoreline revegetation	$16,497
V	Move of grant contingency to line of business	-$694,653
GRAND TOTAL VASHON/MAURY		**$392,844**

- **Stormwater public safety and property protection.** The proposed budget includes $4.99 million for public safety and property protection for SWM ratepayers. In addition, the budget would include just over $800,000 for small habitat restoration projects

- **Agricultural Drainage Assistance Program (ADAP).** The budget would also include $1.1 million for assistance to farmers to improve drainage on their property. These projects aim to improve habitat and also to increase productivity by bringing previously too wet to far areas into production or extending the growing season for marginally wet properties.

The **Farmland and Open Space Acquisition Fund (3840)** would decrease by 94 percent to $75,093. This decrease is primarily because the previous biennial budget had allocated more than $1 million to this fund from fund balance to be used for farmland acquisition. Rental income from County-owned farmland is projected to remain relatively steady at approximately $35,000. For 2017-2018, the budget proposes to transfer $27,716 to the SWM operating fund to be used for SWM habitat and property protection purposes. This fund is projected to close at the end of the biennium.

ISSUES

Staff have not identified any issues for this budget.

However, please note that the scope and size of the Surface Water Management (SWM) CIP Non-Bond Fund (3292) will depend on the SWM rate that is adopted for the next biennium. The SWM rate will be discussed separately, as part of the review of Proposed Ordinance 2016-0490.

Analyst:	Mary Bourguignon

REAL ESTATE EXCISE TAX 1 (REET 1)

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$12,475,478[1]	$14,578,040	16.9%
Max FTEs:	0.0	0.0	N/A
Max TLTs:	0.0	0.0	N/A
Estimated Revenues	$12,475,478	$13,578,040	16.9%
Major Revenue Sources	Real Estate Excise Tax 1		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

King County levies two Real Estate Excise Taxes (REET) on sellers of real property in unincorporated King County. Each tax is 0.25 percent of the property value and each is regulated by both State law and the King County Code.

- **REET 1** is permitted by State law to be used to finance capital improvements that are listed in the capital facilities plan element of the Comprehensive Plan.[2] The King County Code specifies that these capital improvements must be located in the unincorporated area of the county.[3]

- **REET 2** is permitted by State law to be used for capital projects, including for parks and open space uses, as well as some limited operations and maintenance of capital facilities.[4] The King County Code requires that REET 2, "may only be used for the planning, construction, reconstruction, repair, rehabilitation or improvement of parks located in or providing a benefit and open to residents of the unincorporated area of King County."[5]

REET revenues have trended downward during the last several decades as more and more of unincorporated King County has been annexed and therefore no longer subject to the County's REET. REET revenues have been particularly volatile over the last decade, as real estate sales dropped sharply during the recession and then rebounded beginning in 2013. The chart on the next page shows REET 1 revenues (both actual and projected) from 2006 through 2021.

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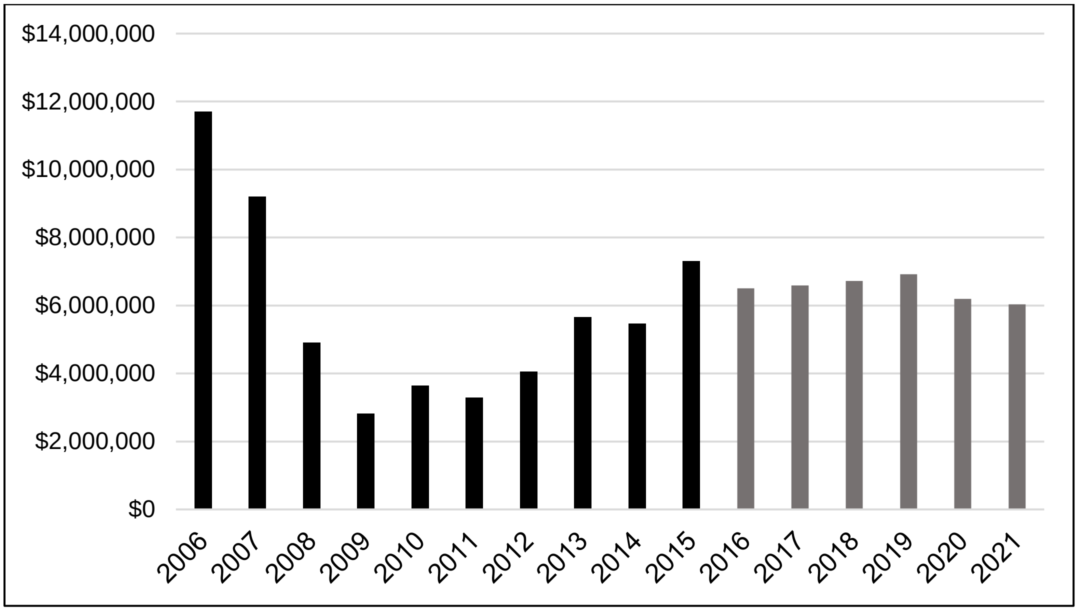
[1] From Ordinance 17941, Adopted 2015-2016 biennial budget
[2] RCW 82.46.010
[3] K.C.C. 4A.200.580
[4] RCW 84.46.035
[5] K.C.C. 4A.200.590.E

Figure 1. REET 1[6] Revenues (Actual and Projected)



King County Office of Economic & Financial Analysis (OEFA), September 2016 Forecast Approved by the King County Forecast Council on September 14, 2016 (KCFC 2016-05)

REET revenues have historically been a key funding source for the County's parks and open space system, and have become more important in recent years as the County's parks system no longer receives General Fund support.

SUMMARY OF PROPOSED BUDGET AND CHANGES

REET 1 is proposed to increase by 16.9 percent as the result of a carryover of funds from the 2015-2016 biennium. The REET 1 Fund serves only as a pass-through fund: it will provide funding for projects in the Parks Open Space Fund (3160) and the Parks Capital Fund (3581), both of which are reviewed separately. Just over $1 million will be used for debt service to cover previously approved, bond-funded projects. In addition, $1,197 will be transferred to the Parks Facility Rehab Fund (3490) for the purpose of reconciling this fund so that it can be closed.[7]

The proposed budget would also transfer $3 million of REET 1 to the Roads Services Division (see below).

[6] Because REET 1 and REET 2 are each 0.25% of property sales value, their forecasts are identical. Actual budget amounts differ due to differences in carryover from year to year and subsequent interest earning differences.
[7] Executive staff note that Fund 3490 is being closed for administrative simplicity, as there are a number of other Parks capital funds.

ISSUES

ISSUE 1 – TRANSFER OF $3 MILLION TO ROADS SERVICES DIVISION

As noted above, REET 1 and REET 2 have been key funding sources for the County's parks and open space system, particularly since General Fund support was decreased and then removed entirely from the Parks and Recreation Division beginning in 2002.

For 2017-2018, however, in response to the urgent needs in the Road Services Division, the proposed budget would transfer $3 million from REET 1 to the Road Services Division. The transfer is allowed under both State law and County Code, but would have policy implications.

This has been proposed as a one-time transfer, but it would set a precedent for this fund, which could have implications for funding of Parks projects, as well as for Roads and Surface Water Management projects.

In terms of the parks and open space system, Executive staff have stated that no planned Parks projects would go unfunded because of this proposed transfer. However, with at least one major Parks project – the Central Maintenance Shop – projecting a significant budget increase,[8] the proposed transfer would have some level of impact on Parks projects.

Ultimately, the proposed transfer is a policy decision for Councilmembers.

[8] This project budget will be covered in the Parks, Recreation, and Open Space Capital Fund (Fund 3160)

Analyst:	Mary Bourguignon

REAL ESTATE EXCISE TAX 2 (REET 2)

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$13,434,530[1]	$13,755,487	(0.3%)
Max FTEs:	0.0	0.0	N/A
Max TLTs:	0.0	0.0	N/A
Estimated Revenues	$13,434,530	$13,717,949	2.1%
Major Revenue Sources	Real Estate Excise Tax 2		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

King County levies two Real Estate Excise Taxes (REET) on sellers of real property in unincorporated King County. Each tax is 0.25 percent of the property value and each is regulated by both State law and the King County Code.

- **REET 1** is permitted by State law to be used to finance capital improvements that are listed in the capital facilities plan element of the Comprehensive Plan.[2] The King County Code specifies that these capital improvements must be located in the unincorporated area of the county.[3]

- **REET 2** is permitted by State law to be used for capital projects, including for parks and open space uses, as well as some limited operations and maintenance of capital facilities.[4] The King County Code requires that REET 2, "may only be used for the planning, construction, reconstruction, repair, rehabilitation or improvement of parks located in or providing a benefit and open to residents of the unincorporated area of King County."[5]

REET revenues have trended down during the last several decades as more and more of unincorporated King County has been annexed and therefore no longer subject to the County's REET. REET revenues have been particularly volatile over the last decade, as real estate sales dropped sharply during the recession and then rebounded beginning in 2013. The chart on the next page shows REET 2 revenues (both actual and projected) from 2006 through 2021.

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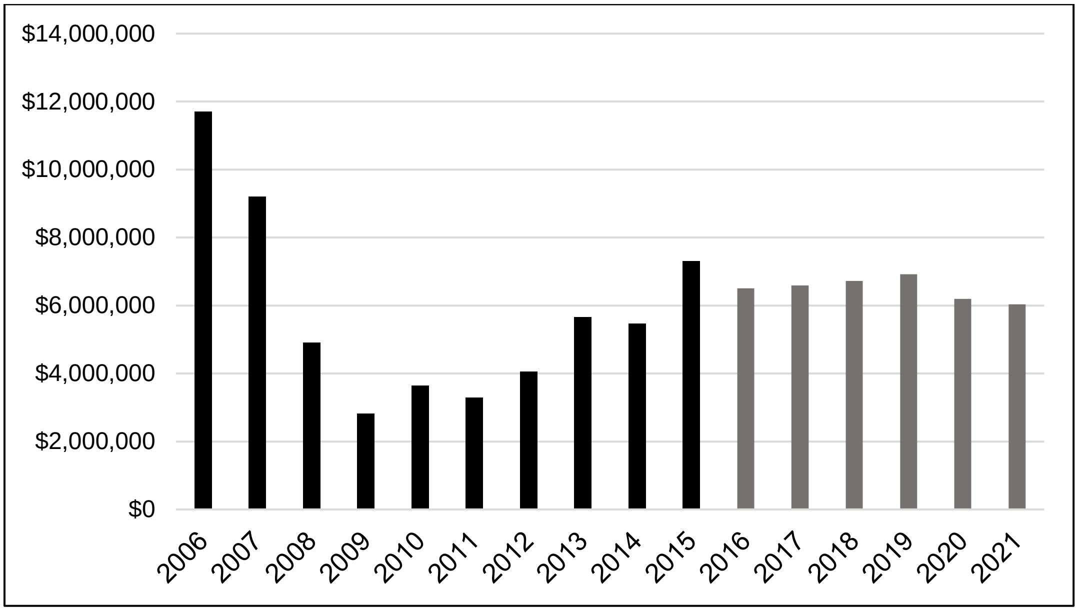
[1] From Ordinance 17941, Adopted 2015-2016 biennial budget
[2] RCW 82.46.010
[3] K.C.C. 4A.200.580
[4] RCW 84.46.035
[5] K.C.C. 4A.200.590.E

Figure 1. REET 2[6] Revenues (Actual and Projected)



King County Office of Economic & Financial Analysis (OEFA), September 2016 Forecast Approved by the King County Forecast Council on September 14, 2016 (KCFC 2016-05)

REET revenues have historically been a key funding source for the County's parks and open space system, and have become more important in recent years as the County's parks system no longer receives General Fund support.

SUMMARY OF PROPOSED BUDGET AND CHANGES

REET 2 is anticipated to decline slightly (-0.3 percent) over the next biennium. The REET 2 Fund serves only as a pass-through fund: it will provide funding for projects in the Parks Open Space Fund (3160) and the Parks Capital Fund (3581), both of which are reviewed separately. In addition, $2,992 will be transferred to the Parks Facility Rehab Fund (3490) for the purpose of reconciling this fund so that it can be closed.[7]

ISSUES

Staff have not identified any issues for this budget.

[6] Because REET 1 and REET 2 are each 0.25% of property sales value, their forecasts are identical. Actual budget amounts differ slightly due to interest earning differences related to the timing of fund transfers to project accounts.

[7] Executive staff note that Fund 3490 is being closed for administrative simplicity, as there are a number of other Parks capital funds.

Analyst:	Mary Bourguignon

TRANSFER OF DEVELOPMENT CREDITS PROGRAM (FUND 3691)

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Transfer of Development Credits Program (Fund 3691)	$2,060,720	$21,070,022	922%
Estimated Revenues	$2,060,720	$21,070,022	922%
Major Revenue Sources	TDR payments		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

Transfer of Development Credits Program (3691). The Transfer of Development Rights (TDR) Bank acts as a revolving fund to preserve land by managing the purchase and sale of development rights.[1]

SUMMARY OF PROPOSED BUDGET AND CHANGES

The budget for the TDR Program is projected to increase significantly, from $2 million to $21 million, primarily as a result of an agreement with Seattle that was reached in 2013.[2]

That agreement centered around Seattle's creation of a Local Infrastructure Project Area (LIPA) that encompasses South Lake Union, Denny Triangle, and the Commercial Core, and which, under State law,[3] gives private developers building in the LIPA the chance to purchase TDRs and receive development incentives in return. Under the terms of Seattle/King County agreement, Seattle is entitled to purchase 800 rural TDRs to be used in the LIPA, and to receive 17.44 percent of King County's share of property taxes from this area for 25 years.

In terms of the purchase of TDRs by private developers, the proposed budget for this fund assumes that King County will intensify its efforts in purchasing TDRs over the next biennium, so as to have them available to sell.

In terms of the agreement's required tax payments by King County to Seattle, these are covered in the General Fund Transfer to the DNRP budget, not in the TDR Program budget. By way of background, King County made its first payment to Seattle, of

[1] K.C.C. 21A.37
[2] Ordinance 17663
[3] RCW 39.108

$22,265, in 2015,[4] and its second payment, of $150,000, in 2016.[5] The proposed budget includes a total of $1,000,000 ($150,000 in the base budget and $850,000 in incremental adds) to account for estimated property tax payments to Seattle of $400,000 in 2017 and $600,000 in 2018.[6]

In addition to moving forward with TDR purchases and sales as a result of the agreement with Seattle, the proposed budget would also continue the County's TDR agreements with other cities, including Issaquah and Normandy Park, and develop agreements with additional cities, including the potential renewal of a previous agreement with Bellevue. In many cases, these agreements with cities guide TDR purchases, as cities may have a particular interest in the purchase of development rights within the watershed that provides their water; or to preserve open space just outside their borders; or, in the case of Seattle, of farmland preservation.

Another proposed initiative for this fund is to use the TDR Program as a means to move forward with the County's Land Conservation Initiative.[7] That initiative has the goal of acquiring, by fee or development rights, 66,000 acres of high conservation value lands over the next several decades.

The transmitted budget also includes a transfer of $1.72 million to the Conservation Futures Levy Fund (Fund 3151) as payment of a loan made as part of the 1999 budget to provide initial capitalization for the Transfer of Development Rights Fund.[8] This is also discussed in the Conservation Futures Levy Fund budget staff report.

ISSUES

Staff have not identified any issues for this budget.

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[4] Ordinance 17941
[5] Ordinance 18329
[6] These property tax transfers to Seattle are budgeted in the General Fund Transfer to DNRP budget.
[7] Motion 14458, Briefing 2016-B0092
[8] Ordinance 13340 Section 119, "Provided that: Repayment for the initial capitalization of $1,500,000 for the transfer of development rights ban, capital improvements program (CIP) program number 352230, shall be from the conservation futures fund.

Analyst:	Mary Bourguignon

YOUTH SPORTS FACILITIES GRANTS

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$2,506,223	$10,106,000	303%
Max FTEs:	1.0	4.0	300%
Max TLTs:	0.0	0.0	N/A
Estimated Revenues	$1,765,246	$10,158,000	475%
Major Revenue Sources	Car rental tax, interest		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

The Youth Sports Facilities Grant Program, as currently configured, provides matching grant funds to develop or renovate sports fields and facilities serving youth in King County. The program strives to provide athletic opportunities for as many youth as possible, with a particular focus on underserved areas. The primary source of funding for the program is the car rental tax.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The transmitted budget proposes a significant expansion in both budget and scope, as well as a new name – the Youth Sports and Recreation Program.

These proposed changes stem from the fact that the county was able to retire the Kingdome debt in March 2015. State law[1] had required that 75 percent of the county's car rental tax revenues be dedicated to repayment of the Kingdome debt, with the remaining 25 percent to be used for the Youth Sports Facilities Grant Program. With the Kingdome debt now retired, the State law allows the county to devote all of the car rental tax revenues to youth sports and recreation purposes.

The Executive has transmitted Proposed Ordinance 2016-0488, which would make the necessary changes to the County Code[2] to dedicate all of the car rental tax revenues to youth sports and recreation, specifying that the new funds must be used, "to provide grants and programs that provide recreation for youth from low and moderate income communities in King County."[3]

[1] RCW 82.14.049
[2] K.C.C. 4A.200.810
[3] Proposed Ordinance 2016-0488 Lines 34-35

If adopted, Proposed Ordinance 2016-0488 would allow for a 300 percent increase in the program's biennial budget (from $2.5 million in 2015-2016 to $10.1 million for 2017-2018) and the proposed reorganization of the program into four categories.

Category 1: "Traditional" Youth Sports Facilities Grants. As before, 25 percent of the car rental tax revenue stream (a total of $2.3 million for the biennium, with $883,950 proposed in grants for 2017, see Table 1 below) would be used to provide matching grant funds to develop or renovate sports fields and facilities serving youth in King County.[4] These grants will be focused on providing athletic opportunities for as many youth as possible, with a particular focus on underserved areas.

Funding is provided to eligible public entities and non-profit organizations.[5] The maximum award is $75,000. Applicants seeking funding must provide a local match of 1:2,[6] which means they must provide one dollar in cash, volunteer labor, donated supplies, or professional services for every two dollars requested. Although grant recipients have not yet been finalized, the proposed list of grants for 2017 is as follows:

Table 1: Youth Sports Facilities Grants Proposed for 2017

Applicant	Project	Recommended Award	District
Auburn Parks	Brannan Park Synthetic Infield	$75,000	7
Bothell Parks	1st Lt. Nicholas Madrazo Park Tennis Courts	$75,000	1
Duvall	Big Rock Park Fields	$75,000	3
Kent Parks	West Fenwick Futsal Court	$75,000	5
Maple Valley Parks	Gaffney's Grove Disc Golf Course	$15,950	9
North Bend	Torguson Park Pump Track	$75,000	3
Northshore School District	Sunrise Elementary Playground	$66,000	3
Seattle Parks	Brighton Park Synthetic Turf Field	$75,000	2
Seattle Public Schools	Highland Park Playground	$69,000	8
Seattle Public Schools	Madrona K-8 Playground	$75,000	2
Snoqualmie Parks	Snoqualmie Community Skate Park	$58,000	3
Starfire Sports	Starfire Sports Stadium Field	$75,000	8
Vashon Park District	Vashon Pool	$75,000	8
TOTAL		**$883,950**	

[4] Ordinance 10454
[5] Eligible entities include such as school districts, park districts, utility districts, local governments, youth sports leagues and community organizations
[6] This local match was lowered from 1:2 to 1:4 in 2012 (Motion 13763) as a way of encouraging more applicants, particularly applicants from underserved areas. In 2014, the Executive responded with a report analyzing grant proposals in 2013 and 2014, and recommended restoring the match to 1:2 (Motion 14254).

Category 2: Recreational Access Grants. The proposed budget would allocate $2.1 million during the biennium for grants of up to $250,000 for non-capital items to increase access to sports opportunities for low-income youth. Items to be funded could include transportation, equipment, team fees, etc.

Category 3: Park and Recreation Improvement Grants. The proposed budget would allocate $1.2 million during the biennium for capital grants of up to $300,000. This program would be similar to Category 1 (the traditional YSFG grants) but would allow for larger grants and a lower (or no) local match. Grants would be focused on historically underserved communities.

Category 4: Recreation Programs in Underserved Areas. The proposed budget would allocate $1.8 million during the biennium to expand recreation programs in underserved areas in urban unincorporated King County, including Skyway and East Federal Way. The proposed budget would add Recreational Specialists (two FTEs and two TLTs) to develop programming. While this program is being developed, the budget proposes to allocate $500,000 to Skyway Park, to fund the planning, design, engineering, permitting and construction of a number of improvements, including installing a new mini open play soccer arena, upgrading fending, lighting restrooms and ADA access, repurposing poorly draining ballfields to a grassy meadow, and creating a new pedestrian entryway.[7]

In addition, the budget proposes to allocate $2.1 million to Steve Cox Memorial Park to:

- Convert the multi-purpose ballfield to synthetic turf, with drainage improvements and new lighting;
- Replace the roof at the racquetball court building;
- Complete rehabilitation of the existing parking lot; and
- Repair weather damage to the stadium.[8]

ISSUES

ISSUE 1 – CODE CHANGE LEGISLATION TO EXPAND PROGRAM

The Executive has transmitted Proposed Ordinance 2016-0488 to make the code changes necessary to expand Youth Sports Facilities Grants Program (and rename it the Youth Sports and Recreation Program) as permitted by State law following the retirement of the Kingdome bonds in 2015.

The expanded program and renamed Youth Sports and Recreation Fund proposed in the budget cannot be implemented until and unless this legislation is adopted. The proposed legislation will be considered with the rest of the budget legislation.

Staff have not identified any further issues with this budget.

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[7] Funding for Skyway Park improvements would be routed through the Parks Capital Fund (3581)

[8] Funding for Steve Cox Memorial Park improvements would be routed through the Parks Capital Fund (3581)

Analyst:	Davin Simmons

GEOGRAPHIC INFORMATION SERVICES (GIS)

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$14,621,904	$17,407,000	19.0%
Max FTEs:	28.0	34.0	24.1%
Max TLTs:	0.0	0.0	N/A
Estimated Revenues	$14,010,132	$16,839,000	20.2%
Major Revenue Sources	Central rate charge		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

The King County Geographic Information Systems (KCGIS) is organized as a separate internal service fund and provides user groups (county and other government agencies, as well as the general public) with a single point access to GIS data and products. KCGIS manages a countywide GIS database and also plays a leadership role in developing and maintaining a regional GIS system. KCGIS also provides consulting and project services – creating outputs such as maps, charts, reports, and interactive applications to meet client requirements. The cost of providing GIS services is billed to client agencies.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed 2017-2018 KCGIS budget is $17.4 million and includes funding for 34 FTEs. The budget proposal reflects a 19.0 percent increase over the 2015-2016 adopted budget and 24.1 percent FTE increase. The FTE increase is a result of the current E-911 body of work being transferred to this program due to the similarity to GIS functionality. The assessment work will continue to be refined by an analysis of E911 technology, job classifications, business practice and methods, and financial identifications of both labor and non-labor in the program.

There is an associated 20.2 percent increase in revenues, for a total of $16.8 million. The majority of increased revenues is due to E911 transfers and Regional GIS Aerial Contingency Imagery Program revenue with proposals of $1.7 and $1.1 million, respectively. Contingency Imagery revenue funding fluctuates yearly depending on the regional partner's needs of work. This revenue is to offset the appropriation that may be used or unused during the biennial depending on participation of the regional partners.

E-911 IT Staff Alignment. $1,739,591 in expenditures, $1,739,591 in revenues. The proposal to transfer 6.0 FTEs is part of the continued consolidation of County IT under KCIT[1]. This alignment will include the body of work and skills needed to support the technology and program needs to run operations effectively. This transfer request is also described in the E911 budget in a separate staff report.

Direct Services. The proposed budget for Direct Services is a $4.4 million expenditure. The following services below are provided beyond standard GIS work provided to all subscribers and are performed on a reimbursement basis. This expenditure represents yearly fluctuating fees and imagery costs on funding for King County partner agencies.

	Amount	Financial Plan Revenue
Regional Partner Imagery Effort	$1,142,000	External Imagery
KC GIS Imagery Effort-Central Rates	$417,500	O&M Rates
Ad hoc Funding Imagery Effort (contingency)	$1,719,500	Contingency Imagery
KC GIS Licenses & Misc.-Central Rates	$1,148,000	O&M Rates
TOTAL	**$4,427,000**	

ISSUES

Staff have not identified any issues for this budget.

[1] Ordinance 18139

Analyst:	Davin Simmons

FLOOD CONTROL CONTRACT FUND

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$188,286,000	$127,183,000	(32.5%)
Max FTEs:	47.5	56.0	17.9%
Max TLTs:	3.0	0.0	(300.0%)
Estimated Revenues	$188,261,000	$127,183,000	(32.4%)
Major Revenue Sources	Flood Control District property tax; Intercounty River Improvement Fund		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

The Water and Land Resources Division (WLRD) River and Floodplain Management section implements the operations and the capital improvement program of the King County Flood Control District by way of a contractual interlocal agreement. It is a special purpose government composed of members of the King County Council created to provide funding and policy oversight for flood protection projects and programs in the County. The District operations and capital programs are largely based on the 2006 King County Flood Hazard Management Project Plan, which recommends regional policies, programs, and projects to reduce risk to people and property from river flooding and channel migration.

The primary revenue source is the District's countywide property tax assessed as an independent special purpose government. The levy is assessed for the purpose of implementing flood hazard reduction programs and projects. To comply with the contract between the County and the District, both operating and capital expenditures are budgeted in the operating fund.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2017-2018 proposed budget for the Flood Control District Fund is $127,182,996 with 56.0 FTEs. This is a 32.5 percent decrease in the previous biennium in appropriation, a 17.9 percent increase in FTEs, and a 300 percent decrease in TLTs. This proposal will be contingent upon the District's willingness to increase FTEs.

The proposed administrative changes would return a Project Program Manager III and Capital Project Manager III from previous approved positions that have remained vacant. The position of Environmental Scientist III would be converted from a TLT to a FTE position. The positions of Administrative Specialist II and Communication Specialist II are new proposals for this biennium.

Work performed by WLRD is at the request of the District, and are subject to negotiation between the County and the District. The 2017-2018 County Adopted Budget will be adjusted according to the District's approved 2017 budget.

University of Washington Climate Change Project. $300,000 is proposed to support at University of Washington Climate Change project through loan in labor and consultant contracts. The Executive's proposed budget indicates that an employee from Water and Land Resources will be loaned in to provide support for this project. Council staff is continuing to analyze the various climate change related proposals and will include this request in a consolidated issue paper.

ISSUES

Staff have not identified any issues for this budget, though analysis on the University of Washington Climate Change Project will be continued as part of a comprehensive review of the Executive's climate change initiative.

Analyst:	Davin Simmons

INTER-COUNTY RIVER IMPROVEMENT

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$100,000	$100,000	N/A
Max FTEs:	0.0	0.0	N/A
Max TLTs:	0.0	0.0	N/A
Estimated Revenues	$100,000	$100,000	N/A
Major Revenue Sources	Intercounty River Improvement Levy		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

The Intercounty River Improvement Fund historically served to manage the revenues intended to fund flood control projects in the White River Basin. The purposes of the Intercounty River Improvement Fund were assumed by the King County Flood Control Zone District when it was created in 2008, though the tax levy continues on properties along the White River.

SUMMARY OF PROPOSED BUDGET AND CHANGES

There are no changes proposed as part of this budget. The revenue under this fund is transferred to the Flood Control District.

ISSUES

Staff have not identified any issues for this budget.

Analyst:	Davin Simmons

NOXIOUS WEED CONTROL PROGRAM

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$5,140,351	$5,630,000	9.5%
Max FTEs:	16.5	16.5	N/A
Max TLTs:	0.0	0.0	N/A
Estimated Revenues	$4,883,559	$5,108,000	4.6%
Major Revenue Sources	Noxious Weed Fee; Grants		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

Water and Land Resources Division (WLRD) Noxious Weed Program is funded through a per-parcel charge. This program carries out the mandates of the state noxious weed control law, Revised Code of Washington Chapter 17.10 RCW. The program's mission is to prevent and minimizer impacts of noxious weeds to the environment, recreation, public health, and the economy. The focus of the program is on providing education and technical assistance to landowners and public agencies to help them find the best control options for noxious weeds on each site and to reduce the overall impact of noxious weeds throughout the County. The program responds to citizen reports and complaints, as well as independently initiating surveys across King County to detect new infestations and measure changes in known populations.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2017-2018 proposed budget for the Noxious Weed Fund is $5,629,578 with 16.5 FTEs. This is a 9.5 percent increase from the previous biennium in appropriation authority, and no change in FTEs. In 2015, the Noxious Weed Program eradicated noxious weeds on 2,518 of the 2,522 locations staff responded to for a 99.8 percent control rate.

Local Government Services. The Noxious Weed Program provides technical assistance, education, and regulatory enforcement of the noxious weed list throughout the County, in incorporated and unincorporated areas.

ISSUES

Staff have not identified any issues for this budget.

Analyst:	Miranda Leskinen

PUGET SOUND EMERGENCY RADIO NETWORK LEVY FUND

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$29,152,237	$61,365,000	110.5%
Max FTEs:	4.0	4.0	N/A
Max TLTs:	0.0	0.0	N/A
Estimated Revenues	$29,430,327	$61,087,000	107.6%
Major Revenue Sources	Property levy proceeds		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

King County voters, in April 2015, approved a nine-year, $273 million property tax levy to fund the Puget Sound Emergency Radio Network (PSERN). Once completed, PSERN will replace the King County Emergency Radio Communications System (KCERCS)[1], which is the current countywide emergency radio network. PSERN will improve and upgrade the countywide emergency radio network by providing increased system reliability, increased coverage capacity from 94 percent coverage to 97 percent coverage, improved security on the network and nearly double the number of radio transmitter sites.

King County has been chosen to implement PSERN. The project is under the administrative control of King County Information Technology (KCIT). PSERN full system acceptance is scheduled for September 2020. Ownership and management of the PSERN system after project completion, under the terms of the Operations MOA[2], will be vested in a new, nonprofit organization governed by a Board of Directors.

Of note, the PSERN capital fund (3361) is designated for the PSERN capital project. As funds are appropriated for the PSERN project, they are transferred from the PSERN levy operating fund to the PSERN capital fund[3]. Executive staff indicate there will be a request for an additional PSERN capital appropriation in 2017 or 2018. The PSERN capital project is subject to Mandatory Phased Appropriation requirements per County Code [4]. Both the Regional Policy Committee and Law and Justice Committee receive

[1] KCERCS consists of 26 transmitter sites and multiple interconnecting microwave and fiber systems, and it supports over 100 agencies and approximately 17,000 radio users, each with a portable radio handset and/or installed mobile radio in a vehicle.
[2] Refer to Ordinance 18074, approved by Council in June 2015.
[3] Ordinance 18067, approved by Council in June 2015, established both of these funds.
[4] K.C.C. 4A.133.

quarterly briefings on PSERN[5]. Additionally, the County Auditor's Office provides project oversight.[6]

SUMMARY OF PROPOSED BUDGET AND CHANGES

The PSERN Levy Fund proposed budget for 2017-2018 is $61.36 million with 4.0 FTEs. This is a 110.5 percent increase in appropriation authority from what has been approved in the 2015-2016 biennium[7]. There is no change in FTEs. Of note, the PSERN project was not part of the regular 2015-2016 proposed budget cycle. Separate supplemental appropriation authority was approved by Council in June 2015 (Ordinance 18076) and February 2016 (Ordinance 18239). This is the first full biennial budget for this fund.

The proposed PSERN budget requests are technical in nature. The most significant changes include a revenue adjustment of $61.08 million to match the most current (August 2016) Office of Economic and Financial Analysis (OEFA) forecast, and an increase in expenditure authority of $1.15 million to align with the total property revenue and levy fund balance expected to be transferred to the PSERN capital fund in 2017-2018.

ISSUES

Staff have not identified any no issues with this budget.

[5] Motion 14437, enacted in October 2015, requires the Executive to brief the Law, Justice and Emergency Management Committee (or its successor) on a quarterly basis on the status of the PSERN project in relation to the project's identified milestones. The Regional Policy Committee has also requested quarterly briefings on the project implementation.

[6] The County Auditor's Office Capital Project Oversight Program provides ongoing oversight of KCIT's Puget Sound Emergency Radio Network project with emphasis on scope, schedule, and budget performance, and providing timely information.

[7] Per the PSERN levy ordinance (17993), collection of the property tax levy for PSERN began in 2016.

Analyst:	Miranda Leskinen

KCIT - Radio Communications (800 MHz)

Budget Table

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$9,181,987	$8,794,000	(4.2%)
Max FTEs:	14.0	14.0	N/A
Max TLTs:	0.0	0.0	N/A
Estimated Revenues	$7,645,125	$9,290,000	21.5%
Major Revenue Sources	Customer-Subscriber fees (county & other agencies)		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

Program Description and Purpose

Radio Communications Services (RCS) is one of three divisions of King County Information Technology (KCIT). The largest system supported by RCS is the regional 800 MHz emergency radio system, which is also known as the King County Emergency Communications Radio System (KCERCS). RCS provides infrastructure, installation and maintenance services, radio management and oversight for County and other agency customers.

Summary of Proposed Budget and Changes

The RCS 2017-2018 proposed budget is $8.79 million with 14.0 FTEs. This is a 4.2 percent decrease in appropriation authority from the 2015-2016 biennium, and no change in FTEs.

The most significant change in the proposed 2017-2018 budget for RCS is a $1.4 million direct service change that would add resources for RCS to support the implementation of the Puget Sound Emergency Radio Network (PSERN) Project. This change would be funded by the PSERN Project. Additionally, it is projected that RCS will have a decrease in central rates of approximately $678,000 in 2017-2018. Executive staff indicate this is due in part by a cost shift in central rates from RCS to PSERN.

Of note, voters in King County approved a nine-year, $273 million property tax levy in April 2015 to fund PSERN. Once completed, PSERN will replace and upgrade the King County Emergency Radio Communications System (KCERCS), the current countywide emergency radio network, including equipment and infrastructure, as well as KCERCS subscriber end user radios (approximately 17,000 units).

King County has been chosen to implement PSERN. The project is under the administrative control of King County Information Technology (KCIT). PSERN full system acceptance is scheduled for September 2020. Ownership and management of the PSERN system after project completion, under the terms of the Operations MOA[1], will be vested in a new, nonprofit organization governed by a Board of Directors.

Also of note, there are no new capital projects being added to the Radio Communication Capital Fund (Fund 3473) in 2017-2018. The Radio Communication Capital Fund is used for upgrades of KCERCS and equipment replacement projects for handheld radios.

ISSUES

Staff have not identified any issues with this budget.

[1] Refer to Ordinance 18074, approved by Council in June 2015.

Analyst:	Lise Kaye

DEPARTMENT OF EXECUTIVE SERVICES
OFFICE OF EMERGENCY MANAGEMENT

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$4,895,923	$4,570,000	(6.7%)
Max FTEs:	6.0	6.0	N/A
Max TLTs:	0.0	0.0	N/A
Estimated Revenues	N/A	N/A	N/A
Major Revenue Sources	General Fund		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

The Office of Emergency Management in the Department of Executive Services works with cities, special purpose districts, state and federal emergency management agencies, private sector partners, non-profit agencies, and the community to plan for disaster mitigation, preparedness, response and recovery. OEM also manages the Enhanced-911 Program Office (the E-911 budget is reviewed separately.) As well as coordinating the County's local emergency management responsibilities, OEM serves a leadership function in regional emergency planning and response:

> "… to provide for the effective direction, control and coordination of county government emergency services functional units, to coordinate with other governments and the private, nongovernmental sector, in compliance with a state approved comprehensive emergency management plan and to serve as the coordinating entity for cities, county governmental departments, and other appropriate agencies during incidents and events of regional significance." (Ordinance 17075, November 2011)

In addition, the Justice and Safety Goal of King County's Strategic Plan includes the following objective and associated strategies:

Objective 4. Decrease damage or harm in the event of a regional crisis.

a. Undertake regional emergency planning and preparedness activities, including education and coordination

b. Coordinate and provide direct response to crises such as communicable disease outbreaks, floods, earthquakes, severe weather events, and homeland security threats.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Executive's Proposed Budget would decrease the appropriation for the Office of Emergency Management by 6.7 percent, from $4,895,923 in the 2015-2016 biennium to $4,569,622 in the 2017-2018 biennium, a decrease of $326,301.

This budget appears to maintain the status quo, with no major program additions or reductions. The budget incorporates a $600,000 reduction in technology costs due to the replacement of the Regional Incident Management System (RIMS) with a Web-based system referred to as "JIMS" developed through SharePoint. According to Executive staff, JIMS is accessible to regional partners and county agencies during response to emergencies.

As part of a different appropriation unit (Executive Administration Grants), the Executive has proposed to convert two grant-funded TLT positions in OEM to FTEs, as had been recommended by the King County Auditor (June 2014 report). These are Emergency Management Program Manager positions currently responsible for operations, recovery and mass care planning, and training and exercise. According to Executive staff, the Auditor's recommendation regarding consideration of elevating OEM to department level status is under review at this time, and OEM is addressing the Auditor's other identified performance gaps with existing resources.

Issues

Staff have not identified any issues for this budget.

Analyst:	Lise Kaye

ENHANCED-911 & E911 CAPITAL

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
E911 Operating Budget			
Budget Appropriation	$70,259,398	$61,985,000	(11.8%)
Max FTEs:	16.0	10.0	(37.5%)
Max TLTs:	0.0	1.0	N/A
Estimated Revenues	$48,145,899	$46,502,000	(3.4%)
E911 CIP Fund			
Budget Appropriation	N/A	$5,100,000	N/A
Estimated Revenues	N/A	$5,100,000	N/A
Major Revenue Sources	Excise taxes		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

The King County Office of Emergency Management (OEM) manages the Enhanced-911 (E911) Program Office. The E911 Program administers funds distributed to counties by the state from excise taxes on land line, wireless, and Voice-over-Internet (VoIP Access) phones. "Enhanced" refers to the system's capability to selectively route incoming 911 calls to the appropriate Public Safety Answering Point – "PSAP" (i.e. 911 dispatch center). The E911 Program Office distributes a portion of its excise tax revenue to the 12 PSAPs in King County to defray the costs of 911 call handling (PSAPs are responsible for the costs of dispatching and other operations).

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Executive's Proposed Budget would decrease the appropriation for E911 by 11.8% percent, from $70,259,398 in the 2015-2016 biennium to $61,984,906 in the 2017-2018 biennium, a decrease of $8,274,492. Revenues would decrease by 3.4 percent, from $48,145,899 in 2015-2016 to $46,501,313, a decrease of $1,644,586.

Negative Financial Trend. While the Executive's proposed budget estimates that there is sufficient fund balance and revenues to support operations during the 2017-2018 biennium, it appears there could be insufficient fund balance in the 2019-2020 biennium to maintain all of the E911 programs. The Executive incorporated a number of modest program reductions developed in conjunction with the Interim Advisory Group (by Ordinance 18139), but the 2017-2018 proposed budget still relies upon approximately $14 million in fund balance to balance revenues and expenditures. The financial plan projects a negative ending fund balance for the 2019-2020 and 2021-2022 biennial periods.

The E911 program faces continued financial pressure from the federal requirement that all 911 systems must be compatible to what is known as Next Generation 911 (NG911) technology, which is intended to modernize existing systems to better work with wireless and Voice-over-Internet (VOIP) technologies. Among other features, NG911 will provide for text, photo and video-to-911, allow for better location identification, and receive automatic collision notification from vehicles and data from medical devices.

Strategic Planning Process. The current E911 strategic planning process, developed in response to the Scoping Report called for by Council in Ordinance 18139, anticipates developing a 10-year technology plan, 10-year sustainable financing plan and governance recommendations by December 2017. These recommendations are expected to inform the Executive's 2019-2020 budget proposal for E911.

Staff Transfer. The Executive's proposed budget includes the transfer of six information technology E911 staff to KCIT. This transfer is part of the continued consolidation of County IT under KCIT[1]; it is also discussed in the staff report on KCIT Geographic Information Services. Staff costs will be charged back to the E911 program office, making the proposal cost neutral.

New Capital Fund. The Executive has transmitted legislation to create a new capital fund for the E911 system to provide "more transparent and efficient budgeting" for large, multi-year projects. All new large information technology projects (over $250K) will be subject to the KCIT Project Review Board oversight.

Security System Project. The Executive's proposed budget transfers $5.1 million from the E911 operating fund to the new capital fund, comprised of $3.5 million for an ongoing Security System Project (originally approved by supplemental budget Ordinance No. 18110) and $1.6 million to support the routine replacement of PSAP equipment. The Program Office intends to retain a consultant to complete a needs assessment for the Security System Project by April 30, 2017, by which time the new state ESInet II security elements will be known. The State's system may provide greater security than had been anticipated.

ISSUES

Staff have not identified any issues with this budget.

[1] Ordinance 18139

Analyst:	Lise Kaye

MOTOR POOL EQUIPMENT RENTAL AND REVOLVING FUND

BUDGET TABLE

	2015-2016 Adopted	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$29,023,291	$33,694,000	16.1%
FTEs:	19.0	19.0	N/A
TLTs:	0.0	0.0	N/A
Estimated Revenues	$26,670,984	$30,063,000	12.71%
Major Revenue Sources	General Fund, grants, and fees		

PROGRAM DESCRIPTION AND PURPOSE

Fleet Administration (Fleet) is a division within the Department of Transportation (DOT). The Fleet Division manages the resources and work associated with three Equipment Rental and Revolving (ERR) Funds: Public Works, Motor Pool, and Wastewater. The division manages fleet services, two maintenance facilities, and the acquisition, maintenance, and disposal of 2,700 cars, trucks, heavy off-road equipment. The Motor Pool ERR Fund supports motor pool dispatch vehicles and vehicles assigned to specific agencies, mainly general fund agencies.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Executive Proposed Motor Pool ERR Fund Budget appropriation for 2017-2018 is 16.1percent greater than for the 2015-2016 biennium. Revenues are approximately 12.7 percent greater than for the 2015-2016 biennium.

Light Duty Vehicle Utilization Policy

In response to findings from a 2015 audit, Fleet convened a group of stakeholders to review the Vehicle Utilization Policy to help agencies identify opportunities to reduce costs and greenhouse gas emissions while continuing to meet their business needs. The audit had reported that underutilized vehicles and fuel inefficiency are barriers to reducing vehicle cost and emissions. Executive staff report that they conducted a pilot project, consistent with the workgroup’s recommendations, in which each agency analyzed its vehicle utilization as part of the 2017-2018 budget development process, supported by the Office of Performance Strategy and Budget (PSB) and Fleet Administration. Executive staff describe the lessons learned from this pilot process as reducing the time needed to complete the utilization review; that agencies “found value in reviewing vehicle utilization with the support of their PSB analyst who understands their business needs;” and, that PSB analysts found the resultant information useful in guiding budget decision-making discussions.

Strategic Climate Action Plan

The Strategic Climate Action Plan (SCAP) Goal Area 1 calls for King County to: 1) reduce its normalized net energy use in its vehicle operations (excluding Metro Transit fleet vehicles) by at least 10 percent by 2020, compared to a 2014 baseline, and 2) increase the usage percentage of alternative fuels in its fleets (all vehicle operations) by 10 percent by 2025, compared to a 2014 baseline.

Fleet's Line of Business Plan ("the Plan") reports that in 2015, net energy use for non-transit vehicle operations increased by 1.8 percent; and that in 2015, the percentage of alternative fuels increased to 3 percent of the total fuel consumption. The Line of Business Plan evaluated six alternatives to improve performance toward the SCAP goals against eight evaluation criteria: upfront cost, fuel savings, impact on SCAP targets, ESJ, ease of implementation, risk, and customer impact. The Plan includes the following alternative fuel ranking and recommendations:

Ranked Alternative	Goal
1. Right Size- Implement in 2017-2018	Replace vehicles with the most fuel-efficient vehicle that is right for the job
2. Bulk B5 (5% Biodiesel Fuel) – Fleet Administration and the Solid Waste Division will implement Bulk B5 in 2017-2018	Produce fewer greenhouse gas emissions by decreasing the volume of conventional diesel used.
3. Electric Vehicles (EV) – Fleet Administration will replace 10 vehicles with EVs in 2017-2018 and 10 additional in 2019-2020[1]	Maximize King County's existing electric vehicle charging infrastructure at the Goat Hill Garage and King Street Center and promote the use of electric vehicles with Fleet's customer agencies.
4. Bi-Fuel Propane- King County International Airport to retrofit 7 vehicles to operate on a propane auto gas fuel system (starts on gasoline and then switches to propane); implement with 2017-2018 budget proposal	Produce fewer greenhouse gas emissions by replacing the consumption of gasoline with propane
5. Compressed Natural Gas (CNG) Semi-Tractors – The Solid Waste Division pilot project through December 2016	Six month pilot project testing dual fuel CNG technology on one semi-tractor used to haul waste from transfer stations and drop boxes to the Cedar Hills landfill.
6. Automatic Vehicle Location - Fleet Administration, Solid Waste Division, Airport and Transit to implement in 2017-18 with a 2017-18 budget proposal for King	Automate and expand data collection to drive decisions on issues including: right-sizing the fleet, minimizing fuel consumption and greenhouse gas

[1] The King County Department of Transportation purchased 25 electric cars in 2011 – 20 for Rideshare Operations and five for the Motor Pool fleet. See http://www.kingcounty.gov/~/media/depts/finance/procurement/Documents/Environmental/EP_Products_Hybrids.ashx?la=en

County Information Technology (KCIT) project #1129703.	emissions, and leaner management of field operations

Note: While the Business Achievement Plan for the Automatic Vehicle Location system identifies reduced greenhouse gas emissions as one of its benefits, Fleet's Line of Business Plan notes that driver behavior changes will be required for the Automatic Vehicle Location system to positively impact the SCAP goals. See below for a description of the Automatic Vehicle Location project.

Countywide Automatic Vehicle Location Technology Implementation

This project, which would be managed out of KCIT, would equip approximately 1,600 non-revenue vehicles with an automated data collection system that can report odometer readings, frequency of use, idle time, engine diagnostics and other usage information. Funding will initially be provided by Fleet, and ultimately be incorporated into and recovered by the vehicle rental rate model in 2019-2020 biennium. The Sheriff's office vehicles will not be in the first deployment of AVL, pending completion of a pilot this fall/early-winter. Staff analysis of this project is ongoing.

ISSUES

Staff have not identified any issues with this budget.

Analyst:	Lise Kaye

WASTEWATER EQUIPMENT RENTAL AND REVOLVING FUND

BUDGET TABLE

	2015-2016 Adopted	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$4,723,769	$9,338,000	97.7%
FTEs:	0.0	0.0	N/A
TLTs:	0.0	0.0	N/A
Estimated Revenues	$7,499,349	$9,096,000	21.3%
Major Revenue Sources	General Fund, grants, and fees		

PROGRAM DESCRIPTION AND PURPOSE

Fleet Administration (Fleet) is a division within the Department of Transportation (DOT). The Fleet Division manages the resources and work associated with three Equipment Rental and Revolving (ERR) Funds: Public Works, Motor Pool, and Wastewater. The Wastewater ERR Fund supports vehicles and equipment purchased by the Department of Natural Resources and Parks (DNRP) Wastewater Treatment Division and Water and Land Resources Divisions.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Executive's proposed Wastewater ERR Fund budget appropriation for 2017-2018 is approximately 98 percent more than for the 2015-2016 biennium. Approximately 48 percent of this increase is due to an increase in vehicle rental revenue. Revenues are approximately 21 percent higher than for the 2015-2016 biennium. This increase in revenue is driven by a comprehensive update on heavy equipment replacement prices that flow into the rate model.

The fund balance is being increased in anticipation of a purchase in the 2022 time frame of 36 Wastewater truck/trailer combinations that haul bio-solids. The reserve would need to be increased to $18 million to accomplish this objective.

ISSUES

Staff have not identified any issues with this budget.

Analyst:	Lise Kaye

PUBLIC WORKS EQUIPMENT RENTAL AND REVOLVING FUND

BUDGET TABLE

	2015-2016 Adopted	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$24,289,763	$28,222,000	16.2%
FTEs:	56.0	53.0	(5.4%)
TLTs:	0.0	0.0	N/A
Estimated Revenues	$20,618,288	$22,589,000	9.5%
Major Revenue Sources	General Fund, grants, and fees		

PROGRAM DESCRIPTION AND PURPOSE

Fleet Administration (Fleet) is a division within the Department of Transportation (DOT). The Fleet Division manages the resources and work associated with three Equipment Rental and Revolving (ERR) Funds: Public Works, Motor Pool, and Wastewater. The Public Works ERR Fund supports vehicles and equipment purchased by DOT Road Services Division and the Department of Natural Resources and Parks' (DNRP) Water and Land Resources Division (WLRD).

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Executive's Proposed Public Works ERR Fund budget appropriation for 2017-2018 is 16.2 percent greater than for the 2015-2016 biennium. Revenues are approximately 9.5% percent greater than for the 2015-2016 biennium. According to Executive staff, heavy equipment replacement prices have increased significantly, which has impacted the replacement component in the rate model and associated charges to the customers.

The proposed budget reduces the number of FTEs by three, with two maintenance positions eliminated due to the reduced number of total vehicles in the Road Services Division and also from longer service intervals associated with newer vehicle technology. The positions were vacated by retirement. The proposed budget transfers the third position, which was previously held by a truck driver who retired, to the Executive Office to cover the Energy Policy and Partnerships Specialist position.

ISSUES

Staff have not identified any issues with this budget.

Analyst:	Lise Kaye

ROADS, ROADS CIP, ROADS CONSTRUCTION TRANSFER

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$173,933,519	$188,369,000	8.3%
Max FTEs:	345.0	363.5	5.4%
Max TLTs:	2.0	6.0	200%
Roads Construction Transfer	$55,940,000	$29,600,000	(47.1%)
Roads CIP			
3855 County Road Major Maintenance	N/A[1]	$51,934,595	N/A[1]
3865 King County Road Construction	N/A[1]	$21,596,093	N/A[1]
Estimated Revenues	$209,437,950	$222,850,000	6.4%
Major Revenue Sources	Unincorporated area levy, share of state gas tax receipts, reimbursable fees for services, grants, and mitigation payments from developers.		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

[1] These new funds replace 3850 and 3860; staff analysis is ongoing with respect to a comparison of current vs. new appropriation authority.

PROGRAM DESCRIPTION AND PURPOSE

The Road Services Division of the King County Department of Transportation manages the unincorporated area roadway network that supports more than one million trips per day serving urban and rural trip purposes. The system consists of about 1,500 miles of county roads and 180 bridges, plus numerous sidewalks and pathways, traffic signs and signals, drainage pipes and culverts and other critical transportation infrastructure. The Strategic Plan for Road Services (SPRS) defines the vision and mission for the King County Department of Transportation's Road Services Division (RSD), consistent with the King County Strategic Plan and Comprehensive Plan.

Revenue sources to the Roads Fund in the proposed 2017-2018 budget include property tax (79 percent), gas tax (11 percent), reimbursable expenses (6 percent) and other small sources (4 percent).

SUMMARY OF PROPOSED BUDGET AND CHANGES

The County Council's 2014 update to the Strategic Plan for Road Services (SPRS) (Motion No. 14190) revised the division's policy and goals to place safety and compliance with legal mandates above preservation, mobility and capacity needs. The SPRS update also revised its "Safety and Legal Mandates" goal to narrow the safety hazard definition to those that can lead to imminent death or injury, and to reflect the division's intent to identify potential opportunities for cost savings associated with regulatory requirements, such as phasing in compliance or alternative methodologies.

Spending Shifts. Data provided by the Road Services Division reflects the following relative spending shifts in the SPRS identified priorities compared to the adopted 2013-2014 budget. The Executive's proposed 2017-2018 shows a 25% in core safety projects, a 16% reduction in regulatory projects, and an 11% reduction in maintenance and preservation projects compared to the 2013-2014 budget.

Table 1. Road Services Division Spending Shifts since 2013-2014

SPRS Priority	2013-2014	2015-2016	2017-2018	% Change since 2013-2014
Core Safety	19%	24%	44%	25%
Regulatory	27%	24%	11%	(16%)
Maintenance and Preservation	37%	25%	26%	(11%)
Non-Discretionary	17%	21%	19%	2%

New FTEs and TLTs; Shift of Road Engineering Services Costs to Operating Budget. The Executive's proposed 2017-2018 budget would provide appropriation authority for 18 new FTEs and 4 additional TLTs. Table 2 below describes the 18 new FTE positions, and Table 3 describes the 4 TLTs. The proposed budget also shifts approximately $3.7 million in Road Engineering Services staff costs from capital projects to the operating budget. Executive staff describes this shift as keeping the focus on the critical safety and operating needs of county roads.

Table 2. Road Services Division Proposed FTE Adds

Category	FTE	Function
WLRD Loan-Out Staffing	4	Add to 6 existing WLRD-funded crew positions to comprise either one large crew for construction activities or two smaller crews for maintenance work, e.g. riverine/levee repairs, stormwater pond maintenance, and WLRD's Neighborhood Drainage Assistance Program activities (100% reimbursed by WLRD).
Roadworks and Asset Management	1	Business Analyst to produce asset management reports; develop mobile applications and support field users of Roadworks; analysis in support of performance measurement and visual management.

Category	FTE	Function
Transportation Planning	1	Transportation Planner/PPM IV to join 2 existing transportation planners to support division programs and services, funding and legislative proposals, performance measurements and tier boards, comprehensive planning and regional planning participation.
Administration (TLT conversion)	1.5	Admin Spec II to support the Vashon shop and Records specialist to support payroll, HR and division records.
Engineering	3	Engineer II to provide CADD support and 2 Engineer IVs to provide technical project/program oversight, design review, and quality control for drainage and emergency projects and facility related construction projects.
Environmental Science	2.5	Environmental Scientist I to provide mitigation monitoring support; Environmental Scientist II to provide wildlife biology and mitigation support; Environmental Scientist III (.5 FTE) to perform technical writing and project management for Roads projects and provide environmental engineering support to other County agencies.
Reserve PPM IV	5	Project/Program Manager positions held in reserve.
TOTAL	18	

Table 3. Road Services Division Proposed TLT Adds

Category	TLT	Function
Drainage and Facilities Design	1	Engineer II to support the design and delivery of the drainage preservation program and facility maintenance and construction.
Survey	1	Engineer to support road vacations.
Road Data Collection	1	Engineer I to perform field data collection.
Construction Inspection	1	Two part time engineer II positions to inspect and support construction projects and overlay projects
TOTAL	4	

<u>Facility Master Plan for Renton Campus.</u> The proposed budget includes $200,000 to support development of a facility master plan for the Renton campus.

<u>Surface Water Fee.</u> The proposed budget includes approximately $4.5 million in new revenue to Roads for the Executive's proposed increased surface water management fee (Proposed Ordinance 2016-0490). According to Executive staff, the Water and Land Resources Division will transfer this amount directly to the Roads CIP as a reimbursement for drainage work. Staff analysis of the Executive’s proposed funding of drainage improvements and the Surface Water Fee is ongoing in conjunction with the Water and Land Resource budget analysis (see Issue #2 below).

<u>South Park Bridge Operations.</u> The proposed budget includes $1 million for one year of bridge tender costs for the South Park Bridge, consistent with annexation assumptions.

Capital Projects. Table 4 lists CIP appropriations for 2017-2018. Staff analysis is ongoing to reconcile total project cost and appropriation and expenditure history between existing funds 3850 (Roads Construction Capital Fund) and 3860 (Renton Maintenance Facilities Construction Fund) and new funds 3855 (County Road Major Maintenance) and 3865 (King County Road Construction).

Table 4. Road Services Division 2017-2018 Capital Project Appropriations

CIP Project	Description	2017-2018 Proposed
Emergent Needs – Existing Projects – Major Maintenance	Funding for unforeseen circumstances associated with existing projects	$2.5 million
Emergent Needs – Existing Projects – Road Construction	Funding for unforeseen circumstances associated with existing projects	$600,000
Bridge Priority Maintenance	Projects selected from priority array in the annual Bridge report.	$1 million
Quick Response	Funding for new emerging needs including emergency repairs and unanticipated pedestrian or vehicle safety needs	$5 million
Preservation	Resurfacing and minor road rehabilitation	$15.8 million
Drainage Preservation	Replacing failed systems; constructing new pipe and catch basins	$7 million
Grant Contingency – Major Maintenance	Appropriation authority for potential grants (matching funds to be drawn from other projects, as needed)	$10 million
Grant Contingency – Road Construction	Appropriation authority for potential grants (matching funds to be drawn from other projects, as needed)	$5 million
Guardrail Preservation	Refurbishes/upgrades existing guardrail to current standards	$4.8 million
Guardrail Construction	Design and construction of new guardrail systems	$1.35 million
Clear Zone Safety	Removing roadside obstacles within the clear zone of the road right-of-way	$ 1 million
High Collision Safety	Improvements include traffic control signs and pavement markings	$4 million
School Zone Safety	Traffic calming measure near schools	$800,000
CIP Oversight – Major Maintenance	Fund costs for the Capital Projects Oversight Committee	$34,595
CIP Oversight – Road	Fund costs for the Capital Projects	$14,093

CIP Project	Description	2017-2018 Proposed
Construction	Oversight Committee	
Old Cascade/Miller Bridge West	Drainage and pavement improvements on Old cascade Highway and turnaround at the west bank of the Miller River	$2.3 million
Old Cascade/Miller Bridge East	Drainage and pavement improvements on Old cascade Highway and turnaround at the east bank of the Miller River	$2.75 million
Issaquah Hobart Road @ Cedar Grove Roundabout	Construct a roundabout at the intersection of Issaquah Hobart Road SE and Cedar Grove Road SE	$0 (funded in 2019-2020)
Issaquah Hobart Road @ May Valley Roundabout	Construct a roundabout at the intersection of Issaquah Hobart Road SE and SE May Valley Road	$0 (funded in 2019-2020)
Renton Ave Phase 3 Sidewalk	Sidewalk on the west side of Renton Ave S between 68th Ave S and S 112th St,, a paved walking surface on the east side of Renton Ave between 68th Ave S and S 116th Pl, and bicycle lanes on each side of Renton Avenue within the project area	$3.2 million
Highline School District Improvements	Sidewalk and a bicycle lane on the west side of 8th Ave SW from SW 102nd Street to SW 108th Street; and on the north side of SW 102nd Place between 4th Ave SW and 6th Ave SW; a sidewalk on the east side of 6th Ave SW from SW 102nd Street to just south of SW 100th Street, and a parking area on the west side of this area. Beacons at pedestrian crossings and pathways surrounding Mount View Elementary, White Center Heights Elementary, and Cascade Middle schools. Community outreach and education about the improvements.	$5.25 million
SW 108th & 8th Ave SW Roundabout	Construct a "mini-roundabout" at 8th Avenue SW and SW 108th Street, install a crosswalk beacon, improve sidewalks, install ramps and other safety improvements	$792,000
SE 176 & SE 171 Way Roundabout	Construct a "mini-roundabout" at the intersection of SE 176th Street and SE 171st Way, modify sidewalks and	$340,000

CIP Project	Description	2017-2018 Proposed
	reconstruct ramps	

ISSUES

ISSUE 1 –BRIDGES AND ROADS TASK FORCE RECOMMENDATIONS

The Bridges and Roads Task Force formed in August 2015 published its final report on January 20, 2016. The Task Force explored a number of funding solutions to address the county's deteriorating road network and developed "high impact" and "low impact" recommendations. According to the report, the "high impact" recommendations would have the greatest impact on funding maintenance and operation of county bridges and roads, and the "low impact" recommendations would provide some improvement to the financial situation but will not close the Road Services Division's projected funding gap. The "High Impact" recommendations included collaborative development of a new county-wide revenue tool, incorporating "orphan roads" into cities, and future study of road pricing options.

Executive staff describe the budget proposal's response to these recommendations as a three-pronged approach to addressing certain task force recommendations:

1. Legislative – the County will seek funds to assist with orphan roads transfers;

2. Puget Sound Regional Council – Preservation and maintenance task force – King County and cities will collaborate to develop a cohesive request for information from the task force work that can support regional arterial needs analysis and potentially a common position seeking more funds to be directed to preservation and maintenance; and

3. Initiate a forum in December 2016 for King County and cities to develop a network of regional arterials, needs, and funding tools:

   a. The forum would include Public Works Directors and interested City Managers; and
   b. Consultant assistance will be used to organize the forum and to gather and analyze data and information that will lead to recommendations for elected officials.

The Executive's response addresses some, but not all, of the Task Force's "high impact" recommendations. Those not explicitly addressed include "Further study of options for a future tax or fee based on various road pricing options including vehicle miles travelled (VMT) congestion pricing and/or tolling" and "Enhance public outreach efforts to increase awareness about issues currently facing Road Services."

ISSUE 2 – COST SHARING FOR DRAINAGE PRESERVATION AND REPAIRS

The Road Services Division manages all of the drainage infrastructure within the rights-of-way of unincorporated King County, and the Water and Land Resources Division of the Department of Parks and Natural Resources manages all of the drainage infrastructure located outside of the right-of-way.

The County Council included a proviso in the 2015-2016 budget ordinance[1] requiring the Executive to transmit to Council a plan regarding ongoing surface water management participation in funding roadway drainage projects and a motion that approves the plan. The Executive transmitted a report entitled, “Ongoing Surface Water Management Participation in Funding Roadway Drainage Projects” (“the Report”) on June 28, 2016. The Report provided costs associated with funding some components of the drainage system in the right-of-way with SWM fees, including a $2 million carryover transfer; $3.4 million to repair some of the identified facilities at risk of imminent failure; and $4.6 million to mitigate the impacts of a the SWM fee increase to RSD as a result of the additional roadway projects. (If the SWM fee is increased to provide more revenue to fund drainage work, RSD would have to pay more as a ratepayer in the current rate structure.) These three expenditures together would require an approximately 20% increase in the SWM fee.

That report also referenced a Road Right-of-Way Drainage Trunk Line Inventory report completed in response to a proviso in the 2015-2016 adopted budget (Ordinance 17941, Section 53, Proviso P1), which estimates that an outlay of $355 million to $500 million would be needed over a 10-year period to adequately maintain and preserve drainage assets that are 24 inches in diameter or greater. The Report estimates that this would require a SWM fee increase of 150% - 200% above the current rate (up to $251 - $354 per single family residential payer per year).

The accompanying consultant report recommended immediate preservation action for 33 critical risk drainage assets and estimated the associated cost to be $6.46 million, with all estimated costs subject to -50% to 100% accuracy.[2]

The proposed 2017-2018 Capital Improvement Program for RSD includes $7 million to repair and replace aging drainage facilities and associated roadway features throughout the road network. However, the CIP project does not prioritize the 33 critical risk drainage assets; nor does the Executive’s proposed budget for Water and Land Resources. The proposed Water and Land Resources budget includes a Surface Water Management (SWM) fee increase proposal for the 2017-2018 biennium (Proposed Ordinance 2016-0490), which will be discussed in a separate staff report. That proposal offsets the impacts to Roads of the proposed SWM fee increase by returning the amount of the increase ($4.5 million) to Roads for drainage improvements. The SWM fee proposal also appears to pay for $2 million of the $4 million originally designated from SWM funds for drainage by Council in the 2015-2016 budget. Staff analysis of the Executive’s proposed funding of drainage improvements is ongoing.

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[1] Ordinance 17941, Section 77, Proviso P1

[2] Road Right-of-Way Drainage Trunk Line Assessment Final Report 2/12/16, pp ES-4 and ES-5.

ISSUE 3 – TRANSFER TO KING COUNTY SHERIFF'S OFFICE INCREASED AND NEW TRANSFER FROM REAL ESTATE EXCISE TAXES (REET) 1

State law allows for the reimbursement for traffic enforcement costs from the unincorporated area levy. The proposed 2017-2018 reimbursement from the Roads Fund to the King County Sheriff's Office totals $15 million, a $3 million increase from the $12 million allocated in the 2015/2016 budget. With no further reductions in traffic enforcement anticipated during the 2017-2018 biennium, the proposed traffic reimbursement is based on the documented $7.8 million in annual expenditures related to traffic safety in 2015.

The increased transfer to the Sheriff's Office is proposed to be offset by transferring $3 million in real estate excise taxes (from REET 1) to the Road Services Division's capital program. Under RCW 82.46.010, REET 1 is permitted by State law to be used to finance capital improvements that are listed in the capital facilities plan element of the Comprehensive Plan. King County Code 4A.200.580 specifies that these capital improvements must be located in the unincorporated area of the county. According to Executive staff, these funds will be dedicated to roadway preservation. This represents a change to past county practice – previously REET 1 funds have been used to support Parks capital projects. The proposed transfers are policy decisions for Councilmembers.

Analyst:	Lise Kaye

KING COUNTY INTERNATIONAL AIRPORT. AIRPORT CONSTRUCTION TRANSFER & AIRPORT CIP

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Operating Budget			
Budget Appropriation	$31,886,309	$34,529,000	8.3%
Max FTEs:	45.5	48.5	6.6%
Max TLTs:	0.0	2.0[1]	N/A
Estimated Revenues	$35,870,643	$42,147,000	17.5%
Airport Construction Transfer	$6,000,000	$7,331,000	22.17%
Airport CIP			
Budget Appropriation	$15,363,025[2]	$11,718,966	-23.7%
Estimated Revenues	12,555,409[3]	$11,718,966[4]	-6.7%
Major Revenue Sources	Ground leases, fuel fees, landing fees, FAA, grants		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

King County International Airport (KCIA) is a self-supporting enterprise operation partially funded by grants from the Federal Aviation Administration (FAA). The FAA regulates airspace and aircraft operation. The FAA classifies KCIA as a Class IV, Primary, Commercial Service, Non-Hub Reliever Airport, meaning it handles limited commercial passenger traffic and has been designated by the FAA to relieve congestion from SeaTac and provide improved general aviation access to the overall community. It serves 150 tenant businesses, including small commercial passenger airlines, cargo carriers, private aircraft owners, helicopters, corporate jets, military, and the Boeing Company.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Executive's Proposed Budget would increase the appropriation for the King County International Airport's operating budget by 8.3 percent, from $31,886,309 in the 2015-2016 biennium to $34,528,592 in the 2017-2018 biennium, an increase of $2,642,283.

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[1] According to Executive staff, these 2 TLTs were erroneously included in the proposed budget; correcting this error will reduce the TLTs to 0 and the budget by $452,000.
[2] Inception to date appropriation balance that will carry forward to the 2017-/18 biennium for a total appropriated amount of $27,081,991
[3] Includes $6 million transfer from operating revenue (also shown in operating budget appropriation)
[4] Includes $7,337,822 transfer from operating revenue (also shown in operating budget appropriation)

Operating revenues would increase by 17.5 percent, from $35,870,643 in 2015-2016 to $42,146,499, an increase of $6,275,856.

KCIA's 2017-2018 Line of Business Plan reports that the airport's financial condition has significantly improved in the last few years. Lease adjustments that reflect the economic recovery in property values, cost containment measures, and increases in landing and fuel fees contributed to the turnaround. KCIA also has a new management team in place, consisting of a new Airport Director, Finance Director, and Marking and Business Development Manager. Major initiatives in the Executive's proposed budget are described below.

Master Plan Update. Executive staff have initiated an update to KCIA's 2004 Airport Master Plan that will guide development at the airport, including the identification of capital projects eligible for federal funding. FAA policy provides guidance for updating the policies and development alternatives to reflect changing conditions and forecasted aviation demand.

Organizational Changes. The Executive's proposed budget would add three FTEs and repurpose two existing positions as follows, with a biennial expenditure of $703,528:

New FTEs:

Position	Duties to include
Safety & Security Manager	Emergency response plans; Safety Management System program; emergency communication protocol. Internal audit of Aircraft Rescue Firefighting shifting models, training programs, and compliance. Reports to Airport Director.
Maintenance Lead	Working lead provides in-field oversight of airfield repair and maintenance; dispatches crews; and delivers field staff training.
Business Analyst	Develop efficient business processes; identify and develop data analysis and measurement tools and indicators; support asset management; provide GIS services

Repurposed FTEs:

Position	Duties to include
Operations Manager	Manage tenant relations and airfield safety; support FAA's Airport Certification Program requirements. Supervises Operations Section Leads (formerly reported to Deputy Airport Manager)
Program Manager	Lead efforts in performance management, continuous improvement, equity and social justice, and business planning (this position previously managed the noise program)

Aircraft Rescue Firefighting Unit (ARFF) Audit - $125,000 The Executive's proposed budget would fund an audit and review of ARFF standards and procedures for compliance with recent changes in safety standards and incident command for firefighting in the Washington Administrative Code.

Aircraft Rescue Firefighting Unit (ARFF) Dispatch Services - $30,000 one-time, $150,000 ongoing. ARFF personnel are fully commissioned Deputies of the King

County Sheriff's Office (KCSO), but the ARFF is not currently part of the 911 system. While police calls at the Airport are dispatched by KCSO Communications, the unit does not receive any notification to structural fire alarms or medical calls unless tenants or the public calls the station directly. This means AARF is frequently unaware of building alarms and medical emergencies that occur on the Airport. In such instances Seattle and Tukwila Fire Departments respond to such calls. The absence of a direct connection between 911 Dispatch and ARFF can lead to delays in responding to medical emergencies and structural fire alarms. Additionally, once on scene of an aircraft emergency, the ARFF unit has no direct means of requesting mutual aid from Seattle or Tukwila Fire. This budget addition would resolve these issues by initiating a contract with Valley Communications to provide unified police and fire dispatch for ARFF at KCIA.

Capital Projects. Major proposed CIP appropriations for 2017-2018 (above $1 million) are described below. Staff analysis is ongoing with respect to IT-related elements of the projects below, as well as of total project cost and appropriation and expenditure history for proposed and ongoing projects.

Airport Fleet - $1,998,594
Includes replacement of an ARFF fire truck ($1.3 million, which is eligible for FAA grant funding); $0.5 million for planned replacement of fleet vehicles, $0.3 million for the participating in the County-wide AVL project, and $0.09 million for propane conversions as part of KCIA's Strategic Climate Action Plan initiative.

Airport Physical Security Improvements - $1,020,063
Proviso P8, Section 129 in the 2015-2016 Biennial Budget Ordinance 17941 called for an assessment and recommendations regarding security measures at KCIA. The assessment conducted by Aviation Security Consulting, Inc. involved surveying the existing airport-owned security systems including physical security perimeter systems, technical security systems, and operational security protocols. The consultant briefed the Government Accountability and Oversight Committee on April 14, 2015 about their assessment and recommendations in executive session, due to the sensitive security information contained in the report and concerns that public reporting of information could affect national security. Improvements in this project are consistent with the consultant's recommendations and include reinforced gates, fences, lighting, and improved gate security and replacement of access control hardware for terminal and arrival buildings. The Council's Government Accountability and Oversight Committee has received quarterly oral briefings on this project, in accordance with Ordinance 17941, Section 129, Proviso 8, as amended by Ordinance 18110.

Perimeter Intrusion Detection System - $1,651,526
Design and installation of a perimeter intrusion detection system to identify who is on the airfield and how they arrived and left; establish alerts for unauthorized access; and enable lock down of KCIA-controlled gates. Improvements in this project are consistent with the security consultant's recommendations referenced above.

Equipment Snow Shed - $1,414,000
Design and construction of a building to house large maintenance equipment. Several hundred thousand dollars of large equipment currently sits outside exposed to year-round weather, and putting it under cover will protect it from the elements

Magnetic Variation Runway Renumbering - $2,750,000
Runways are numbered according to magnetic heading, and over time the true magnetic reading of the KCIA's primary runway has shifted by a 10 degree azimuth increment from 310° (runway 31) to 320° (runway 32). The approach from the other direction is considered a second runway, and its heading has shifted from 130° (runway 13) to 140° (runway 14). The numbering of KCIA's shorter runway is similarly affected. The project will involve working closely with various FAA groups on changing published flight procedures and various publication documents used for both navigation and information as well as changing airport markings and signage. Verification flight checks will also be required.

Grant Contingency - $1,000,000
Provides appropriation authority to accept new grants.

ISSUES

ISSUE 1 - ERRONEOUS ADDITION OF 2 TLTS

According to Executive staff, 2 TLTs were erroneously included in the proposed budget; correcting this error will reduce the TLTs to 0 and the budget by $452,000. Staff can prepare this amendment at Council's direction.

Analyst:	Paul Carlson

KING COUNTY DEPARTMENT OF TRANSPORTATION DIRECTOR'S OFFICE

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$11,291,405	$12,144,000	7.6%
Max FTEs:	28.6	29.1	1.7%
Max TLTs:	0.0	1.0	N/A
Estimated Revenues	$4,190,124	$4,488,000	7.1%
Major Revenue Sources	Public Transportation Fund (estimated revenues are from other KCDOT funds)		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

The King County Department of Transportation (KCDOT) Director's Office includes overall department administration, support and intergovernmental relations for the divisions of KCDOT. The Director's Office provides transportation community outreach and communications and grant management functions. The Director's Office is charged with developing and implementing a department-wide plan to advance and integrate the principles of Equity and Social Justice. Director's Office costs are allocated to the KCDOT divisions based on an assessment of each division's anticipated usage of the specific functions.

SUMMARY OF PROPOSED BUDGET AND CHANGES

Compared to the 2015-2016 biennium, the $12,144,000, 2017-2018 biennial budget would increase by 7.6 percent, or $853,000. The FTE request is up by 1.7 percent and 0.5 FTE. The primary change from 2015-2016 is a staff reorganization that adds a Communications Specialist IV (+1.0 FTE) to help with the increased community relations workload, eliminates a part-time position (-0.5 FTE), and adds a strategic communications advisor (+1.0 TLT).

ISSUES

Staff have not identified any issues with this budget.

Analyst:	Paul Carlson

TRANSIT DIVISION (KING COUNTY METRO)

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$1,437,003,386	$1,578,034,000	9.8%
Max FTEs:	4,242.8	4,584.2	8.0%
Max TLTs:	27.0	48.0	77.8%
Transit Revenue Fleet Replacement	$329,367,192	0	(100.0%)
Public Transportation Construction – Unrestricted CIP	$479,558,923	$489,376,701	N/A
Public Transportation – Revenue Fleet CIP	N/A	$565,617,012	N/A
Transit Debt Service	$30,810,593	$44,614,000	44.8%
Estimated Revenues	$2,050,575,920	$2,196,892,225	7.1%
Major Revenue Sources	Dedicated sales tax and property tax, fares, grants, Sound Transit payments for light rail and Regional Express bus service, City of Seattle partnership payments, mitigation payments, debt proceeds.		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget. Implementation of new Fund Management Policies has resulted in changes to some Subfunds with the result that direct comparison to 2015-2016 budget categories is not always possible.			

PROGRAM DESCRIPTION AND PURPOSE

King County Metro Transit (Transit) operates about 1,400 buses carrying 122 million trips per year and the largest public vanpool fleet in the U.S., and provides more than 1.3 million accessible service trips annually. Transit also operates regional express bus service and Link Light Rail service under contract for Sound Transit and streetcar service (South Lake Union and First Hill Lines) for the City of Seattle.

In support of countywide mobility goals the Strategic Plan for Public Transportation (SPPT) and King County Metro Service Guidelines provide operational guidance to the Division through development and management of a transit system that emphasizes productivity, ensures social equity and provides geographic value.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed 2017-2018 budget includes significant operating and capital proposals and implements the revised Fund Management Policies adopted earlier this year.

The Week 1 staff report offers an overview with initial identification of potential issues. Additional issues will likely be identified as staff analysis continues.

FUND MANAGEMENT POLICIES AND RESERVE FUNDING

New fund management policies are in place for this proposed budget. Ordinance 18321, approved in July 2016, revised the transit fund management policies to reflect a review by the Special Committee on Transit (the Executive and three Councilmembers). A principal focus of the revision was to establish a reserve fund that would reduce the need for immediate bus service reductions during recessions. This Recession, Risk, and Cash Flow Reserves is set at 45 percent of the King County Forecasting Council estimate of annual Metro sales tax revenue and divided between the Operating Subfund (15 percent of the 45 percent total Reserve amount) and the Revenue Stabilization Subfund (85 percent of the 45 percent total Reserve amount). The Financial Plans indicate that the Recession Reserve Funds are established at the required amounts.

General Financial Practices – The fund management policies direct the Transit Division to prudently manage its finances to fund, in the following order: (1) debt service; (2) operation of the current transit system levels,[1] including asset maintenance and replacement; (3) maintenance and replenishment of reserves; (4) new transit service and capital investments necessary to achieve All Day and Peak Network priorities identified by the King County Metro Service Guidelines, and new transit service and capital investments necessary to achieve elements of the long range vision identified in Metro Connects.

Fund Structure - The Public Transportation Fund has five subfunds: Operating (Section 109 of the budget), Infrastructure Capital (Section 126 of the budget, fund 3641), Bond (Section 123 of the budget), Revenue Stabilization, and Revenue Fleet Capital (Section 126 of the budget, fund 3642). The Revenue Stabilization Reserve is not listed in the budget because there is no appropriation request.

The **Operating Subfund** supports the ongoing operation of Transit services. It includes direct operating labor and non-labor costs, administrative costs, and indirect and overhead costs. The 2017-2018 appropriation request is $1,578,034,000. This subfund includes a reserve equal to 6.75 percent of the OEFA forecast total annual enterprise fund sales tax revenue – for the 2017-2018 budget, the financial plan does include a reserve of $42,131,502, which is 6.75 percent of the 2018 forecast transit sales tax, equal to 15 percent of the required Reserves Fund total of $280,876,680.

The **Infrastructure Capital Subfund** (Fund 3641) supports capital infrastructure projects other than revenue fleet vehicle purchases, including the planning, design, acquisition, preservation and replacement of infrastructure and other capital items as needed to support Transit operations. For 2017-2018, the proposed appropriation is $489,376,701.

[1] Including passenger loads and reliability investments as prioritized in the King County Metro Service Guidelines.

The **Bond Subfund** supports annual debt service payments for debt-financed Transit assets. For 2017-2018, the proposed appropriation is $44,614,000. This increase above the 2015-2016 debt service appropriation of $30,810,593 reflects the assumption that debt financing will used for the Downtown Seattle Layover project and some operating base expansion projects. The use of debt financing will be addressed in the evaluation of these projects.

The **Revenue Stabilization Subfund** holds fund balance to offset impacts of economic downturns. This subfund consists of a reserve equal to 38.25 percent of the OEFA forecast total annual enterprise fund sales tax revenue. For the 2017-2018 budget, the financial plan does contain a reserve of $238,745,178, which is 38.25 percent of the 2018 forecast transit sales tax. Monies in the Revenue Stabilization Subfund may only be accessed through enactment of an appropriation ordinance submitted by the Executive when the forecasted year-over-year sales tax base growth falls below the June-to-June Seattle CPI-W growth rate for two consecutive forecasts (as adopted by the King County Forecast Council). No more than half of the Recession Reserves should be used in any one year, and the Reserves should be fully replenished within five years of use.

The **Revenue Fleet Capital Subfund** supports new and replacement revenue fleet purchases. To smooth large expenditure fluctuations associated with fleet replacement purchases, the Transit Division will maintain a Revenue Fleet Replacement Reserve in the Revenue Fleet Capital Subfund that is funded by consistent biennial contributions (incorporating an inflation factor) of sales tax and projected grant revenue to fund a 20-year fleet replacement plan. Short term (5-year or less) debt may be used to mitigate peaks in fleet purchases when fleet purchase costs exceed the sum of the current Transit resource contribution plus projected grant revenue[2]. The Revenue Fleet Replacement Reserve balance shall never be less than zero nor exceed $250 million in 2016 dollars adjusted for the value of the fleet.

Farebox Recovery Ratio – The Transit Division will recover at least 25 percent and will maintain a target of recovering 30 percent of passenger related operating costs from farebox revenues for bus service.

OPERATING BUDGET HIGHLIGHTS

ADD RESOURCES FOR COMPREHENSIVE HUMAN RESOURCES DELIVERY: $2,019,827, 11.0 FTE – this proposal adds staff to address employee and labor relations, disability services, employment and recruitment, drug and alcohol programming, and workforce development.

ADD RESOURCES FOR TRANSIT POLICE: $2,957,465, 0.0 FTE – this proposal adds seven Transit Police staff (five patrol deputies, a Transit resource officer, and a criminal investigations detective) all included in the King County Sheriff's Office FTE count. A separate decision package ($283,241, 1.0 TLT) adds a Crime Analyst TLT within the

[2] In general, short term debt shall be planned for years when the fleet purchase costs are more than twice the current Transit resource contribution.

Transit Division to collect and assess crime data with the goals of enabling Transit Police to deter, prevent and respond to incidents in a targeted way. A full-time safety project/program manager and associated resources ($627,241, 1.0 FTE) is proposed to implement agency-wide recommendations of a transit safety audit.

ADD RESOURCES FOR SECURITY CAMERA OPERATIONS & MAINTENANCE: $1,274,278, 7.0 TLT – this proposal adds temporary staff to carry out preventive maintenance of existing on-bus security cameras and to process requests for images from County and external requesters, pending development of a camera management system.

The IT review process will evaluate the **On Board Camera Management System** (CIP #1129798) and the **Safety and Security (CIP #1129800)** projects. There are also two capital projects, **Bus Security Camera Replacement** (CIP #1124538) and **On Bus Camera Expansion** (CIP #1129648) that together fund the installation of cameras on all buses.

SUPPORT DISTRICT COURT COSTS: $724,012 – this proposal would support District Court costs to process infractions and adjudicate criminal filings issued by Transit Police; these costs are currently paid by the General Fund.

ADD RESOURCES FOR OPERATIONS STAFF: $4,143,476, 17.0 FTE – based on an expanded FTE count of drivers, additional Supervisor in Training, Service Quality Supervisor, Operations Training and Instructional Designer, Employee Communications, Base Chief, Base Dispatcher/Planner positions. The FTE additions reflect workload relating to a larger workforce and provide additional staffing for training and evaluation of new drivers.

VEHICLE MAINTENANCE CHANGES: ($8,510,006), (15.0 FTE), 1 TLT – Vehicle Maintenance savings and FTE reductions are the result of introducing new fleet vehicles as seen in a lower average bus age for the Metro-only bus fleet, from 8.51 years in 2014, 7.97 years in 2015, 6.87 years in 2016 to 5.55 years in 2017 and 3.95 years in 2018. At this point, the average age will begin to rise again, to 4.76 years in 2019, 5.13 years in 2020. The proposed FTE reductions are balanced by some additional staff to accommodate service growth and initiatives for more frequent bus seat rebuilds, review of work functions to improve workforce utilization and meet training needs, and development of an apprentice program which will also address Power and Facilities Section needs.

ADD RESOURCES FOR BUS CLEANING: $2,535,889, 26.0 FTE – this proposal would increase the frequency of deep bus cleanings from the current every 60 days to every 45 days in 2017 and every 30 days in 2018.

ORCA LIFT PROGRAM STAFF: $923,885, 4.0 TLT – this proposal extends the ORCA LIFT outreach program to sign up eligible individuals for this program.

DIESEL PRICE ADJUSTMENT: $5,583,498 – this proposal reflects the latest OEFA estimate that fuel prices will increase in 2017 and 2018. The change is in the August report compared to the March report:

Diesel Price/Gallon	2017	2018
March OEFA	$1.64	$1.80
August OEFA	$1.87	$2.03
Total $ Impact	$2.75M	$2.83M

ALTERNATIVE SERVICES - The budget proposal funds the last two years of the 2015-2018 alternative services demonstration project with a total of $16.1 million for operating and capital purposes. A report on the first 18 months implementation was submitted to the Council in September 2016; it outlines the accomplishments, initial performance measures, and planned future activities.

Operating funds total approximately $10.4 million including an increase of 4.0 FTE for staff to work with communities on program implementation and to serve as community mobility advisors. Alternative Services Vehicle (CIP #1126349) would appropriate $5.7 million for acquisition of a range of vehicles to provide alternative service in various modes. Vehicle types include 12- and 18-passenger vans for community shuttle service, retired vanpool vans and ramp mini vans for TripPool (flexible van sharing) and community van products.

CAPITAL INFRASTRUCTURE AND REVENUE FLEET HIGHLIGHTS

Fund 3641 is the subfund for most capital projects with the exception of revenue fleet vehicle procruements. **Comfort Stations** (CIP #1127330) is a capital project to build operator comfort stations at six prioritized locations (Eastgate Park and Ride, Sandpoint Way at NE 70th Street, SODO Busway, Westwood Village, Tukwila International Boulevard Station and Vashon Island). The project responds to a State Department of Labor and Industries finding that the Division was not providing adequate facilities as required by the bus drivers' labor agreement, and requiring the Division to report regularly to L&I on the status of remedial actions. At these six locations, the Division has not been able to reach an agreement with commercial facilities for bathroom access.[3]

Fund 3642 (Revenue Fleet) is the new capital subfund for revenue fleet vehicle purchases created in response to the revised Fund Management Policies. Because of the transition to the new policies, the revenue fleet appropriation includes appropriation authority for new buses and other vehicles, which is just under a third of the total 2017-2018 Fleet CIP request. The other two-thirds of the appropriation amount consists of funds that were previously appropriated but not expended. These funds are being disappropriated from old, Fund 3641 projects and into the new Fund 3642 projects. Table 1 provides a breakout of the prior appropriations and the new appropriation request.

[3]The operating budget proposal to add service hours to bus trip schedules for operator comfort station breaks, will be addressed as part of Issue 1, Service Addition of 300,000 Hours.

Table 1. Revenue Fleet Appropriation Request – Legacy and New Appropriations

	2017-2018 Appropriation Request	Transferred from Fund 3641 project	New Appropriation Request	New Appropriation Vehicles
Vanpool Vehicles	$14,710,525	0	$14,710,525	523
40' Hybrid Bus	$209,974,239	$127,933,183	$82,041,056	95
60' Hybrid Bus	$297,499,452	$251,547,841	$45,951,611	39
60' Trolleybus	$21,481,596	$7,142,965	$14,338,631	9
Electric Battery Bus	$9,182,978	0	$9,182,798	8
ADA Paratransit	$12,768,232	$15,958	$12,752,274	87
Total	**$565,617,022**	**$386,639,947**	**$178,618,262**	**761**

Note: Fund balance from two Fund 3642 projects, 35-Foot Hybrid Bus (-$1,846,239) and 40-Foot Trolley (-$10,326,220) would also be disappropriated at the end of 2016. These projects came in under budget so these funds would not be reappropriated in the 2017-2018 budget.

Compared to the current fleet acquisition schedule (reflecting the 2015-2016 adopted CIP as amended by a 2015 supplemental) the 2017-2018 CIP would fund a net increase of 86 buses. Buses may be delivered several years after funds are appropriated, so the schedule for adding new vehicles to the fleet is not easy to crosswalk with the timeline for the appropriations to buy the buses. If there is interest in the schedule for adding new buses to the fleet, that information can be provided.

ELECTRIC BUS PROGRAM: The Transit Division is conducting an electric bus pilot project with three 40-foot electric battery buses in operation on two Eastside bus routes (Route 226 and 241); the buses use a charging station at Eastgate Park and Ride. This pilot program will evaluate the effectiveness and reliability of the battery buses for potential consideration in future fleet procurements.

Battery Bus Budget (CIP #1130289, Fund 3642) would purchase eight additional eight 40-foot electric buses in 2017-2018. These would be put into use on Routes 226 and 241 which would become exclusively electric bus routes. The purchase would be made on the existing contract with Proterra, Inc. By operating two routes entirely with electric buses, aggregate route data will be available for a more complete comparison with hybrid buses.

Electric Bus Charging Infrastructure (CIP #1129299, Fund 3641) would add up to four more charging stations (specified locations are Bellevue Base, Bellevue Transit Center, possibly a second charging station at Eastgate). Bus charging stations are much more elaborate than car charging stations and are designed to allow rapid charging (7-10 minutes).

Issues

Issue 1 – Service Addition of 300,000 Hours: $30,466,940 and 213.0 FTE

The proposed budget would add 300,000 bus service hours in 2017-2018. The decision package for operating impacts of this change includes $30,466,940 AND 213.0 FTE.

Approximately 160,000 service hours are proposed to be invested according to King County Metro Service Guidelines priorities (crowding, schedule reliability, and underserved corridors). Of the remainder:

- 33,400 hours are added to trip schedules to ensure that drivers have adequate time for comfort station breaks.
- 39,710 hours are available for reinvestment by the City of Seattle under the terms of the Proposition 1 partnership agreement.
- 68,300 hours are included in the budget to preserve existing bus service levels at the time when buses leave the Downtown Seattle Transit Tunnel (DSTT) and in response to other construction project-related impacts.

For bus route changes meeting the threshold for Council approval, the Council would consider a service change ordinance. Other changes would be carried out under the KCDOT Director's administrative authority. Table 2 identifies the estimated service hours in each of the next four service changes and what category they fall in. These service hours are all proposed to be funded with Public Transportation revenues. The table also includes about 22,000 hours of Sound Transit and other revenue-backed service that is expected to be added.

Table 2. Additional Bus Service Hours, 2017-2018

	Total	Spring 17	Fall 17	Spring 18	Fall 18
2016 Crowding[4]	29,800	29,800			
Other Service Guidelines[5]	130,000		35,000	65,000	30,000
Comfort Station	33,400	23,400	10,000		
DSTT/Construction Impacts	68,300		12,300	27,000	29,000
Seattle	39,710	7,360	8,750	16,100	7,500
Revenue-backed	21,570	0	8,697	6,000	6,873
	322,780	**60,560**	**74,747**	**104,100**	**73,473**

Staff analysis will review the impacts to Transit's operational capacity to add 323,000 hours of service. Concerns include the risk that trips might be cancelled because vehicles or operators are unavailable; the need to fill 100 operator vacancies and recruit

[4] The 2016 Service Guidelines Report indicates that investment priority #1, crowding needs total 12,800 hours and investment priority #2, schedule reliability needs are 18,350 hours. This is more than the 29,800-hour total of the two in the budget documents.

[5] These hours would be invested in priority #3 Service Guidelines needs, underserved corridors, with the caveat that the 2017 Service Guidelines Report could identify additional priority #1 and #2 needs for investment in 2018.

1,000 trainees to meet attrition and support new service; maintenance base capacity; limits on available fareboxes and ORCA equipment for additional buses; and a backlog of vehicle service preparation that is projected to last through the biennium.

Analysis will also evaluate the DSTT/Construction impact service hours, which are related to the next issue concerning Downtown Seattle.

ISSUE 2 – DOWNTOWN SEATTLE ISSUES - LAYOVER SPACE AND CENTER CITY MOBILITY

Transit service in the Seattle Central Business District (CBD) includes:

- Link Light Rail in the Downtown Seattle Transit Tunnel (DSTT);
- Sound Transit and King County buses in the DSTT;
- King County, Sound Transit and Community Transit buses on surface streets;
- The South Lake Union streetcar to the north;
- The First Hill Streetcar in Pioneer Square.

During 2017-2018, the expected end of bus operations in the DSTT and the movement of buses to surface streets will affect all transit service on the surface streets. Alaskan Way Viaduct replacement construction is also expected to have new impacts on some bus routes. Staff analysis is continuing on several capital projects addressing changes that will affect Seattle CBD transit operations:

Downtown Seattle Layover Facilities (CIP #1129343) – this project is intended to identify bus layover space to replace existing layover space that is displaced due to development and the removal of buses from the DSTT. The project request for 2017-2018 is for $11.9 million in design and initial implementation funding, with a 2019-2020 request of $85.1 million including acquisition and implementation costs.

At the north end of the CBD, generally in the South Lake Union area, interim facility requirements are for 12 buses and a long-term need is for 30 to 35 buses. At the south end of the CBD, in the Pioneer Square-International District area, the need is for long-term space for 10 to 20 buses.

Center City Mobility Plan (CIP #1129633) is a $27.2 million request for the King County share of projects designed to mitigate the impacts of the DSTT closure to buses. The Center City Mobility Plan (also called One Center City) is a joint effort of King County, Sound Transit, the City of Seattle and the Downtown Seattle Association to address near- and long-term impacts of growth and traffic in the center city area. The City's comprehensive plan anticipates 56,000 more jobs and 25,000 more households in center city neighborhoods by 2035.

A near-term concern is that the end of bus operations in the DSTT, potentially in September 2018, would result in over 80 buses per hour in the peak moving to surface streets. All buses in the CBD would be affected. As an example of the impacts, absent other measures, afternoon peak period bus speeds would decline by 26 percent on Second Avenue and by 43 percent on Fourth Avenue. Metro operating costs due to the slower travel times are estimated to increase by more than $4.5 million per year, with another $2.1 million added costs for Sound Transit and Community Transit.

In the First Quarter of 2017, the partner agencies are expected to identify an “early actions” plan that will allow them to conduct public engagement and possibly submit legislation to the County Council for projects that mitigate the effects of leaving the DSTT. The County role could include bus stop improvements in the CBD; off board fare validation equipment at stops in the CBD to speed boarding; transit facilities associated with Accessible Mt. Baker, a Seattle-led project to improve transit facilities, pedestrian circulation and traffic operations near the Mount Baker Link Light Rail Station; and new on and off street bus layover facilities in areas affected by transit service revisions. The City of Seattle and other partners could deliver such program elements as: signal improvements to improve traffic movement, provide transit priority, or reduce delay associated with pedestrian crossings; rechannelizing surface streets; and other improvements.

Yesler Way Electrification (CIP #1129643) would construct trolleywire on 0.6 miles of Yesler Way and Eighth and Ninth Avenues. The 2017-2018 request is $2.0 million for planning and design, with an estimated $27.1 million in final design and implementation costs in 2019-2022. The goals of this project are to provide service to Yesler Terrace and to move Routes 3 and 4 off James Street, where congestion at the I-5 on ramp has the effect of degrading reliability for the Routes 3 and 4.

ISSUE 3 – CAPITAL PROGRAM MANAGEMENT

The budget includes a large increase in the CIP and the number of projects proposed to move forward. The budget and KCM staff acknowledge that the number of projects, their scope, and the wide range of project types create a challenge for the agency’s capital management capacity. The King County Auditor, in an email to Councilmembers dated September 13, 2016, recommends: (1) strong comprehensive facilities planning, (2) robust and transparent program management; and (3) resolution of barriers to project delivery by assuring adequate organizational, staffing, and outside consultant resources. The proposed budget requests additional Capital staff including 2.0 FTE to work on operating base capacity issues and 17.0 FTE for non-based capital projects. Staff analysis will evaluate how to address effective capital project delivery.

Some of the capital project categories that will be reviewed include:

A. **Atlantic-Center Base Complex Projects** – A Master Plan for the complex was submitted to the Council in 2013 and receipt acknowledged by Motion 13961. Briefly, the Plan concluded that space in the complex should be reserved for operations and maintenance of the trolleybus and bus fleets assigned to the complex. This budget requests funds for demolition of obsolete warehouse structures, funding for an interim Transit Policy facility, and a large new appropriation project to acquire land adjacent to the Atlantic/Central complex. The additional 9.14 acres is intended to facilitate the Master Plan goal of increasing bus maintenance for 100 vehicles, driver parking, and displaced functions.

B. **South Base Expansion** – A new South Base Expansion project requests funding for land acquisition adjacent to South Base. This proposal reflects a near term property acquisition opportunity that would potentially allow for additional bus maintenance capacity while a new operating base is developed.

C. **New, Eighth Maintenance Base** – This new project includes 2017-2018 funding of $30.4 million for planning and property acquisition in South King County, with future year funding for base construction in 2021-2022 and beyond the six-year CIP. The basis for this request is to acquire land while it is still available and at a time when the Transit budget has capacity.

Council staff is working on an analysis of base capacity and estimated needs for the projected service level in 2017-2018 and future years.

Table 3. Base Capacity - 2017-2018 Proposed Capital Projects

Project	2017-2018 Request	Total Six-Year CIP 2017-2022
Atlantic/Central Operations & Warehouse Demo	$1,669,318	$1,669,318
Interim Police Facility	$966,757	$966,757
8th Base Construction	$30,406,055	$55,345,709
Atlantic Base Replace Maintenance Bldg. HVAC	$2,299,556	$12,872,183
South Base Expansion	$47,248,587	$76,951,004
Central/Atlantic Base Expansion	$59,974,752	$84,194,552

D. **State of Good Repair and Transit Asset Maintenance Projects** – The current federal surface transportation authorization act, MAP-21, includes “State of Good Repair” (SGR) requirements for transportation agencies including transit agencies. Many capital projects fall within the SGR category, with the **Transit Asset Maintenance Project (TAMP)** being one of the largest. The Auditor has recommended that TAMP investments should be maintained to avoid creating a large future backlog and that Transit focus on management changes to increase the accomplishment rate. This proposed budget would terminate the TAMP Program and replace it with multiple projects for specific subproject types (Infrastructure Asset Management, Site Asset Management, Building Asset Management, Equipment Asset Management, SGR Administration).

Table 4. TAMP Restructure - 2017-2018 Proposed Capital Projects

Project	2017-2018 Request	Total Six-Year CIP 2017-2022
Transit Asset Maintenance Program (TAMP)	($25,218,717)	($25,218,717)
Infrastructure Asset Management	$40,753,142	$45,853,142
Site Asset Management	$27,175,175	$57,836,571
Building Asset Management	$57,658,563	$132,116,702
Equipment Asset Management	$3,592,691	$7,807,634

State of Good Repair Administration	$11,681,064	$15,315,413

<u>ISSUE 4 – TRANSIT TECHNOLOGY INVESTMENTS: $120,673,735</u>

The 2017-2018 Transit budget includes 12 proposed technology investments, totaling $121 million from the Public Transportation Fund. Many of these technology requests received initial funding during the 2015-2016 budget process.

In anticipation of the significant technology investments that would be necessary in future budgets, the 2015-16 adopted budget required Transit to develop a strategic technology roadmap, referred to here as the Strategic Technology Roadmap for Transit (STRT). The STRT was transmitted in June 2016 (2016-0292) and presents a forward-looking understanding of Transit's evolving technology needs and solutions over the next three to five years. Council staff will review the project proposals for consistency with the STRT.

In addition, in accordance with King County Code, Transit has provided a business case, cost-benefit analysis, and benefit achievement plan for each of the proposed projects. Staff are currently reviewing the project documentation for all of these projects and will provide an analysis of the projects during upcoming budget panels.

Table 5. 2017-2018 Proposed Transit IT Investments

Project	2017-2018 Request	Total Project Cost[6]
ORCA Replacement	$42,933,167	$57,537,784
Replacement for 4.9 Network	$23,950,639	$28,099,616
Transit Signal Priority	$4,328,805	$6,619,305
Vehicle Telematics for Transit Coaches	$3,428,817	$3,428,817
Transit Business Intelligence Resource Data	$1,678,764	$6,000,976
Rider Information Systems	$1,090,000	$1,896,427
Safety and Security Systems	$2,114,368	$2,406,468
Transit Customer Information Systems	$765,394	$5,149,251
On-Board Camera Management	$640,778	$640,778
Real-Time Improvements	$565,018	$1,309,722
Vehicle Maintenance Dispatch Replacement	$195,667	$323,831
Hastus Planning Module	$99,444	$443,302
Total	$81,790,861	$113,856,277

<u>ISSUE 5 – METRO CONNECTS INVESTMENTS</u>

The 2013 update to the Transit Strategic Plan added new Strategy 6.1.2 calling for development of a transit long range plan in collaboration with local jurisdictions. This plan was directed to include transit service and facilities consistent with regional growth

[6] Includes expenditures in prior years through completion.

targets and city comprehensive plans. Proposed Ordinance 2016-0404, now pending in the Regional Transit Committee (RTC), would adopt Metro Connects, as the Transit Long Range Plan (LRP) has been titled. The RTC is expected to take action on Metro Connects late this year or early next year, with subsequent referral to the Transportation, Economy and Environment Committee and the full Council[7].

The Metro Connects vision includes a substantial increase in transit service (by 2040, a 70 percent increase in service hours anticipated to result in a doubling of ridership) and a large supporting capital element. This large increase in service and infrastructure reflects the increased role of transit in accommodating regional population and job growth by 2040, as identified by the Puget Sound Regional Council (PSRC); Metro Connects also reflects city comprehensive plan assumptions about transit needs. As noted in the Metro Connects plan itself, current funding sources are not sufficient to fund all of the additional capital and operating needs.

Metro Connects envisions a 2025 network and a 2040 network of services. The 2025 network includes an additional 860,000 service hours and capital investments estimated at $5.4 billion. The Metro Connects plan suggests that 620,000 of the service hours and $1.4 billion of the capital program could be funded with existing resources assuming the growth projected in the OEFA forecast.

The budget request includes operating funds for Metro Connect planning which would be used to develop an Implementation Program. In addition to current staff resources, the budget requests funding for 1.0 FTE to support development of the Metro Connects Implementation Program. Another 1.0 FTE is requested for Access to Transit-related studies and standards (Access to Transit is interwoven with Metro Connects).

As part of its expanded bus service network, Metro Connects envisions the addition of 20 new RapidRide Lines (Lines G through Z) throughout the county. Each new RapidRide would serve an existing corridor but would include the distinctive RapidRide station buses and station amenities. The 2025 network includes 13 new RapidRide lines. Seven are identified in the Seattle Transit Master Plan and six would be located in other parts of the county.

The 2017-2018 capital program includes funding for two RapidRide projects:

Move Seattle RapidRide Expansion (CIP #1129632) – is a project for Seattle RapidRide Line capital infrastructure on Madison Avenue and in the Delridge neighborhood. The project is funded by the City of Seattle and a Washington State grant. The fleet procurement project for 60-foot trolleybuses includes a new appropriation for 13 trolleybuses to be used on the Madison RapidRide Line, paid through a federal grant.

[7] Because Metro Connects is a countywide plan, Proposed Ordinance 2016-0404 is considered a mandatory referral to the RTC. If the Council seeks to change the RTC-recommended version, the changes are subject to referral back to the RTC and if not approved by the RTC, the Council would have to approve the legislation with a 6-vote supermajority.

Metro Connects RapidRide Expansion (CIP #1129747) is the initial capital project for design and infrastructure for RapidRide Lines outside of Seattle that would be included in the 2025 network. For 2017-2018 the budget request is for $13.6 million in planning and design funds.

Staff analysis on these projects will address the process for establishing individual RapidRide lines, which has typically involved passage of an ordinance establishing a new Line and defining its stops, followed by implementation through a service change ordinance; and other impacts of expanding the number of RapidRide Lines.

Analyst:	Patrick Hamacher

MARINE DIVISION OPERATING

BUDGET TABLE

	2015-2016 Revised*	2016-2017 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$14,199,003	18,163,000	27.9%
Max FTEs:	18.7	25.0	36.5%
Max TLTs:	0.0	0.0	N/A
Estimated Revenues	$7,889,065	$17,886,718	126.7%
Major Revenue Sources	Property Taxes, Fares, Federal Grants		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

The Marine Division, within the Department of Transportation, provides passenger-only ferry service between Vashon Island and West Seattle to Downtown Seattle. During the biennium, the County absorbed the separate district known as the King County Ferry District. To support operation of the fleet, the Division also has dockside operations consisting of maintenance of the docks and maintenance of the fleet. The County Council has recently approved an agreement between King County and the State of Washington to relocate the Downtown Seattle dock to a space at Colman Dock upon completion of the State's renovation of the Colman Dock property.

The Marine Division also has a capital budget proposed for 2017-2018 totaling $33.1 million. Of that amount $20.7 million is the County's contribution to the Colman Dock project (75% funded by federal funds). This will be discussed in the next staff report.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Marine Division has a small number of changes that are proposed in the 2017-2018 budget. There are several issues listed below. The proposed budget also includes planned increases for the Division that are associated with staff related inflation costs and maintenance adjustments due to the manufacturer's warranty expiring on new vessels.

The proposed budget includes two relatively small projects that are optional and could be deferred to a future time or potentially implemented in a way that is more cost effective. These include the project to hire consultants to do a rate projection study ($200,000) and the costs associated with switching logo and print material to King County as opposed to the King County Ferry District ($144,000). These are not listed as issues because their total costs are relatively low compared to the budget and it appears to be work that ultimately will need to be accomplished. The only other major cost driver changing the budget is a large transfer to the Construction fund associated with the Colman Dock project and this will be discussed in the Marine Division CIP section.

ISSUES

ISSUE 1 – PROPERTY TAX INCREASE TO GENERATE AN ADDITIONAL $9.2 MILLION IN 2017-2018 REVENUE

In the first few years following the creation of the Ferry District, there were broader plans for the system. Property Taxes were initially collected assuming broader services and the District built up a large fund balance. For the past several years, the District (and now the County) have only been levying the equivalent of one-third of a cent per $1,000 of Assessed Valuation. To continue operations, the District has been using the large fund balance to make up the difference between collections and operations cost. The ability for the Division to continue operations without a larger property tax collection have been exhausted.

The Executive has proposed to increase the Ferry District property tax from its current rate to 1.25 cents per $1,000 AV or roughly $7.50 on a $600,000 house. The Executive has further proposed to reduce the Transit property tax by an equivalent amount to make this change cost-neutral to tax payers. This increase would raise $9.2 million over the biennium for the Marine Division. Similar to other funds that are backed primarily with a property tax, the Division will likely need future property tax increases to continue operations. The financial plan transmitted with the budget is balanced without future property tax increases through at least 2022.

ISSUE 2 – FARE INCREASE PROPOSED FOR 2018

Consistent with the past practice of the Ferry District, the County Executive has proposed a $0.50 rate increase, for most fares, in the second year of the biennium. This would change the base cash-fare for West Seattle to $5.75 and base prepaid fare to $5.00. For Vashon Island, the base fare would be $6.75 and the base prepaid fare would be $5.75.Most of the youth, low income, and senior-disabled fares only increase by $0.25 under the proposal. While not an official policy of the Marine Division, previously the Ferry District had an interest in matching fare box recovery to the 25 percent recovery level set for Transit. In 2015 the Marine Division had a farebox recovery of 31.6 percent. Previously, the fares were increased in 2010, 2012, 2014 and 2016. This fare increase, which would take effect on January 1, 2018, will be discussed later in the budget process.

Analyst:	Patrick Hamacher

MARINE DIVISION CAPITAL

BUDGET TABLE

	2015-2016 Revised*	2016-2017 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$11,385,921	$33,067,000	190%
Max FTEs:	0.0	0.0	N/A
Max TLTs:	0.0	0.0	N/A
Estimated Revenues	$5,216,876	31,295,820	500%
Major Revenue Sources	Property Taxes, Fares, Federal Grants		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

The Marine Division CIP, supports the needs of the Marine Division in providing passenger-only ferry service between Vashon Island and West Seattle to Downtown Seattle. During the biennium, the County absorbed the separate district known as the King County Ferry District. The Division has historically been very successful in identifying and receiving federal grants to pay for much of the transportation infrastructure required to run the Division.

The Marine Division has a proposed capital budget for 2017-2018 totaling $33.1 million. Of that amount $20.7 million is the County's contribution to the Colman Dock project (75% of 2016-2017 costs are funded by federal funds). The remainder of the Capital budget is comprised of a relatively small number of projects, including:

- $5.3 million to replace the float at Pier 50. This new float will be moved to the new Colman Dock facility upon completion.
- $5 million Grant Contingency to account for additional transportation grants, should the department receive them during the biennium.
- $1.25 million emergent need contingency to account for any unexpected maintenance or repairs that might be needed during the biennium.
- $626,150 for replacing the engines on the Spirit of Kingston to models that are more fuel efficient and produce less air pollution.
- $180,000 for terminal improvements aimed at safety, customer comfort and efficiency.

SUMMARY OF PROPOSED BUDGET AND CHANGES

There is a significant increase in the CIP compared to the 2015-2016 biennium. However, the increase is almost entirely attributable to the large contribution to the

Colman Dock project. The County Council, on August 29, 2016 approved Ordinance 18340 which authorized the Executive to execute a lease with a term that could exceed 50 years.

The County's total contribution to the Colman Dock project is about $27 million. Of that amount, $18.4 million has been awarded in federal grants (68 percent) and the Division continues to seek other grant opportunities to reduce the County's contribution.

ISSUES

Staff have not identified any issues with this budget.

Analyst:	Mike Reed

WASTEWATER OPERATING, CIP AND DEBT SERVICE

BUDGET TABLE

	2015-2016 Revised	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$276,483,016	$301,488,456	9.04%
FTEs:	605.7	622.7	3.30%
TLTs:	2.0	17.0	750%
CIP Appropriation	$328,775,000	$349,378,000	6.26%
Debt Service	$494,821,158	$536,056,519	8.33%
Estimated Revenues	$1,124,854,187	$1,056,744,645	6.06%
Major Revenue Sources	Customer Charges; Capacity Charge; Investment Income		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

The mission of the Wastewater Treatment Division (WTD) is to protect public health and enhance the environment by treating and reclaiming wastewater, recycling solids and generating energy.

WTD's functions are related to both long and short range capital planning, construction of projects to convey and treat wastewater, and the operation of the existing wastewater treatment and conveyance facilities to provide service for nearly 1.5 million people in King County and parts of Pierce and Snohomish counties. Since the adoption of the Regional Wastewater Services Plan (RWSP) in 1999, WTD has been implementing the policies and plan adopted by the Council and executing a 30-year capital plan to ensure sufficient capacity in the system for the growing population in King County and the service area while maintaining existing facilities.

The division's activities further King County's Strategic Plan's Environmental Sustainability goals by reducing pollution at its source, collaborating to restore Puget Sound and remediate specific polluted sites. It also incorporates sustainable practices into the design/construction and operation of its facilities, and creates resources from the waste products of its processes including the capture and sale of biomethane and associated environmental credits; use of biosolids as a soil amendment, and use of reclaimed water.

The budget of the Wastewater Treatment Division is a capital-oriented budget, with about 75 percent of overall expenditures directed towards new capital construction, repayment of debt from earlier construction, or asset management; the operating budget accounts for only about 25 percent of the overall budget, though it is large in absolute terms.

In 2013, King County signed a Consent Decree with the state Department of Ecology and the federal Environmental Protection Agency to control discharges from Combined Sewer Overflows. The Consent Decree requires that combined sewer overflows managed by the county be controlled by 2030. The Council has approved a Long Term Combined Sewer Overflow Control Plan, which defines the projects and sequencing for this capital undertaking; it provides for nine projects to control 14 CSO's by 2030. Together with conveyance system improvements and asset management, the Combined Sewer Overflow projects will be the focus of the Division's capital efforts in the coming biennium and the following decade.

Recent litigation in a contract default case associated with the construction of the Brightwater Treatment Plant conveyance system tunneling project, has recently been concluded, with a decision by the State Supreme Court not to hear an appeal of an appellate court decision favoring the County. As a result, revenue which had been set aside by the Division to address any negative ruling, has been made available for investment in the Wastewater program. The revenue, which amounts to over $129,000,000, was generated by wastewater rates during the period of bond sales in support of Brightwater construction. This revenue could be utilized for one or more of a number of program-related purposes, including debt reduction, future rate reduction, allocation to cash payment for major capital projects, or other purposes. The Executive is expected to make a recommendation on the use of these revenues associated with the 2018 wastewater rate proposal, to be considered by Council in mid-2017.

In June of this year, the King County Council adopted a 2017 monthly sewer rate of $44.22 per Residential Customer Equivalent ("RCE"), and the monthly capacity charge of $60.80 per RCE, with the intent of maintaining the sewer rate for two years. The rate and capacity charge are the primary funding sources for agency operations, capital projects, and debt repayment.

SUMMARY OF PROPOSED BUDGET AND CHANGES

OPERATING BUDGET

The Executive Proposed Operating Budget for 2017-2018 for WTD is $301,488,456, which represents a 9.04 percent increase from the 2015-2016 adopted budget. The Proposed Budget includes funding for 622.7 FTEs, or net 17 increase of FTEs (18 new FTEs and one FTE recommended for elimination) than the 2015-2016 revised budget, and 17 TLTs.

Much of the additional staffing that is being requested is associated with management or operational functions tied to the capital program. As described above, WTD is in the early phases of a long-term Combined Sewer Overflow control project, and is requesting staffing to support that project. Additionally, the Division is continuing projects identified through the 2005 Conveyance System Improvement ("CSI") report, and will soon complete an updated version of those CSI project recommendations. In addition to these capital requirements, the Division continues to pursue its asset management responsibilities, managing the maintenance and replacement needs of a $4 billion physical plant including three major treatment plants, 390 miles of conveyance pipeline, and associated pumps, regulators, storage tanks and ancillary facilities and equipment. As these undertakings increasingly define the Division's capital profile, in place of the now-receding Brightwater capital era, the Division is structuring its staffing profile to manage these responsibilities. The 2017-2018 Proposed Budget provides for the addition of a net 17 FTEs (one FTE is recommended for reduction)—many of which are converted from existing TLT's from the 2015-2016 budget, based on an assessment that the bodies of work to which they are assigned are ongoing, and are appropriately supported by permanent positions. In addition, the agency is recommending the addition of 17 TLT positions. Some of these TLT's are associated with property liens tied to unpaid capacity charges, and the escrow research requests driven by the associated collection efforts. Others support internal capital design functions, energy efficiency, heating/venting/air conditioning systems, energy utilization tracking, WaterWorks Grants Administration, and other functions.

These proposed FTE and TLT positions are listed below:

Proposed 2017-2018 FTE's and TLT's adds—Wastewater Treatment Division	
18.0 Proposed New FTEs	17.0 Proposed New TLTs
Capital Project Manager (3)	Project/Program Manager (2)
Project Control Engineer	Construction Management
Wastewater Engineer (2)	Administrative Staff Assistant
Water Quality Planner/Project Manager (6)	Engineers (3)
Wastewater Construction Manager	Industrial Instrument Technician (2)
Business and Finance Officer	Wastewater Construction Management (2)
Internal Auditor	Fiscal Specialist (6)
Real Property Agent	
Designer	
Capital Project Manager	

Biennial operating expenses include a number of notable initiatives. The Council recently approved legislation to authorize the sale of biomethane, and associated environmental attributes, generated by wastewater processing at the South Treatment Plant. That initiative is anticipated to generate $4,053,662 for the biennium, with revenues dedicated to WTD efforts in support of the Strategic Climate Action Plan; proposed operating expenditures that amount to $1,750,000 for the biennium, with the remainder in support of SCAP-related capital expenditures.

Also in support of the Strategic Climate Action Plan, the Executive recommends adding two TLT's to increase construction and demolition waste diversion efforts at Wastewater project sites and the installation of instrumentation in Loop biosolids trucks to increase mileage and limit energy usage, as well as increasing driver training and creating a driver incentive program. These SCAP-related expenditures amount to $1,252,024 for the biennium.

The Executive is recommending a $4,496,079 expenditure for the WaterWorks program for the biennium; as noted, staffing for WaterWorks grants administration is included in the list of FTEs (transitioned from a 2015-2016 TLT) listed above.

Total Decision Package adjustments for the operating budget amount to $9,674,206 for the biennium.

CAPITAL BUDGET

The 2017-2018 capital budget is recommended at $349,378,000, representing a 6.26 percent increase for the biennium.

As noted above, WTD is proceeding with implementation of the Long Term CSO Control Plan, approved by the Council in 2012. That Plan, resulting from a Consent Decree signed by King County, the state Department of Ecology, and the Environmental Protection Agency, provides for the construction of facilities to control the storm-driven overflows from discharge points in the combined stormwater/sewer system, primarily in Seattle. The plan requires the construction of control facilities that will limit overflows to one per year on a rolling 20-year average; facilities are required to be in operation by 2030.

Project Name	Overflow Name(s)	Phase	Construction Completion Date
Murray Street Wet Weather Storage	-Murray St. Pump Station	Construction	Dec. 31, 2016
Rainier Valley Wet Weather Storage	-Hanford #1	Construction	Dec. 31, 2019
Georgetown Wet Weather Treatment Station	-S Michigan St. Regulator Station -Brandon St. Regulator Station	Design	Dec. 31, 2022
TBD	-Belvoir Pump Station	Planning	TBD
West Duwamish* (gray + green)	-Terminal 115 -W Michigan St. Regulator Station	Planning	Dec. 31, 2025
Chelan Ave. Wet Weather Storage	-Chelan Ave. Regulator Station	Planning	Dec. 31, 2023
Ship Canal Water Quality Project	-3rd Ave. W -11th Ave. NW	Planning	Dec. 31, 2026
Montlake* (gray + green)	-Montlake Regulator Station	Planning	Dec. 31, 2028
University* (gray + green)	-University Regulator Station	Planning	Dec. 31, 2028
HLKK Wet Weather Treatment Station	-Hanford #2 Regulator Station -Lander St. Regulator Station -King St. Regulator Station -Kingdome Regulator Station	Planning	Dec. 31, 2030
TBD	-Harbor Ave. Regulator Station	Supplemental Compliance Plan	TBD
TBD	-Denny Way Regulator Station	Supplemental Compliance Plan	TBD
*gray stormwater control refers to traditional control means—concrete/steel tanks, pipelines, processing/treatment systems. Green refers to Green Stormwater Infrastructure—landscaping available surfaces to maximize the absorption/storage of stormwater during wet weather, to mitigate volumes			

Project Name	Overflow Name(s)	Phase	Construction Completion Date
that must be controlled by tanks/treatment/discharge. The West Duwamish, Montlake, and University projects will feature Green Stormwater Infrastructure			

Agency projects are proceeding according to the requirements of the Plan, with the Brandon St.-Michigan (Georgetown) Wet Weather Treatment Facility going through the planning/design process currently; the 2017-2018 budget provides $213,377,092 to undertake construction of the project, which will continue through 2022. A number of future CSO projects are expected to include Green Stormwater Infrastructure (GSI) installations to help mitigate and divert stormwater volumes, leading to lesser volumes to be addressed through a subsequent CSO facility. CSO/GSI projects in this budget include Hanford at Rainier/Bayview North CSO ($1,555,672); West Duwamish CSO ($11,924,113); University Green Stormwater Infrastructure ($27,098,123); Montlake Green Stormwater Infrastructure ($26,461,748); Joint Ship Canal CSO ($15,061,399) and Chelan CSO ($9,086,838).

As noted above, other major categories of projects include Conveyance System Improvement projects, based on the 2005 CSI Plan and the pending 2017 CSI Plan; and ongoing asset management projects.

New Capital Requests

PROJECT NAME	NUMBER	APPROPRIATION
Capital Project Oversight	1037549	$754,721
Water Quality Capital Outlay	1037765	$663,032
Biosolids Site Development	1037767	$617,160
East Division Corrosion Repairs	1037815	$630,657
Mitigation Site Maintenance Monitoring	1038099	$2,769,797
Sunset Heath Pump Station/Force Main Upgrade	1038122	$50,352,111
Odor/Corrosion Control	1038273	$4,502,217
Electrical Instrumentation and Control	1038335	$8,505,451
CIP Contingency Fund	1048049	$8,900,000
Conveyance Hydrogen Sulfide Corrosion Rehab	1048076	$5,878,072
Environmental Lab Energy Improvement	1048077	$1,751,819
Roof Replacement at Wastewater Facilities	1048079	$1,814,960
Mechanical Upgrade and Replacement	1113196	$7,549,573
Pipeline Replacement	1113247	$721,639
Comprehensive Planning/Reporting	1113334	$9,005,109
Lab Asset Management Program	1113351	$596,747
South Plant Pumps Motors and Drives	1114367	$2,204,504
West Point Replace Solids Control System	1114374	$60,392
Reclaimed Water Plan and Infrastructure	1114383	$1,510,249
North Lake Sammamish Flow Diversion	1116794	$5,754,302
South Plant Reclaimed Water Facility Modification	1116796	$1,986,022
West Point Oxygen Generation/Dissolution System	1116798	$45,942,187
North Mercer/Enatai Interceptor Parallel	1116800	$9,922,064
Lake Hills/NW Lake Sammamish Interceptor	1116801	$12,162,516

Hanford at Rainier and Bayview North	1116802	$1,555,672
Georgetown Wet Weather Treatment Station	1121402	$213,377,092
Influent Pump Station Switchgear Replacement	1121404	$3,512,147
West Duwamish CSO Control	1121409	$11,924,113
University Green Stormwater Infrastructure	1121410	$27,098,123
Montlake Green Stormwater Infrastructure	1121411	$26,461,748
East Fleet Maintenance Facility Replacement	1123517	$2,398,901
Coal Creek Siphon Trunk Parallel	1123624	$12,761,872
South Plant Hypochloride and Caustic Chem Storage	1123625	$1,814,529
South Plant Biogas Heat System Improvement	1123636	$18,132,635
West Point Liquid Blower Replacement	1123627	$447,376
Denny Regulator Station Backup Power	1123629	$372,725
Eastside Interceptor Rehabilitation Phase II	1123630	$16,266,278
Kent Auburn Phase B	1123632	$13,434,902
Capital Projects Closeout	1126444	$2,267,511
Joint Ship Canal CSO	1127126	$15,061,399
Primary Sedimentary Roof Structure	1127489	$4,653,824
Interbay Partial Force Main Replacement	1128354	$5,490,917
West Point Biogas Piping Replacement	1129526	$2,515,523
Interbay Force Main Odor/Corrosion Control	1129527	$$883,114
Offsite Replacement of Small Generators	1129528	$1,061,423
West Point Refurbish Effluent/Sludge Pipes	1129529	$4,666,851
South Plant Pipe Replacement	1129531	$4,109,875
Brightwater Optimize Aeration Basin	1129532	$2,587,792
Chelan Ave Combined Sewer Overflow	1129533	$9,086,838
Sammamish Plateau Diversion	1129534	$3,243,272
Capital Project Formulate	1129536	$7,557,298
Hydrogen Sulfide Corrosion Rehabilitation	1129537	$745,992
Technology Assessment and Innovation	1129538	$2,016,285
Medina Force Main Odor Control	1129756	$2,448,352

DEBT SERVICE

In addition to the operating and capital budgets the 2017-2018 proposed budget includes $536,056,519 for debt service, an increase of 8.33 percent from the 2015-2016 revised budget. In June, the Council approved a revised sewer rate that assumed a policy of providing 40% cash funding for major capital projects. That strategy, while it impacted the amount of the rate, is projected to result in a debt level that is $199 million less than it would have been by 2022, and $582 million less than it would have been by 2030.

At year-end 2013, WTD had outstanding debt totaling approximately $3.9 billion, reflecting bond sales associated with the Brightwater Treatment Plan, and other ongoing capital projects. Debt levels are expected to decline slightly through 2017, to about $3.85 billion; they will begin to climb again as additional debt is issued associated with the ramp-up of CSO construction projects and Conveyance System Improvement projects. New bond sales totaling about $623.5 million are planned for the 2017-2022 period. The current credit ratings for WTD are Aa2 bond rating from Moody's and AA+ bond rating from Standard and Poor's.

Prior to approval of the 2017 rate and capacity charge, WTD worked with stakeholders on the issue of system indebtedness; local sewer agencies had expressed concern that total debt levels might be relatively high. The strategy of 40 percent cash funding of projects, as a means to reduce total debt levels over time, emerged as a recommended approach. The Metropolitan Water Pollution Abatement Advisory Committee (MWPAAC) expressed support for the rate, with the proposed cash funding level. As noted, the wastewater rate approved by Council assumes that 40 percent cash funding level for major capital projects.

ISSUES

ISSUE 1 – STAFFING ADDITIONS

As noted, the Division is recommending the addition of net 17 new FTEs—largely converted from 2015-2016 TLT's—and 17 new TLT's. Staff analysis is focusing on 1) the relationship of these additional staff to major agency responsibilities, and 2) the extent to which their functions represent ongoing bodies of work. As noted, the Division budget is heavily capital-focused, as it manages a very large regional physical plant, and adds to the size and capacity of that plant based on the CSO Consent Decree and the Conveyance System Improvement undertaking.

Initial review suggests that most of the additional FTEs are related to these responsibilities; while the additional TLTs appear to be a mix of operational and capital-related positions. Staff analysis is continuing.

ISSUE 2 – DEBT PAYMENTS

In June 2016, the Council approved a revised monthly wastewater rate of $44.22 per RCE, and a revised monthly capacity charge of $60.80 per RCE. The new rate assumes a revised capital project funding strategy that provides for funding 40 percent of the cost of major capital projects with cash up front. This revision resulted in a rate higher than it would have been had the Division continued to fund capital projects with cash at the rate of 27 percent. This approach was targeted to achieve a significant reduction in the amount of debt carried by the agency in the out-years, with a more limited margin of reduced debt in the near term.

Staff analysis is ongoing and will focus on the impact of this more restrained growth of debt load over the coming two biennia, and whether that impact is evident in biennial debt payments through 2020. Debt payments currently consume about 46 percent of overall 2017-2018 agency expenditures.

ISSUE 3 – CAPACITY CHARGE COLLECTIONS SUPPORT

Revenue support for the Wastewater Treatment Division is derived from both the wastewater rate, and the capacity charge, assessed to new connections to the wastewater system. Capacity charges may be paid either as a lump sum, or as monthly payments. Where payments are made on a monthly basis, the agency has experienced some level of late- or non-payment, and has developed a process to pursue collections of unpaid capacity charges, which ultimately may result in a property lien, if other collection efforts are unsuccessful. This process results in the need to respond to significant numbers of escrow requests, involving property research and inquiry response. The Executive is requesting funding for six Fiscal Specialists, to assist in this process.

Staff analysis is ongoing and will focus on the results of this collection effort, in terms of revenues collected annually compared to annual unpaid capacity charge amounts.

Analyst:	Hiedi Popochock

WLRD - SURFACE WATER MANAGEMENT LOCAL DRAINAGE SERVICES

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$60,471,675	$72,948,000	20.6%
Max FTEs:	114.8	122.6	6.8%
Max TLTs:	5.5	10	81.8%
Estimated Revenues	$54,556,712	$75,575,000	38.5%
Major Revenue Sources	SWM Fees, Grants, Contracts, General Fund		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

The Surface Water Management (SWM) section in the Department of Natural Resources and Parks' Water and Land Resources Division (WLRD) funds the management of stormwater runoff from developed land in unincorporated King County. This division designs, builds and maintains stormwater facilities, updates design standards for stormwater facilities, evaluates and investigates reports of drainage and water quality problems and implements small project fixes of these problems, and drafts, reviews, and implements stormwater regulations, ensuring compliance with water quality codes. There are four cost centers within the SWM budget:

SWM Central Services provides administration services for the section, as well as management and maintenance of the SWM billing system and internal service charges. In addition, this section includes the transfer to the WLRD Shared Services fund for services rendered by WLRD Science and WLRD Environmental Lab.

SWM Rural Programs includes King County Agriculture, King County Forestry, and the Public Benefit Rating System (Current Use Taxation). This section also includes the basin stewardship program, open space acquisition, and ecological restoration and engineering services.

SWM Operations includes the Stormwater Services Unit which manages all operations required to meet National Pollutant Discharge Elimination System (NPDES) permit requirements, including controlling and reducing existing and development related runoff and water quality impacts. This section also includes engineering support for the SWM CIP.

CIP Transfers includes the annual "pay as you go" transfer to the SWM capital program, as well as the debt service payment on stormwater bonds.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2017-2018 proposed SWM operating budget is $72,947,800, which includes 122.6 FTEs and 10 TLTs. This represents a 20.6 percent increase in appropriation, a 6.8 percent increase in FTEs and an 81.8 percent increase in TLTs compared to the 2015-2016 operating budget.

SWM has requested a number of programmatic changes in the proposed budget. The most notable changes are briefly described below. These proposed additions would be backed by SWM fee revenue.[1] Note that Proposed Ordinance 2016-490, which would increase the SWM fee, was transmitted with the Executive's 2017-2018 Proposed Budget.

1. <u>Stormwater Asset Management $4,965,503 in expenditures, 4.0 FTEs</u>
   This request would add appropriation to implement SWM's 10-year Stormwater Management Asset Plan to proactively manage the 1,100 WLRD-owned stormwater facilities including stormwater ponds, vaults, tanks and swales. It also includes pipe systems, channels and ditches. Approximately $3.2 million of appropriation would address the expired and expiring components at 72 of the stormwater facilities. The remaining increase in appropriation would address inspection, assessments and maintenance demands that are not currently addressed in the 2015-2016 budget, according to Executive staff.

2. <u>Implement Farm, Fish and Flood $251,843 in one-time expenditures, 1.0 TLT</u>
   This $252,000 request of one-time funding is to hire a 1.0 TLT Agriculture Permitting Specialist to support the Farm, Fish and Flood effort and the Regulatory Task Force. The position would lead the Department of Natural Resources and Parks and the Department of Permitting and Environmental Review Agriculture Permit Team. The position would also work with the Agricultural Drainage Assistance Program staff to identify priority farmlands in need of drainage assistance and support landowners to navigate the permitting process.

3. <u>Lower Green River Basin Stewardship $122,229 in expenditures, 0.75 FTE</u>
   This would add a .75 FTE Project Program Manager III to coordinate and help implement opportunities and programs to develop a continuous tall tree canopy along the twenty-one mile-long Lower Green river shoreline in order to provide the maximum potential shade as defined in the Green River Total Maximum Daily Load report and to implement the solar radiation maps, known as the Riparian aspect Priorities Map, prepared by the Muckleshoot Indian Tribe. This position would work closely with the King County Flood Control District, cities along the Lower Green river, the Water Resource Inventory Area (WRIA) 9 Ecosystem Forum and the Muckleshoot Tribe.

4. <u>Stormwater Mapping $1,002,481 in one-time expenditures, 9.0 TLTs</u>
   SWM has requested one-time funding of approximately $1 million to extend 9 TLT Engineer I positions in order to continue collecting and updating stormwater right-of-

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[1]Note that the proposed Low-Income Discount program is expected to increase costs by $50,000 and reduce SWM fee revenue by $200,000.

way mapping inventory as part of the National Pollution Discharge Elimination System (NPDES) permit requirements. The NPDES requires the county to map a portion of its stormwater system by the end of 2017. The 9 TLT positions would end on 12/31/2017.

5. <u>Water Quality Grant Program $250,000 in expenditures</u>
This appropriation request would create a new program in SWM that would allow unincorporated King County residents to apply for grant funds in order to make water quality improvements through community-based projects and/or increasing community awareness. The program would be modeled similar to the Wastewater Treatment Division's (WTD) Waterworks Program which provides grants for water quality improvements in the WTD service areas. Eligible applicants of the Waterworks Program includes: non-profits groups, cities and counties, special purpose districts and tribes. The Executive did not transmit any legislation to create the program and WLRD has yet to develop program criteria.

6. <u>Low-Income Discount Program $50,000 in expenditures, ($200,000) in revenue</u>
This would create a discount program for low-income property owners in unincorporated King County in order to mitigate the impacts of a SWM rate increase. The new program would be administered by the Assessor's Office similar to SWM's current Low-Income Senior Exemption Program. Only residential properties are eligible for the low-income senior program.

7. <u>Agricultural Drainage Assistance Program $700,000 in expenditures</u>
SWM has requested funding to increase farm ditch cleaning efforts in the Agricultural Drainage Assistance Program. This would enable SWM to clean approximately two miles or 10,000 linear feet of ditch (about 4 to 6 projects) annually. SWM currently has $400,000 proposed in the 2017-2018 base budget dedicated for this effort. This request would increase the total appropriation for ADAP to $1.1 million for the biennium.

8. <u>Beaver Management $284,689 in expenditures</u>
The request is to implement the Beaver Management Strategy identified in King County's 2016 Comprehensive Plan Update. SWM would develop and implement a beaver management plan to address and monitor the growth of beaver populations in King County as well as develop effective approaches to various issues caused by beavers.

9. <u>Fish and Habitat Effectiveness Monitoring $500,000 in expenditures</u>
This request is a transfer from SWM to Shared Services to implement a monitoring program that would provide information on fish population and habitat status and trends in unincorporated King County. The program would evaluate the effectiveness of the ecosystem restoration and land protection projects completed and other salmon recovery efforts to determine if those investments improved habitat conditions and fish populations in King County watersheds over time. Currently, there is not a comprehensive program in WLRD to assess the return on these investments.

10. <u>Road Services Division Drainage Projects $6,489,959 in expenditures</u>

This request would provide SWM revenue to mitigate the negative impact of the proposed SWM fee increase in Proposed Ordinance 2016-0490 in the Road Services Division (RSD). Of the $6.5 million of appropriation, $2 million would be one-time funding to support the unfunded 2015-2016 transfer to RSD. The remaining appropriation would offset the proposed SWM fee increase impact to the RSD capital program to fund drainage work.

11. Natural Drainage System Flood Projects $1,000,000 in expenditures, $1,000,000 in revenue
This request would increase the operating transfer to the CIP by $1 million to address chronic drainage flooding issues in unincorporated King County.

12. Increase for the Habitat Restoration Capital Improvement Program, $1,036,348 in expenditures
SWM has requested to increase the transfer to the Habitat Restoration CIP and reallocate the Monitoring and Maintenance program from the CIP to SWM operating.

13. CityWorks Stormwater Information System $349,214 in expenditures, 1 FTE
This request would add 1.0 FTE Engineer I to implement the CityWorks Information Management System. In addition, the appropriation includes King County Information Technology (KCIT) support and the associated licensing fees needed for the new system.

ISSUES

ISSUE 1 – SURFACE WATER MANAGEMENT FEE INCREASE $22,584,468

SWM has requested a number of changes, described above in items 1 - 12, in the 2017-2018 proposed budget that would be funded by SWM fees through a proposed rate increase in the 2017-2018 biennium as outlined in Proposed Ordinance 2016-0490. The proposed ordinance would increase the SWM fee for the single-family residence rate classification for unincorporated King County property owners by 50 percent (from $171.50 to $258). The SWM fee would also be increased in other rate classifications identified in K.C.C. 9.08.070. Table 1 below illustrates the current SWM fees and the 2017-2018 proposed SWM fees for unincorporated King County property owners.

Table 1: 2015-2016 SWM Fees and 2017-2018 Proposed SWM Fees

Rate Classification	Percent Impervious Surface	2015-2016 Rate	2017-2018 Proposed Rate	Number of Billable Parcels	Percent Revenue Generated
1 Residential	N/A	$171.50 / parcel	$258 / parcel	80,484	55%
2 Very Light	≤ 10	$171.50 / parcel	$258 / parcel	2,612	2%
3 Light	10.1 ≤ 20	$ 413.38 / acre	$ 695.28 / acre	538	4%
4 Moderate	20.1 ≤ 45	$ 905.92 / acre	$ 1,343.00 / acre	657	5%
5 Moderately Heavy	45.1 ≤ 65	$ 1,546.40 / acre	$ 2,289.61 / acre	1,509	4%
6 Heavy	65.1 ≤ 85	$ 2,116.79 / acre	$ 3,171.86 / acre	1,113	3%

7 Very Heavy	85.1 ≤ 100	$ 2,638.96 / acre	$ 3,937.85 / acre	560	4%

Staff analysis of the proposed increase and the proposed investments is ongoing.

ISSUE 2 – PUBLIC BENEFIT RATING SYSTEM APPLICATION FEE INCREASE $48,000

This request would increase funding to process the Public Benefit Rating System Program (PBRS) applications by $48,000 and would be supported by increasing the current application fee from $480 to $1,200. The General Fund currently contributes approximately $668,000 of funding to operate the program. The proposed budget would continue the General Fund support at the 2015-2016 level despite the new revenue estimated to be collected in result of the proposed fee increase in Proposed Ordinance 2016-0484.

The PBRS program offers an incentive to preserve open space on private property in King County by providing a tax reduction based on a point system for eligible properties. The total points awarded for a PBRS applicant can be up to a 90% reduction in the land assessed value for the portion of the property enrolled. Executive staff state that PBRS applications may take up to six months to process. A PBRS application requires approval from the King County Council.

Staff analysis of the proposed increase and the proposed investments is ongoing.

Analyst:	Hiedi Popochock

WATER AND LAND RESOURCES DIVISION - SHARED SERVICES

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$67,740,638	$73,033,000	7.8%
Max FTEs:	170.8	168.8	(1.2%)
Max TLTs:	2.0	0.0	(100%)
Estimated Revenues	$66,979,552	$72,640,000	8.4%
Major Revenue Sources	Charges assessed to agency divisions (wastewater, local hazardous waste, surface water management), Charges to division programs, Grants		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

The Department of Natural Resources and Parks' (DNRP) Water and Land Resources Division (WLRD) Shared Services budget provides funding for four programs:

Administration supports the entire Water and Land Resources Division, including the Division director's office and division-level human resources, information technology, finance and accounting, and other office support. In addition, it includes central costs such as department and County overhead.

Science and Regional Services provides water quality and water quantity data and technical analyses, such as groundwater monitoring and hydrology studies. Staff in this group implements long-term water quality monitoring to assess if environmental conditions are getting better or worse over time, and monitor capital projects to track environmental impacts. Regional Services includes County support of the various watershed resource inventory areas (WRIAs) and the Chinook Recovery Plan.

The **Environmental Lab** provides sampling, chemical and biological testing, and data management services to meet National Pollutant Discharge Elimination System (NPDES) permit and other regulatory requirements for Wastewater Treatment Division, WLRD, Solid Waste Division, and other clients.

The **Local Hazardous Waste Program** works to reduce hazardous chemicals used and/or generated by businesses and schools, minimize hazardous substances in the wastewater and solid waste streams, and to reduce human exposure to hazardous substances. This program is a separate appropriation and will be discussed in a staff report at the Health, Human Services and Criminal Justice Budget Panel meetings.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2017-2018 proposed Shared Services operating budget is $73,032,246, which includes 168.8 FTEs. This represents a 7.8 percent increase in appropriation, a 1.2 percent decrease in FTEs and a 100 percent decrease in TLTs compared its 2015-2016 operating budget.

Shared Services has requested a number of changes in the proposed budget. The most notable changes are described below.

1. Lake Geneva Lake Management District, $28,403 in expenditures, $28,403 in revenue from Lake Management District 2
   This budget request is in response to Ordinance 18310 that adopted a special assessment roll totaling $14,500 annually for ten years to fund the approved activities of the Lake Management District No. 2 in the Lake Geneva watershed. The lakeshore is ringed by approximately 42 single-family residences, 11 vacant home site lots, two County-owned park parcels and Washington State Fish and Wildlife boat dock. The ordinance was recommended by King County's Hearing Examiner and adopted by the Council. WLRD would be the service provider to the Lake Geneva Management District.

2. Equity and Social Justice Initiative in Hiring $80,000 in expenditures
   This request would add funding to increase diversity and inclusion efforts in recruitment and hiring practices identified in DNRP and WLRD's Equity and Social Justice Work Plans. The funding would allow DNRP and WLRD to create more internships (approximately 1, 250 internship hours = $25,000 in budget appropriation annually) and access to employment opportunities in the environmental career field by subscribing to diversity network websites.

3. Local Hazardous Waste Management Program, $320,000 in expenditures, $320,000 in revenue
   This request is a transfer of appropriation from the Solid Waste Division (SWD) to WLRD Shared Services that would provide funding to continue Local Hazardous Waste Management Program's workforce and organizational development as approved by the Management Coordination Committee.

4. Grant Contingency $1,000,000 in expenditures
   This is an increase in grant contingency to allow Shared Services to have additional appropriation for grants in the 2017-2018 biennium. This appropriation would only be utilized for programs in the Shared Services fund when grant funds are awarded from external grantees. Shared Services estimates approximately $2.3 million of grant applications will be submitted by the end of 2016. This request would likely reduce the need of a supplemental appropriation in an Omnibus ordinance in the biennium.

5. Beaver Management Strategy $75,964 in expenditures, $250,000 in revenue
   This request is a transfer from SWM to Shared Services to implement the Beaver Management Strategy identified in King County's 2016 Comprehensive Plan Update. The revenue would provide funding for direct labor costs and the WLRD cost plan overhead. The expenditures in this package represents the incremental costs that

were not included in the base budget. Shared Services would develop and implement a beaver management plan to address and monitor the growth of beaver populations in King County as well as develop effective approaches to various issues caused by beavers.

6. Fish and Habitat Effectiveness Monitoring $127,018 in expenditures, $500,000 in revenue
   This request is a transfer from SWM to Shared Services to implement a monitoring program that would provide information on fish population and habitat status and trends in unincorporated King County. The revenue would provide funding for direct labor costs and the WLRD cost plan overhead. The expenditures in this package represents the incremental costs that were not included in the base budget. The program would evaluate the effectiveness of the ecosystem restoration and land protection projects completed and other salmon recovery efforts to determine if those investments improved habitat conditions and fish populations in King County watersheds over time. Currently, there is not a comprehensive program in WLRD to assess the return on these investments.

7. FTE Transfer from Shared Services to Surface Water Management ($218,883) in expenditures, ($218,883) in revenue, (1.0) FTE
   Shared services has requested to transfer an existing vacant 1.0 FTE Business Officer I position to SWM in order to prepare for succession planning for the management of the SWM billing system. SWM currently has one employee that completes this body of work and will be eligible to retire in the next few years. The additional FTE would allow continuity of the SWM billing process and would provide additional support during the process of rewriting the SWM billing system.

8. FTE Reduction in the Science and Technical Support ($54,244) in expenditures, (1.0) FTE
   This is a reduction of a vacant 1.0 FTE position due to shifting the position's body of work in the Lake Stewardship Program to existing staff who were working on capital projects that are now completed. This vacant FTE is no longer required in the Science Section.

9. Laboratory Information Management System Replacement $0 in expenditures, $0 in revenues
   Shared Services submitted a zero appropriation decision package for Environmental Lab's Laboratory Information Management system replacement. The appropriation would be requested and funded by the Wastewater Treatment Division sometime in the biennium. The project is currently going through the King County Information Technology's IT Governance process.

ISSUES

ISSUE 1 – SURFACE WATER MANAGEMENT FEE INCREASE $750,000

The WLRD SWM Local Drainage Services fund has proposed a number of investments that would be funded by a proposed SWM fee increase (Proposed Ordinance 2016-0490), which would include funding investments in the Shared Services fund. The

Beaver Management Strategy Implementation and the Fish and Habitat Effectiveness Monitoring are proposed to be funded by the proposed SWM fee increase. The SWM fee increase issue is discussed in the WLRD SWM Local Drainage Services staff report.

Analyst:	Reed

SOLID WASTE DIVISION

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$220,672,386	$274,891,000	24.6%
Max FTEs:	396.3	405.5	2.3%
Max TLTs:	1.0	12.0	1,200%
Estimated Revenues	$211,775,148	$256,118,000	20.9%
Major Revenue Sources	Solid Waste Fees		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

King County Solid Waste Division operates the largest publicly-owned solid waste management system in the state. County-owned and operated facilities include the Cedar Hills Regional Landfill, eight transfer stations, and two drop boxes. The Division also manages a variety of waste reduction and recycling programs targeted at residents and businesses and is responsible for maintaining seven closed landfills. The Division operates transfer trucks which transport waste from County transfer stations to the Cedar Hills Regional Landfill. The Division has agreements with cities for participation in the regional waste disposal system, whereby private waste haulers deliver residential and business refuse from those jurisdictions to County transfer stations. The Solid Waste Division budget is supported by disposal fees assessed for the disposal of solid waste. As the result of recent Council action on proposed rates, the basic fee—paid by commercial haulers who deliver waste to County transfer stations--will be set at $134.59 per ton.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2017-2018 proposed budget of $274,890,441 is 24.6 percent higher than the 2015-2016 revised budget of $220,672,386. Tonnage projections assume a decrease in tonnage of 3% for the 2017-2018 biennium, from the 2015-2016 biennium. The 2017-2018 budget proposal includes a Decision Package increase of $48 million; $21 million of that is for transfers to the Landfill Reserve Fund, which provides a revenue base for operations of the Cedar Hills Regional Landfill, as well as for landfill development and post-closure maintenance funds. An increased contribution of $6.8 million to the Capital Equipment Recovery Program, a $2 million Demand Management pilot project, and $2.4 million in support of custodial landfill maintenance and monitoring are also major contributors to Decision Package costs. In September, the Council approved a rate adjustment to support the proposed budget, with the base fee increasing to $134.59 per ton, from $120.17 per ton, an increase of about 12%.

Division revenues are closely tied to annual tonnage disposed, through the "tipping fee" charged to haulers delivering waste to transfer stations. The Division reports increases in waste tonnage beyond that previously projected, resulting in overtime for truck drivers, more rapid depletion of capacity at Cedar Hills, and increased landfill operational costs. The key initiative for the coming biennium is the Demand Management Pilot Project, that examines the feasibility of strategies to reduce peak self-haul demand in anticipation of potential extended queues at the Factoria Transfer Station as part of the transfer network upgrade capital project. The transfer network upgrade will drive increased debt service in coming years, including $8.2 million in new debt service for the coming biennium. The proposed budget also transfers $4 million from operating funds to the Construction Fund, to mitigate debt service increases.

Background and Context for Staff Analysis.
In 2014, the Council approved the Solid Waste Transfer Plan Update, which was undertaken at Council direction. This update was initiated in light of significantly reduced long-term tonnage projections and associated questions about the size of the proposed Transfer Station upgrade project. The thrust of the update was to defer development of the Northeast Transfer Station, pending demonstration of need; a subsequent report described the opportunities for managing self-haul demand as a means of addressing self-haul transactions. Council action came in the context of several cities declining to extend their contracts for participation in the system beyond 2028, raising long-term rate implications for remaining members, with capital costs associated with full system build-out.

ISSUES

ISSUE 1 – CEDAR HILLS REGIONAL LANDFILL

There are a number of developments, with major cost implications, associated with the Cedar Hills Regional Landfill. As noted, the Decision Package includes an $11 million transfer to the Landfill Reserve Fund, and a separate $10 million transfer to the LRF, associated with unanticipated development costs for Area 8 (the waste disposal area at Cedar Hills that is being developed for disposal of waste tonnage through 2027) , and with increased disposal costs tied to greater tonnage. The Division is reporting more rapid utilization of landfill capacity, resulting in an earlier anticipated closure date, currently projected at 2027. A "Revised Site Development Plan for Cedar Hills Regional Landfill" has been completed, addressing options for extending the life of the landfill; while, in the long run, such extension is expected to result in substantial rate savings, there are significant cost implications, and associated rate implications for the required developmental efforts at the landfill.

Staff analysis of this issue is continuing.

ISSUE 2 – DEMAND MANAGEMENT PILOT PROGRAM

The Executive is proposing a Demand Management pilot program to test strategies to mitigate queues that are anticipated if the region chooses to close the Houghton

Transfer Station, and not replace it with a new Northeast station, as part of the transfer network upgrade CIP. In addition to selected self-hauler minimum fee adjustments, the Demand Management pilot would extend hours at selected stations, and may provide staff to assist self-haul customers through the waste unloading process, to help speed line movement. The $2 million pilot proposes 10 TLTs. There are several uncertainties, with cost implications, associated with the pilot. First, self-haul demand has a seasonal variability, with periods of greatest demand occurring in late summer-early fall. This raises the question of whether there are reasonable opportunities for structuring the pilot to limit the staff requirements, to focus on the period of peak demand. Additionally, the pilot anticipates a significant, though selective, self-haul minimum fee adjustment; the 2017-2018 revenue projections address this fee adjustment, in light of uncertainties regarding the design of the pilot, and the elasticity of self-haul demand in the face of fee adjustments at defined locations. Staff analysis will focus on seasonal variability of self-haul demand, and on a potential range of fee increase revenue.

Staff analysis of this issue is continuing.

ISSUE 3 – FTE INCREASES

The County's role in the regional Solid Waste system involves transferring consolidated loads of waste from transfer stations, to the Cedar Hills landfill, in large truck/trailer combines. The Executive is proposing an increase of 4 FTE truck drivers, noting significant overtime on the part of existing drivers, based on a greater-than-projected tonnage increase during the current year. Projections for 2017-2018, however, anticipate a tonnage decline, based in part on the completion of the Seattle North transfer station, and the return of some portion of the Seattle self-haul users who have been utilizing the Shoreline Transfer Station, to the Seattle system.

Staff analysis of this issue is continuing.

ISSUE 4 – TONNAGE TRENDS

The agency has indicated that tonnage volumes for 2016 are significantly higher than projected. This has implications for a range of agency operations. As noted above, truck driver and transfer station staffing is impacted by tonnage volumes, as is the rate of capacity exhaustion at Cedar Hills. It has been indicated that truck drivers are working significant overtime, and that Cedar Hills will fill more quickly than earlier anticipated. Agency revenues, tied to tonnage levels, are also up. Staff analysis will focus on specifics of unanticipated tonnage volumes, tonnage projections for 2017-2018, and associated revenue projections.

Staff analysis of this issue is continuing.

Analyst:	Mike Reed

SOLID WASTE CAPITAL IMPROVEMENT PROGRAM

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Solid Waste CIP	$83,886,206	$70,784,905	(15.6)%
FTEs:	0.0	0.0	N/A
TLTs:	0.0	0.0	N/A
Major Revenue Sources	Solid Waste Fees		
* Note: 2015-2016 Revised includes the 2015-2016 Adopted Budget plus adopted supplementals as of transmittal of the Executive's proposed 2017-2018 budget.			

PROGRAM DESCRIPTION AND PURPOSE

Solid Waste's Capital Improvement Program (CIP) develops and maintains the County's recycling, transfer, and disposal system facilities such that they are able to meet service demands, and assures that they are maintained at a level consistent with program needs, applicable regulations and environmental requirements. The 2017-2018 CIP is comprised of the Solid Waste Construction Fund, the Capital Equipment Replacement Program, and the Landfill Reserve Fund.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed 2017-2018 CIP budget is $70,784,905, a 15.6 percent decrease from the $83,886,206 of the 2015-2016 CIP. The 2017-2018 biennial CIP includes a number of major project expenditures, as follows:

- **Capital Equipment Recovery Fund Equipment Replacement: $13,400,000 –** This fund supports the replacement of major transfer, land moving, compaction and similar equipment associated with the transfer and disposal of large solid waste volumes. The Division indicates that, during recent biennial budgets that were recession-impacted, equipment replacement expenditures were restrained. As tonnage volumes increase with the return of a stronger economy, this budget proposal seeks to address a backlog of equipment replacement needs.
- **Cedar Hills Revised Site Development Plan: $405,128 -** The Cedar Hills Regional Landfill is currently estimated to have remaining disposal capacity through 2027. The Division has completed preparation of a Revised Site Development Plan, which describes options for extension of the capacity of the landfill. The Division is reviewing and ranking those options, and will prepare an

Environmental Impact Statement based on appropriate options. This phase of the process is scheduled for completion by December 30, 2017.

- **Cedar Hills Area 8: $37,056,951 -** The development of Area 8 waste disposal cell is continuing through 2018; three sub projects—South Solid Waste Area excavation, stormwater pond relocation, and construction of the Area 8 Refuse Facility, are projected to occur over the next biennium. Funding is from the Landfill Reserve Fund.

ISSUES

ISSUE 1 – CEDAR HILLS REGIONAL LANDFILL

There are a number of developments, with major cost implications, associated with the Cedar Hills Regional Landfill. As noted, the Decision Package includes an $11 million transfer to the Landfill Reserve Fund, and a separate $10 million transfer to the LRF, associated with unanticipated Area 8 development costs, and with increased disposal costs tied to greater tonnage. The Division is reporting more rapid utilization of landfill capacity, resulting in an earlier anticipated closure date, currently projected at 2027. A "Revised Site Development Plan for Cedar Hills Regional Landfill" has been completed, addressing options for extending the life of the landfill; while, in the long run, such extension is expected to result in substantial rate savings, there are significant cost implications, and associated rate implications for the required developmental efforts at the landfill.

Staff analysis of this issue is continuing.

Analyst:	Mike Reed

Solid Waste Post-Closure Landfill Maintenance

Budget Table

	2015-2016 Revised	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$4,834,388	$3,421,000	(29.3)%
FTEs:	1.00	1.00	0.0%
TLTs:	0.0	0.0	N/A
Estimated Revenues	$22,014	$2,493,000	11,327%
Major Revenue Sources	Transfer from Solid Waste Operating; Reserves based on historic payments from landfill operations during active lifetimes		

Program Description and Purpose

The County owns or monitors seven retired landfills. This budget supports the maintenance and monitoring of closed landfills for public health and safety concerns, consistent with legal requirements. The County has responsibility for managing and monitoring closed landfills for defined periods after their closure, during which time fund balance is expended to assure management consistent with health, safety and environmental purposes.

Summary of Proposed Budget and Changes

The 2017-2018 Proposed Budget for the Post Closure Landfill Maintenance fund is $3,420,222. In the 2015-2016 Adopted Budget, the Council required, by proviso, a review of projected expenditures for closed landfill environmental systems, in light of the anticipated completion of monitoring and maintenance responsibilities for these landfills, many of which had reached, or were approaching, their required monitoring periods. The resulting report indicated that legal requirements for reaching a condition of environmental stability had not been confirmed as satisfied by state and local authorities, and that monitoring and maintenance responsibilities were continuing pending such confirmation, which is not anticipated in the short-term.

The Solid Waste Operating Budget, in light of limited remaining fund balance in the Post Closure Landfill Maintenance fund, includes a 2017-2018 transfer of $2,450,000 from the Solid Waste Fund to the Post Closure Landfill Maintenance Fund. This transfer provides support for the proposed expenditure of $3.4 million on environmental systems at several closed landfills. Historically, fund balance has been derived from disposal fees generated during the operating life of those respective landfills; in the absence of transfers from the Solid Waste Operating Fund, fund balance is not considered sufficient to provide support anticipated in future years.

Issues

Staff have not identified any issues for this budget.