King County

Metropolitan King County Council

Physical Environment Panel of the Budget and Fiscal Management Committee

Tuesday, October 18, 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)

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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
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 (Administration, Historic Preservation Program, Community Services Area Program) and one proposed cost center (Climate Change) under the Director's management.

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 FTE 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 is developing an overarching analysis of the Executive's climate change proposal.

Follow-up to Councilmember Questions from Week 1 Panel Questions:

Councilmembers asked how the Climate Change cost center will affect the General Fund. This will be included in the overarching analysis prepared by staff.

Councilmembers asked about the proposed operational approach to the Climate Change cost center. This will be included in the overarching analysis prepared by staff.

ADDITIONAL FOLLOW UP FROM WEEK 1 PANEL QUESTIONS

Councilmembers asked about any budget changes to the Community Service Area (CSA) program.

The Executive has proposed no changes, except for cost of living increases. The CSA program will continue to have 4.0 FTE, as in the past biennium.

The total budget for this program is as follows:

- 2015 Adopted: $662,048
- 2016 Adopted: $683,794
- 2017 Proposed: $687,768
- 2018 Proposed: $710,946

The work program and overall goals of the CSA program are not proposed to change.

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
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.

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.

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[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.

In addition to this new cost center, a number of County agencies currently have staff to complete climate change related activities. 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.

ADDITIONAL FOLLOW UP FROM WEEK 1 PANEL QUESTIONS

Councilmembers asked about the funding sources for the new FTE proposed for the 2017-2018 budget.

The Parks and Recreation Operating budget does not receive any General Fund. The proposed new positions are funded from a combination of Parks Levy, Parks business revenues, and the Parks capital funds (which are funded from Parks Levy, REET, and/or CFT). The proposed new positions and funding sources are listed below:

Positions	Description	FTEs	Funding Source
Open Space Stewardship			
Park Specialist II	Annual allotment from Parks Levy for stewardship of newly acquired lands	2.0	Parks Levy
Arborist		2.0	Parks Levy
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	Fund 3160 Project 1129686 (Parks Small Capital Program)
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	Direct charge to specific capital projects
Business & Finance Officer II		1.0	Parks Levy
Project Manager II	Plan and implement the Mobility Connections regional trails system project	1.0	Fund 3581 project 1126266 (Parks Capital Planning Admin)

Positions	Description	FTEs	Funding Source
Equity and Social Justice – These positions will work with the new positions proposed to be funded by the Youth Sports Program			
Recreation Specialist	Increase staffing at White Center Teen Program to provide additional classes and activities	1.0	Parks Levy/Business Revenues
Recreation Assistant*		0.25	Parks Levy/Business Revenues
Park Specialist I*	Increase staffing to permit additional field work in underserved communities	0.5	Parks Levy/Business Revenues
Climate Change (SCAP) Implementation			
Program Manager II	Manage natural resource lands in the Bear Creek geographic area	1.0	Fund 3581 project 1126266 (Parks Capital Planning Admin)
TOTAL		**16.75**	

*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.

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%
Major Revenue Sources	REET 1 and REET 2, Grants		
Parks Capital (Fund 3581)	$61,083,234	$77,026,280	26.1%
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 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), as well as Real Estate Excise Taxes (REET):

- 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.

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.

The Council approved $1.575 million from REET funds in the 2014 budget,[1] and an additional $2.4 million from REET in the 2015-2016 biennial budget[2] for planning, siting, design, and permitting for the central maintenance facility. (The Executive has indicated the intention of using REET-based debt financing for the construction of the facility.) In

[1] Ordinance 17695
[2] Ordinance 17941

2015, the Council approved a $2.246 million appropriation[3] 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 and restructuring of its district boundaries to streamline parks and open space maintenance staffing. This reorganization has led to the decision to close Parks' Sunset and Cougar Mountain maintenance shops (which Parks estimates would require a total of $6.6 million to remodel and rehabilitate) and to consolidate those staff, as well as Playground Program 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 following table was provided by Parks to demonstrate the proposed staffing relocations that influenced the planning process.

Table 1: Change in Maintenance Facility Staffing Projections

Work Units	V.1 Fall 2015	V.2 Summer 2016	What Changed
Section management and administration	12 FTEs	13 FTEs	Repurposed vacant position for Lean Supervisor
Existing work crews at Central Maintenance Facility	35 FTEs, 11 temps	42 FTEs, 11 temps	Proposed adds in 2017-2018 (+7 FTEs), future staffing adds (+2 FTEs)
Relocation of three work units (Cougar Mtn, Sunset Shop and Playground Program)	-	15 FTEs, 17 temps	Current work sites are also dilapidated. By relocating staff and demolishing the buildings, it avoids additional capital costs of remodeling or replacing two additional shops.*
Future staff growth	-	7 FTEs	10% growth assumption
Total Staffing	**47 FTEs, 11 temps**	**77 FTEs, 28 temps**	**+30 FTEs, +17 temps**

Source: King County Parks and Recreation Division
*Parks estimates rehabilitation of Cougar Mountain and Sunset Shops would require $6.6 million

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

[3] Ordinance 18154

includes $6.7 million for programming, siting, design, and partial construction of underground site utilities to move forward with the project.

Councilmembers have raised questions about the increased budget and the pros and cons of consolidation, particularly from an efficiency standpoint given the types of projects and geographic breadth of the facilities served by Parks staff.

Satellite Facility Closure. In terms of the closure of the Cougar Mountain and Sunset facilities, Parks has noted the following:

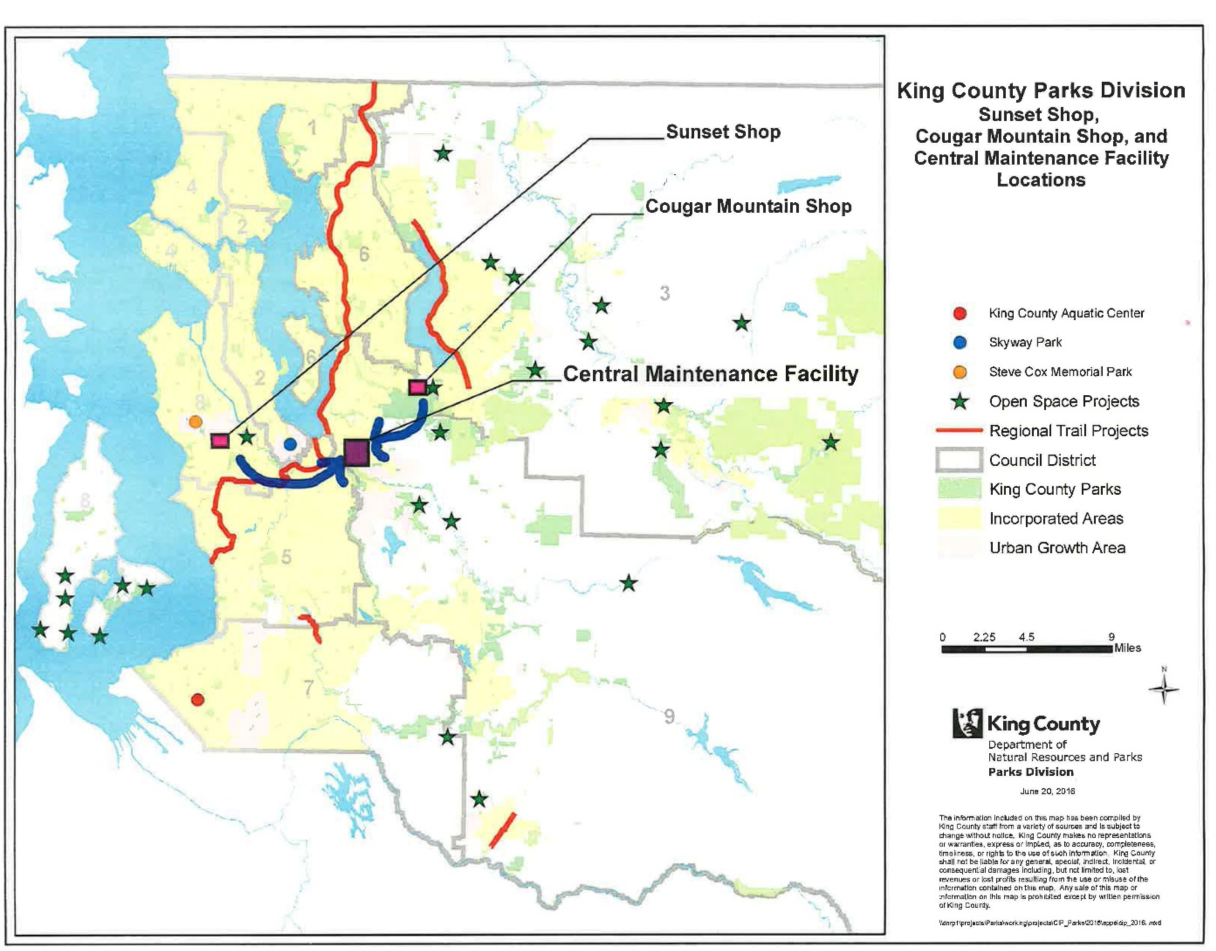
For Cougar Mountain: heavy snowfall in the winter makes it impractical to park and move equipment and vehicles; there is no water service or internet available; topography and former use of the site as a missile site present challenges for grading and foundations; facility is not fire rated and does not have sprinklers; and facility is vulnerable to earthquake and wind damage.

For Sunset: the location is within the City of SeaTac, not in a County park, and, with expected annexations, will serve a district that will soon no longer have County parks (except on Vashon); the facility is a non-conforming use, which limits the improvements that could be made; contaminated soils limit improvements to the yard area; the facility has roof leakage and water intrusion, and is non-insulated, ventilated, or air conditioned; facility is not fire rated and does not have sprinklers; and facility is vulnerable to earthquake and wind damage.

As noted above, Parks estimates it would cost $6.6 million to rehabilitate these two satellite facilities.

Map 1 on the next page shows the location of the proposed central maintenance facility, as well as the Sunset and Cougar Mountain shops that are proposed to be closed. Parks staff have noted that traffic studies have been completed and indicate that the central maintenance facility's location close to a number of highways would offer easy access in and out of the site.

Map 1: Location of Parks Facilities



Source: King County Parks and Recreation Division

Consolidation of staff. Parks staff note that the divisions' recent reorganization evaluated travel time and the costs and benefits of consolidation. Specifically, they state:

> Staff with decades of experience analyzed travel time between the locations. This included location of major highways, fastest routes, composition of fleet, hours of travel etc. Given the proximity of the Sunset Shop and Cougar Mountain Shops to the Central Maintenance Facility location, along with the current condition, functionality, costs and many other challenges (i.e. zoning restrictions, potential annexation of White Center/North Highline area, etc.) associated with refurbishing these shops; the division firmly believes that it would be more efficient to consolidate and co-locate these crews.

Parks also notes that efficiencies of scale will be achieved with one central maintenance facility in terms of ordering supplies, providing shop space and centralized expertise. Staff point in particular to efficiencies they hope to achieve by consolidating central service maintenance functions, such as facility repair, drainage, grading, that requires specialized equipment and/or a specific skilled trade's expertise.

Based on review by staff and the Capital Projects Oversight (CPO) program of the King County Auditor's Office, the following options have been prepared:

Option 1: Do not approve the proposed budget allocation at this time.

To date, the Council has appropriated nearly $4 million for planning, siting, design and permitting. The proposed budget estimates a 2017 starting balance of $2.25 million in this project that could potentially be used to continue planning, site design, and cost estimation efforts so as to ensure that there is a firm estimate for the building's design and construction.

Parks has done a great deal of planning over the past year. However, the current estimate of $27.7 million is only at the Class 4 estimate level, with an expected accuracy range of minus 30 percent to plus 50 percent. That means that actual costs could range from $19.39 million to $41.1 million. More detailed planning and design work must be completed before Parks can provide a comprehensive analysis of the costs and benefits of additional consolidation into the central maintenance facility and a more definitive cost estimate.

As planning continues, the project can once again be evaluated for identification as a high-risk project subject to mandatory phased appropriation. When Parks has prepared a more definitive cost estimate, timeline and work plan, it can seek funding for the next stage of work. This could be part of a mid-biennial supplemental budget ordinance.

Option 2: Make a smaller appropriation, of $1.34 million, for planning and preliminary design only.

As noted above, the current estimate for the central maintenance facility is still preliminary and has a wide range. Of the $6.7 million proposed for 2017-2018, the project budget would allocate $70,000 for planning and $1.274 million for preliminary design. The Council could choose to approve only this amount at this time – for a total appropriation of $1.34 million.

This would ensure Parks has the resources necessary to continue planning and design work (rather than relying on reallocating unspent project amounts from other budget areas, such as implementation). As with Option 1, above, under this scenario, the project could be evaluated for identification as a high-risk project, and Parks could return for approval of additional appropriation authority as part of a mid-biennial supplemental budget ordinance.

Option 3: Approve as proposed.

Under this option, the Council would approve the $6.7 million that has been requested. Parks would move forward with additional planning and design work and carry out the project as planned.

ISSUE 2 – MANDATORY PHASED APPROPRIATION TRAIL PROJECTS

Two trail projects have been flagged for mandatory phased appropriation, a process that is designed to ensure transparency and accountability in the funding of large or high-risk capital projects. Projects that are subject to mandatory phased appropriation are to receive appropriations by project phase, upon satisfying requirements for specific project information associated with the phase for which funding is requested.[4]

The **East Lake Sammamish Trail** is seeking $9,971,781 to 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.

Outstanding risks include an October 31 deadline for a $700,000 Federal grant, even as the project continues to seek necessary permits. The project has been progressing through the permitting process, including a September decision from the Shoreline Hearings Board on several disputed conditions in the Shoreline Substantial Development Permit for the South Sammamish A segment.

Based on review by staff and the Capital Projects Oversight (CPO) program of the King County Auditor's Office, no issues have been identified with this proposal.

The South County Regional Trails project (Lake to Sound Trail) is seeking $1,356,208 to cover final design for Segment C and preliminary design for Segments D and E.

Based on review by staff and the Capital Projects Oversight (CPO) program of the King County Auditor's Office, no issues have been identified with this proposal.

ADDITIONAL FOLLOW UP FROM WEEK 1 PANEL QUESTIONS

Councilmembers asked about proposed disappropriation of funds to the Issaquah Creek Protection Project.

The Conservation Futures Citizens' Oversight Committee, in its 2015 year-end review, recommended reallocating some funds from this project. The committee's March 31, 2016, report to the Executive and Council provided the following explanation:

> This multiple-parcel, multi-year open space acquisition project has a goal of protecting riparian habitat lands along Issaquah Creek in unincorporated King County, between the City of Issaquah and King County's Taylor Mountain Forest in Hobart. The first priority was the acquisition of an approximately 25-acre property on the creek near SE 164th Street and Issaquah-Hobart Road. A second, 30-acre property owned by the State of Washington Department of Natural Resources (State DNR) was added to the project scope last year. That property is

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

used for grazing by an adjacent landowner, and King County has a goal of providing additional protection to the riparian habitat buffer along the stream.

Status: Last year King County was unable to purchase the 25-acre property that it had been pursuing for three years, and had been the subject of a complicated bank foreclosure. After protracted negotiations and an expectation that the bank would sell the property to King County, the bank unexpectedly sold the property to a private buyer without prior notice. The 30-acre State DNR property has an estimated acquisition cost of $440,000, based on a completed appraisal, and King County expects that it could acquire the property in 2016, based on its discussion with State DNR. King County is currently engaged in internal discussions about the location of the stream habitat buffer and will not likely have that resolved before the end of 2016. There are currently no remaining owners in the broader project scope who are willing sellers. King County is requesting the transfer some of the remaining older CFT funds to another property acquisition about four miles away in the Cedar River Basin, which has a property with an urgent need for acquisition. This would leave approximately $440,000 for the 30-acre State DNR property on Issaquah Creek.

Committee Recommendation: The project should be extended to allow for the potential purchase of the State DNR property, and $205,000 in CFT and $205,000 in King County Parks Levy funds should be reallocated to the Lower Cedar River Conservation project due to the relative urgency of the Dorre Don property. The recommended reallocation should be to fund this property only.

The proposed 2017-2018 budget is consistent with the Citizens' Oversight Committee's recommendation.

Councilmembers asked about funds available for projects in local parks in the unincorporated area.

The Parks CIP funds would provide funding for a number of projects in local parks. These include:

Parks Small Capital Program (Fund 3160) | $3.15 million
The Small Capital program is an ongoing project that funds emergent and time critical small capital construction. This could include small culvert replacement projects, ongoing ADA pathway accessibility improvement projects, Parks system signage, reroofing, fencing, handrail and guardrail safety improvements, dugout covers, picnic tables, benches, sidewalks, shelters and kiosks.

Trailhead Development & Access (Fund 3581) | $6.45 million
This project funds trailhead and access development at park and trail locations around the County. Trailhead work completed in last three years includes Duthie Hill, Black Diamond East, Black Diamond West, Taylor Mountain, and Pinnacle Peak.

Play Area Rehab (Fund 3581) | $1 million
This project funds the removal, rehabilitation and upgrade of play structures and safety surfacing at regional, rural and UGA parks throughout the County. Carryover from 2016 will be used to finish the rehabilitee of Skyway Park. Six additional play areas are targeted for rehabilitation in 2017 and 2018. These include Coalfield, Maplewood, Marymoor South, Lakewood/Thurnau, and Redmond Ridge.

Parking Lot & Pathway Rehabilitation (Fund 3581) | $1.3 million
This project brings parking lots and pathways up to current design and safety standards. Recently completed work includes Tolt MacDonald, Steve Cox, Chicken Lot, Cottage Lake Park, and Lake Geneva. Proposed work in 2017-2018 will include Petrovitsky Park and others as needed.

Building Structure (Fund 3581) | $0.56 million
This project repairs and/or replaces existing park buildings, systems, and facilities for safety reasons. High priority projects for the next biennium include Cougar/Squak Corridor and Tolt MacDonald Park.

Drainage, Sewer, Water System Rehabilitation (Fund 3581) | $0.85 million
This project rehabilitates and/or replaces existing utility systems serving park buildings and facilities for safety reasons. Focus for the next biennium will be on failing culverts, which could result in closed parks if not repaired.

Councilmembers asked if all of the proposed open space acquisition projects are consistent with the recommendations of the Conservation Futures Citizens' Oversight Committee.

All proposed acquisitions are consistent with the recommendations of the Citizens' Oversight Committee.

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
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]

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 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 Roads Services Division, the proposed budget would transfer $3 million from REET 1 to the Roads 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,

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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

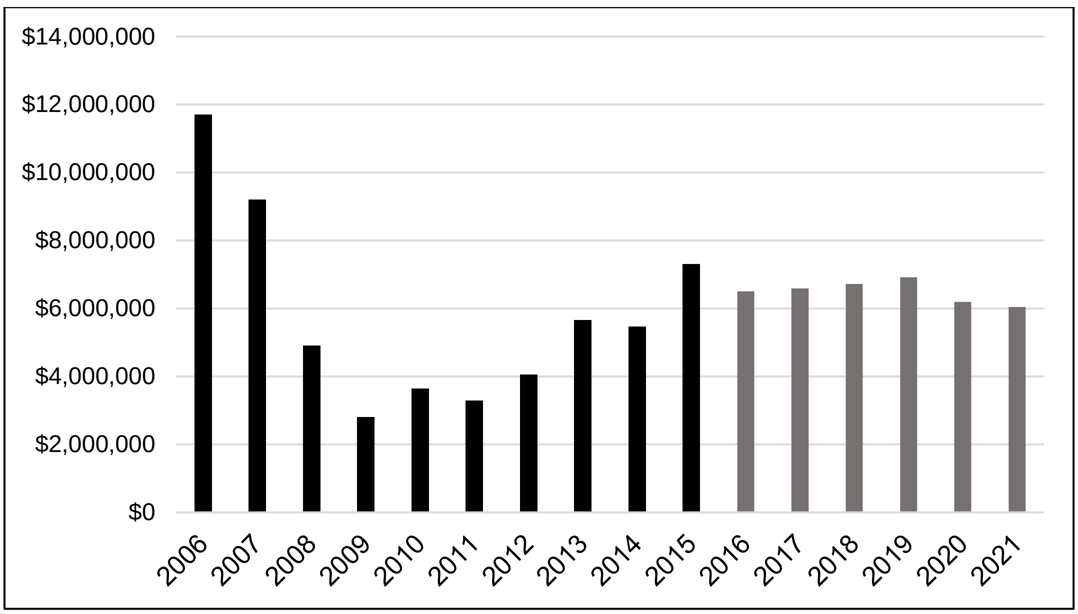
with at least one major Parks project – the Central Maintenance Shop – projecting a significant budget increase,[4] the proposed transfer would have some level of impact on Parks projects.

ADDITIONAL FOLLOW UP FROM WEEK 1 PANEL QUESTIONS

Councilmembers asked about the stability of the REET fund and projections for the future.

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 1 revenues (both actual and projected) from 2006 through 2021.

Figure 1. REET 1 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)

Forecasts for the REET and all other County revenues are made by the King County Office of Economic & Financial Analysis and reviewed by the King County Forecast Council.

Councilmembers asked about whether the REET 1 budget has a rainy day fund.

All County funds have reserves, which are based on the characteristics of that fund's revenue sources and the need to maintain operations should revenues slow or falter. In the case of the REET 1, the proposed budget includes a cash flow reserve of $1 million.

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

This cash flow reserve was established in the REET financial plan in the 2015-2016 adopted budget. This reserve is to mitigate the risk of actual REET revenues that are less than forecasted. Historically, REET revenues have been challenging to forecast and have had large fluctuations.

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
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.

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 has retired the Kingdome debt. 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.

The proposed budget would reorganize 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) would be used to provide matching grant funds to develop or renovate sports fields and facilities serving youth in King County.[3] These grants will

[1] RCW 82.14.049
[2] K.C.C. 4A.200.810
[3] Ordinance 10454

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.[4] The maximum award is $75,000. Applicants seeking funding must provide a local match of 1:2,[5] which means they must provide one dollar in cash, volunteer labor, donated supplies, or professional services for every two dollars requested.

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.[6]

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.[7]

[4] Eligible entities include such as school districts, park districts, utility districts, local governments, youth sports leagues and community organizations

[5] 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).

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

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

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.

Councilmembers will begin to see separate staff reports on each of the various ordinances necessary to implement the budget beginning next week during Reconciliation. At that time, staff envision the following options for Councilmembers:

Option 1: Amend the proposed legislation to develop a different structure and/or oversight mechanism for the program.

Option 2: Approve as proposed. (Note that legal counsel has identified a number of technical, clarifying changes.)

ADDITIONAL FOLLOW UP FROM WEEK 1 PANEL QUESTIONS

Councilmembers asked about the historic geographic distribution of grants funded by this program.

Between 2010 and 2017,[8] the County has awarded (or will award in the case of 2017) a total of $5.35 million to Youth Sports Facilities Grants (YSFG) projects. Of this total, two projects totaling $175,000 were awarded to the South County Consortium for a multi-district initiative.

That leaves a total of **$5.2 million in projects** awarded for facilities in a single Council District. The total awards by Council district are listed in Table 1 below.

Table 1. YSFG Awards by District 2010-2016 & 2017 (Proposed)

District	Total Awarded	Percent of Total
1	$286,250	5.5%
2	$698,500	13.5%
3	$1,062,544	20.5%
4	$387,138	7.5%
5	$390,500	7.5%

[8] 2017 projects and totals listed are proposed as part of the 2017-2018 budget

6	$250,750	4.8%
7	$650,385	12.6%
8	$1,055,927	20.4%
9	$390,950	7.6%

The YSFG program was originally designed to "primarily serve persons under twenty-one years of age in low and moderate income communities." (KCC 4A.200.810) That has been operationalized in the program guidelines to provide additional points during the application phase to projects that are either:

(a) located in a Census tract in which 51% or more of the population earns 80% or less of the median income; or

(b) located at an elementary school at which 40% or more of the students are enrolled in the National School Lunch Program.

The following pages contain a list of the individual project awards made each year.

YSFG Projects Funded in 2010				
Applicant	**Project**	**Amount**	**Dist**	**Type**
Auburn Parks & Recreation	Les Gove Park Barrier-Free Playground	$70,000	7	playground
Auburn School District	Alpac Elementary Playground	$10,000	7	playground
Auburn School District	Hazelwood Elementary Playground	$23,000	7	playground
El Centro de la Raza	El Centro de la Raza Playground	$64,000	2	playground
Highline School District	Evergreen High School Track	$75,000	8	track
Northshore School District	Kenmore Elementary Playground	$13,000	1	playground
Seattle Parks and Recreation	Delridge Skate Park	$75,000	8	skate park
Seattle Parks and Recreation	Garfield Baseball / Softball Field	$45,000	2	baseball
Seattle Parks and Recreation	Rainier Basketball Courts	$30,000	2	sportscourt
Seattle Public Schools	Concord Elementary Playground	$70,000	8	playground
Seattle Public Schools	McDonald School Playground	$13,000	2	playground
TOTAL 2010		**$488,000**		

YSFG Projects Funded in 2011				
Applicant	**Project**	**Amount**	**Dist**	**Type**
Auburn Parks & Recreation	Game Farm Park Tennis Courts	$58,500	7	tennis courts
Boys & Girls Clubs / KC	Ballard Boys & Girls Playgrnd/Ballfield	$35,000	4	baseball
Covington Parks & Rec	Covington Soccer Field	$75,000	9	soccer
Enumclaw Parks & Recreation	Enumclaw Expo Center Field	$75,000	9	soccer

YSFG Projects Funded in 2011				
Evergreen Mountain Bike All	Duthie Hill Mountain Bike Park (Ph II)	$72,900	3	bike park
Kent Parks and Recreation	Lake Meridian Playground	$75,000	9	playground
School of Acrobatics	SANCA Upgrade & Expansion	$22,406	8	gymnasium
Seattle Parks and Recreation	International Children's Playground	$30,000	2	playground
Seattle Parks and Recreation	Greenwood Park Sportscourt	$37,000	4	sportscourt
Small Faces	Crown Hill Center Playground	$25,000	4	playground
Small Faces	Crown Hill Center Gymnasium	$25,000	4	gymnasium
Vashon Park District	Burton Adventure Skatepark	$75,000	8	skate park
Vashon School District	Gymnasium Scoreboards	$23,000	8	gymnasium
TOTAL 2011		**$628,806**		

YSFG Projects Funded in 2012				
Applicant	**Project**	**Amount**	**Dist**	**Type**
Evergreen Comm Aquatic Ctr	ECAC Green Initiative	$70,521	8	pool
Highline Public Schools	Moshier Park Field	$20,000	8	soccer
Issaquah School District	Dodd Ballfields	$75,000	3	baseball
Kent Parks & Recreation	West Fenwick Multi-Use Field	$28,000	5	soccer
Little Bit Therapeutic Riding Ctr	Outdoor Arena and Round Pen	$75,000	3	arena
Sammamish Rowing Assn	Marymoor Boathouse	$50,000	3	row house
Seattle Parks & Recreation	Jefferson Park Ultimate Striping	$16,000	8	soccer
Seattle Parks & Recreation	Camp Long Challenge Course	$50,000	8	climbing wall
Seattle School District	Salmon Bay Playground	$60,000	4	playground
Si View Metropolitan Park Dist	Si View Park Fields	$65,000	3	soccer
Snoqualmie Parks & Recreation	Carmichael Park Field	$70,644	3	soccer
Snoqualmie Valley School Dist	Fall City Elementary Playground	$45,000	3	playground
Starfire Sports	Starfire Sports Indoor Fields	$60,000	5	soccer
TOTAL 2012		**$685,165**		

YSFG Projects Funded in 2013				
Applicant	**Project**	**Amount**	**Dist**	**Type**
Auburn Parks & Recreation	Lea Hill Park FreeGame Synthetic Ct	$60,000	7	soccer
Auburn School District	WA Community Inclusive Play Space	$45,020	7	playground
Auburn School District	Chinook Community Playground for All	$36,200	7	playground
Kent Parks & Recreation	Green Tree Park Renovation	$60,000	5	playground
Redmond Parks & Recreation	Hartman Park Batting Cages	$55,000	3	baseball

YSFG Projects Funded in 2013				
Renton Parks & Recreation	Renton Inclusive Playground	$65,000	9	playground
Seattle Parks & Recreation	Loyal Heights CC Basketball Court	$5,855	4	sportscourt
Seattle Parks & Recreation	Duwamish Waterway Park Public Dock	$55,000	8	row house
Seattle Parks & Recreation	Benefit Park Skatespot	$38,000	2	skate park
Seattle School District	Sacajawea Elementary Playground	$60,000	1	playground
Seattle School District	B.F. Day School Playground	$50,000	4	playground
TOTAL 2013		**$530,075**		

YSFG Projects Funded in 2014				
Applicant	**Project**	**Amount**	**Dist**	**Type**
Mercer Island School District	Mary Wayte Pool	$59,000	6	pool
Shoreline Parks & Recreation	Sunset School Park	$65,000	1	playground
Seattle Public Schools	View Ridge Community Play Space	$60,000	1	playground
Federal Way Nat'l Little League	Backstops & Batting Cages	$56,000	7	baseball
Auburn School District	Pioneer Elementary Playground	$61,500	7	playground
Bellevue Boys & Girls Club	Hidden Valley Fieldhouse	$50,000	6	sportscourt
Sammamish Rowing Assn	Boathouse	$50,000	3	row house
Seattle Parks & Recreation	Montlake Family Fitness Sportscourt	$53,500	2	sportscourt
South County Health Initiative	Childhood Obesity Reduction Project	$100,000	5,7,8,9	playground
TOTAL 2014		**$555,000**		

YSFG Projects Funded in 2015				
Applicant	**Project**	**Amount**	**Dist**	**Type**
Auburn School District	Chinook Elem Playground, Phase II	$44,818	7	playground
Bellevue Parks	Inspiration Playground, Downtown Pk	$75,000	6	playground
Boys & Girls Clubs of Bellevue	Hidden Valley Ballfield	$36,000	6	baseball
Boys & Girls Clubs / KC	Rainier Vista Sports Field Netting	$50,000	2	soccer
Enumclaw Parks	Enumclaw Aquatic Center Bulkhead	$55,000	9	pool
I-CANN	South County Health Initiatve	$75,000	5,7,8,9	playground
Issaquah Parks	Central Park Sports Field	$75,000	3	soccer
Kent Parks	Kent Mem Pk Playground / Wiffleball	$75,000	5	baseball
Mercer Island Parks	South Mercer Playfields Backstop	$30,750	6	baseball
George Pocock Rowing Fdn	Cedar River Boathouse	$67,500	5	row house
Seattle Public Schools	Pathfinder K8 School Playground	$75,000	2	playground
Seattle Public Schools	Orca Playground	$75,000	8	playground

TOTAL 2015	**$734,068**

YSFG Projects Funded in 2016				
Applicant	**Project**	**Amount**	**Dist**	**Type**
Auburn Parks & Recreation	Brannan Park Freegame Court	$75,000	7	soccer
Auburn School District	Lea Hill Elementary Playground	$35,347	7	playground
Bothell Parks & Recreation	Doug Allen Sports Field Renovation	$13,250	1	soccer
Cascade Bicycle Club	Lakewood Park Traffic Garden	$75,000	8	bike park
Covington Parks & Recreation	Gerry Crick Skate Park	$30,000	9	skate park
Des Moines Parks & Recreation	Parkside Park Sports Court	$25,000	5	sportscourt
Issaquah Parks & Recreation	Tibbetts Valley Park Skate Park	$75,000	3	skate park
Seattle Parks & Recreation	Lake City Skate Park	$75,000	2	skate park
Seattle Public Schools	Broadview K-8 Playground & Sports Ct	$75,000	4	playground
Seattle Public Schools	Viewlands Elementary Playground	$74,283	4	playground
Skykomish	Skykomish Pump Track and Park	$80,000	3	bike park
Skyway Solutions	Skyway Park Improvements	$75,000	2	soccer
Vashon Island Rowing Club	Row House	$60,000	8	row house
Vashon Island School District	VHS Indoor Batting Cage	$75,000	8	baseball
TOTAL 2016		**$842,880**		

YSFG Projects Proposed for 2017				
Applicant	**Project**	**Amount**	**Dist**	**Type**
Auburn Parks	Brannan Park Synthetic Infield	$75,000	7	baseball
Bothell Parks	1st Lt. Nicholas Madrazo Pk Tennis	$75,000	1	tennis
Duvall	Big Rock Park Fields	$75,000	3	baseball
Kent Parks	West Fenwick Futsal Court	$75,000	5	futsal
Maple Valley Parks	Gaffney's Grove Disc Golf Course	$15,950	9	disc golf
North Bend	Torguson Park Pump Track	$75,000	3	track
Northshore School District	Sunrise Elementary Playground	$66,000	3	playground
Seattle Parks	Brighton Park Synthetic Turf Field	$75,000	2	soccer
Seattle Public Schools	Highland Park Playground	$69,000	8	playground
Seattle Public Schools	Madrona K-8 Playground	$75,000	2	playground
Snoqualmie Parks	Snoqualmie Community Skate Park	$58,000	3	skate park
Starfire Sports	Starfire Sports Stadium Field	$75,000	8	stadium
Vashon Park District	Vashon Pool	$75,000	8	pool
TOTAL 2017 (Proposed)		**$883,950**		

Analyst:	Lise Kaye, Jenny Giambattista

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
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.

New Analysis

Automatic Vehicle Location (AVL) Technology Implementation

Prior appropriation	N/A
2017-2018 Request	$1,781,050
Future Request	N/A
Total Project Cost	$1,781,050
Fund Source	Fleet (Motor Pool ER&R; Wastewater ER&R; Public Works ER&R); Transit Capital; Solid Waste Division; King County Airport Construction

Project Summary: The project, which would be managed out of KCIT, would equip approximately 1,600 vehicles with an automated data collection system that can report odometer readings, frequency of use, idle time, engine diagnostics and other usage information such as the status of sanding equipment.

This project would install AVL on the majority of the County's non-revenue vehicles in Fleet, Transit, Solid Waste, and Airport. All of Fleet's customers, with the exception of the Sheriff's Office, are included in the project scope. The new system would replace equipment purchased as part of Roads Services Division's (RSD) pilot, including the vehicles in the Community Corrections Division, and it would also replace the Solid

Waste Division's existing AVL equipment. This project would not replace the AVL system that is currently active on the Transit buses. As vehicles are due for replacement in future biennia, Fleet will install AVL hardware as an operating expenditure.

The Sheriff's office vehicles will not be in the first deployment of AVL, pending completion of a pilot this fall/early-winter and consideration of additional workforce considerations. These may include ensuring that idling reduction technology integrates smoothly with existing hardware and software in police vehicles and that it would not impair response times.

Project planning will begin in January 2017, with vendor selection expected by the end of October 2017. Project close out is scheduled for December 31, 2018.

Executive staff note that the requirement that AVL interface with several of the County's existing systems (including GIS and Cityworks asset management systems) would be built into the project's Request for Proposals. According to the Business Case for the project, it will also be important for affected agencies to standardize the use of the system, establish a file plan and retention schedule, establish a protocol for retaining records, and establish a process for responding to public records requests, as vehicle tracking may be subject to public disclosure.

The Cost Benefit Analysis for this project identifies agency contributions as shown below in Table 1, with the caveat that actual costs will reflect agency usage of KCIT time and resources.

Table 1. AVL Cost Allocations and Agency Contributions

Agency	No. of Vehicles	% of Total	Cost Allocation (2017-2018)	Annual O&M (2019-2020)
Fleet Administration	905	0.56	$1,000,528	$304,080
Transit	527	0.33	$582,628	$177,072
Solid Waste	152	0.09	$168,044	$51,072
Airport	27	0.02	$29,850	$9,072
TOTAL	**1,611**	**1.00**	**$1,781,050**	**$541,296**

Total project costs include approximately $623,000 for internal labor, $541,000 for hardware/software, and $418,000 for consultant costs. The vendor-associated cost estimates were derived from a procurement by Sound Transit in Q1 2015 to outfit 12 non-revenue support vehicles with AVL. Fleet will provide initial up -front funding for the vehicles it manages; ultimately that funding will be incorporated into and recovered by the vehicle rental rate model in 2019-2020 biennium. Funding for Airport, Solid Waste and Transit non-revenue vehicles will be provided by those agencies and is included in their respective budget requests.

Review of the Benefit Achievement Plan: This project responds to an April 2015 performance audit of King County's light duty fleet which found that decision-makers lack timely, consistent data on vehicle use. The absence of such data which limits the County's ability to manage its fleet strategically, particularly with respect to right-sizing the fleet, minimizing fuel consumption and greenhouse gas emissions, and leaner management of field operations.

Executive staff anticipate that the project's technical benefits will be achieved by December 31, 2018. Benefits related to reduced idling and decreased fuel consumption will vary by agency, but Executive staff expect to start realizing these benefits in the first quarter of 2019. Council staff will continue to work with Fleet so that the Benefit Achievement Plan includes a plan to develop vehicle idle reduction targets.

The project does not appear to have any policy issues requiring further analysis.

ADDITIONAL FOLLOW UP FROM WEEK 1 PANEL QUESTIONS

Councilmembers asked about how Executive agencies have modified practices as a result of previous studies with relation to fleet management, fleet utilization and vehicle replacement (see next question for vehicle replacement initiatives):

The King County Auditor's Office issued findings from a 2015 that underutilized vehicles and fuel inefficiency are barriers to reducing vehicle cost and emissions. In response, 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. 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. Lessons learned from this pilot process, according to Executive staff, include 1) reducing the time needed to complete the utilization review; 2) that agencies "found value in reviewing vehicle utilization with the support of their PSB analyst who understands their business needs;" and, 3) that PSB analysts found the resultant information useful in guiding budget decision-making discussions.

The Automatic Vehicle Location project described above is another response to the 2015 performance audit, which found that decision-makers lacked data on vehicle use.

Councilmembers asked about the mileage threshold for declaring vehicles surplus; potential need for a comprehensive analysis of vehicle replacement policy:

King County Code requires the Executive to annually transmit the King County fleet standards to the Council[1]. The 2016 Standards for light duty vehicles are set by vehicle category and reflect maintenance intervals and life cycles. As shown below in Table 2, depending upon the category of vehicle make and usage, vehicle life cycles range from 100,000 to 110,000 miles, at times further limited by the vehicles age (e.g. "100,000 miles or 12 years, whichever comes first."). Maintenance intervals also vary by category of vehicle and vehicle make and model.

Table 2. Fleet Vehicle Life Cycles

[1]The Executive transmitted the 2016 light duty fleet standards to Council on June 24, 2016

Category of Vehicle	Vehicle Make/Models to be Purchased in 2016
Vehicles with lifecycles of 100,000 or 12 years, whichever comes first	
General Purpose Compact	Ford Focus
General Purpose Midsize	Ford Fusion Ford C-Max-hybrid Nissan Leaf – all electric
Vehicles with lifecycles of 110,000 miles	
Patrol	Ford Interceptor Sedan Ford Interceptor SUV Ford Expedition
KCSO Admin & Detective	Chevy Impala Chevy Malibu Ford Fusion Ford Escape
Airport Aircraft Rescue and Firefighting (ARFF)	Ford F-150
Vehicles with lifecycles of 110,000 or 12 years, whichever comes first	
½ Ton Truck	Ford F-150 Chevy 1500 Chevy Colorado
¾ & 1 Ton Truck	Ford F-250 Chevy 2500
Light-duty Vans	Ford Transit Connect
SUV	Ford Escape Ford Explorer

Other than adjusting the vehicle categories to match manufacturers' classifications in 2013, the standards have not been adjusted since 2012. However, Fleet Administration and the Office of Performance, Strategy and Budget are testing a new life cycle analysis model, the results of which could lead to modification of the standards. The Executive expects to have test results by the end of 2016.

Councilmembers asked about why the airport is conducting a pilot project using bi-fuel (gas/propane) and whether the county should focus on a particular alternative fuel to achieve economies of scale.

Propane is considered a "bridge fuel" –it produces less greenhouse gas emissions than diesel and is a viable option for service trucks. At this time, manufacturers are only beginning to market-test electric pickups and vans for service duty loads similar to KCIA's Airfield needs. The Workhorse Electric Truck is in pre-production with a concept vehicle, and Zenith Electric produces a van at $109,000 for the base model. Nissan produces a small electric van on the Leaf platform, but has yet to bring it stateside.

According to Executive staff, no one alternative fuel technology currently meets the diverse needs of the County's workforce. For example, today's electric vehicles have a limited mileage range between charging and are only available as sedans. As technology advances and electric vehicles and electric trucks are available that achieve greater mileage ranges, Fleet anticipates revisiting these options.

Councilmembers asked about lessons learned from the City of Seattle's zero emissions fleet initiative.

The City of Seattle launched its Green Fleet Initiative in 2003 and updated its plan in 2014. In March 2016, Mayor Murray announced Drive Clean Seattle, an initiative to accelerate and increase the use of electric vehicles to move people, goods and services around the City. The City staff is in early stages of designing a program to implement this initiative; staff analysis is ongoing.

Councilmembers asked about why the program budget, expenditures and agency rental rates are increasing.

The following table illustrates the major cost drivers of the 16.1 percent increase in the appropriations request for the 2017/18 biennial budget compared to the 2015/2016 figures

Cost Driver	% of 16.1% increase	Explanation
$3 million	10.4	Replacement of vehicles and equipment.
$0.5 million	1.6	Automatic Vehicle Location (AVL) IT project.
$0.9 million	3.0	Technical adjustment to various expenditure accounts for fuel, oil, grease, batteries, repairs and other related vehicle costs

The Executive's proposed 2017-2018 budget includes a $2.7 million increase in revenue from rental rates for the Motor Pool ER&R. According to Executive staff, replacement prices have increased, which factors into the annual replacement component of the rental rate. In 2017-2018, vehicle and equipment replacement costs have increased over 2015-2016 levels as shown below. However, the aggregate replacement costs are driven mostly by the mix of vehicles purchased each year. In addition, the vehicle count increased by 2 percent.

Motor Pool Vehicle Replacement Cost Ranges

	2015/2016 Replacement Cost Range	2017/2018 Replacement Cost Range
Light Duty	$18,584 - $44,125	$19,480 - $53,157
Heavy Duty	$17,498 - $216,089	$17,407 - $286,271

Agency rental rates are set to provide full cost recovery for vehicle purchases and replacement. This requires the use of a cost model based on actual costs of operating, maintenance and repair (approximately 44%); overhead (approximately 10%); and accumulation of funds to replace the vehicle with a like vehicle at the end of its useful life (approximately 47%). The rates are developed according to averages by the ER&R Fund, by customer and by classification. The outputs reflect a two-year lag from costs incurred to costs billed out through the rate model to ensure that rental rates reflect actual costs.

Councilmembers asked about increasing the fuel efficiency of the Council's vehicles

Vehicle selection is at the Council's discretion. Council management has the option to replace vehicles as needed to meet the business needs of the Council's operations.

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
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.

ADDITIONAL FOLLOW UP FROM WEEK 1 PANEL QUESTIONS

Councilmembers asked what equipment the County rents and how often the County needs to do so.

Fleet does not rent equipment other than occasional short-term leases of specialized equipment. Previous analyses have shown that long-term leases are not cost effective. No agencies have requested that Fleet institute supplemental lease agreements for equipment in the event of an emergency.

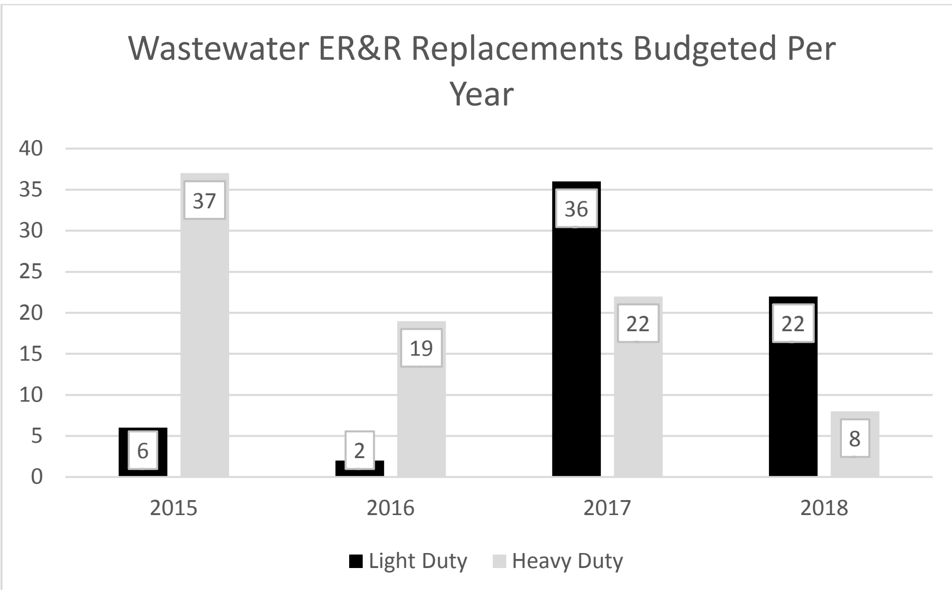
Councilmembers asked for an explanation of the increase in replacement costs.

The Wastewater ER&R Fund owns 305 cars (this does not include the bio-solids fleet and others managed directly by Wastewater), trucks and equipment, including heavy duty vehicles. Heavy duty vehicles and equipment are much more expensive than light duty vehicles, for example a Chevrolet Express/light duty costs $27,089 while a Kenworth T800 truck/heavy duty costs $358,361. In 2017-2018, the range of vehicle and equipment replacement costs have increased over 2015-2016 levels as shown below.

Wastewater Vehicle Replacement Cost Ranges

	2015/2016 Replacement Cost Range	2017/2018 Replacement Cost Range
Light Duty	$21,500 - $37,833	$23,868 - $70,363
Heavy Duty	$10,039 - $182,621	$6,582 - $351,160

The following table illustrates how the number and type of vehicles being replaced varies greatly year to year.



Taken together, the two tables illustrate how the mix and range of costs (or purchase prices) can cause variations in budget appropriation requests. Each biennium has different vehicles and equipment that are projected to be replaced, so no two budgets are alike. The actual replacement year for each vehicle is determined by Fleet's mileage replacement standards[1] and how quickly the vehicle reaches the replacement mileage.

Councilmembers asked for an explanation of the increase in reserves and how these can increase when proposed revenue is less than the proposed expenditures.

The following table shows programmed revenue, expenditures, reserves and ending fund balances from the Wastewater ER&R financial plan through 2021-2022[2].

[1] Standards for light duty vehicles are set by vehicle category and reflect maintenance intervals and life cycles, e.g. 100,000 miles; 100,000 miles or 12 years, whichever comes first; 110,000 miles or 12 years, whichever comes first.
[2] Per Executive staff, the 2015/2016 revised final revenue for Wastewater ER&R is $6,731,610.

- The **Allowance for Inventory** reflects the bulk fuel balance in tanks at the end of the year and is not a significant cost driver.

- The **Projected Cost Variance Reserve** is based on 10 percent of the projected fleet replacement cost.

- The **Ending Undesignated Fund Balance** provides for fluctuations of cyclical capital vehicles and equipment projected to be purchased.

	2015/2016 Estimated	2017/2018 Proposed Budget	2019/2020 Projected	2021/2022 Projected
Revenue	$ 7,499,349	$ 9,095,492	$ 9,439,448	$ 10,657,759
Expenditures	$ 5,379,388	$ 9,337,183	$ 6,319,396	$ 6,840,710
Reserves				
Allowance for Inventory	$ 2,132	$ 2,196	$ 2,296	$ 2,436
Projected Cost Variance Reserve	$ 2,555,417	$ 3,327,673	$ 3,462,111	$ 3,601,981
Total Reserves	$ 2,557,549	$ 3,329,869	$ 3,464,407	$ 3,604,416
Ending Undesignated Fund Balance	$ 7,385,411	$ 6,371,400	$ 9,356,914	$ 13,033,954
TOTAL FUND BALANCE	$ 9,942,960	$ 9,701,269	$ 12,821,321	$ 16,638,370

According to Executive staff, Fleet operations and maintenance costs tend to be relatively consistent from one biennium to the next, with the exception of inflationary cost increases. However, the replacement cycle of vehicles fluctuates more than the operating and maintenance due to the nature of replacements: (When was the vehicle purchased, and how many miles are driven each year determines how quickly the vehicle reaches the replacement mileage and thus budgeted for replacement.) To manage the fund in an environment of expenditure peaks and valleys, Fleet uses a rental rate model based on actual costs to provide for future revenue needs.

<u>How vehicle replacement revenue is budgeted</u>: Fleet's rental rate model collects for vehicle replacement over the life of each vehicle and piece of equipment so at the end of its life, adequate funds are available to replace it with a like-for-like vehicle or piece of equipment. Depending on how many miles the vehicles is driven each year, its replacement can be scheduled out five to ten years.

<u>How vehicle replacement appropriation is budgeted</u>: When the vehicle is projected to be replaced (based on the recommended replacement standard – see footnote 1 above), the entire replacement price is budgeted in the year it will be expended. Fleet tracks vehicles projected to be replaced and uses this to build each biennial budget request and uses its fund balance and cost variance reserve to build and expend revenue for equipment replacement.

The following table illustrates how funds are collected through the rate model (revenue) and the related replacement expenditure (appropriation) for a vehicle.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Revenue	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$10,000
Expenditure/ Appropriation										($10,000)	($10,000)

Councilmembers asked how much of the appropriations request is driven by increased reserves and how much by rising equipment costs.

The following table illustrates the major cost drivers of the 98% percent increase in the appropriations request for the 2017/18 biennial budget, compared to the 2015/2016 figures. As noted above, the level of reserves is primarily driven by the projected vehicle replacement costs. Between the Estimated 2015/2016 Budget and the Proposed 2017/2018 budget, operating and maintenance expenditures are projected to increase by approximately 27% (from about $2.6 million to about $3.2 million), and capital equipment replacement expenditures are projected to increase by approximately 74%, (from about $2.8 million to about $6.1 million).[3]

Cost Driver	% of 98% increase	Explanation
$4.5 million	94.5	Replacement of vehicles and equipment within the biennium.
$0.14 million	3.0	Automatic Vehicle Location (AVL) IT project.

[3] Executive staff noted that these figures are estimated expenditures for 2015-2016, rather than adopted 2015-2016 expenditures. Adopted numbers would reflect the following projected increases: Operating and maintenance expenditures are projected to increase by approximately 11% (from about $2.9 million to about $3.2 million), and capital equipment replacement expenditures are projected to increase by approximately 238%, (from about $1.8 million to about $6.0 million

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
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).

ADDITIONAL FOLLOW UP FROM WEEK 1 PANEL QUESTIONS

Councilmembers asked whether departments can share trucks when the need is great

According to Executive staff, agencies can share equipment when schedules allow. Weather and other factors may lead to multiple agencies needing the same equipment.

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			
3850 Renton Maintenance Facility Capital Fund	$4,450,000	$12,845,434	
3860 Roads Construction Capital Fund	$44,700,000	$31,000,000	
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]
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] Funds 3855 and 3865 are intended to replace 3850 and 3860 once all the remaining projects in the latter two are completed or transferred to the new funds. See below for analysis 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).

New Analysis: Current and New Capital Appropriation Authority

Council approved Motion 18323 on July 25, 2016 creating two new capital funds for the Road Services Division, intended to replace the existing capital funds. According to Executive staff, the agency intends to spend down the existing project appropriations in the existing funds, close those projects, and then close the existing two funds (3850 and 3860) prior to the end of the 2017/2018 biennial period. Going forward, the agency would maintain only the two new funds (3855 and 3865), which would more clearly define capital projects as either construction or maintenance activities.

To provide Council a complete picture of the Road Service Division's capital program, Tables 1 and 2 on the next pages illustrate the combined capital programs for maintenance projects and new capital projects, respectively. Existing fund 3860, known as the roads construction capital fund, shows $31 million in carryforward balance, $6.9 million of which is from 11 standalone projects. Those 11 projects are listed separately on Table 3 for ease of reference. Fund 3850 shows about $12.8 million in carryforward for 6 projects; those are listed in Table 2. The combined program for capital projects totals about $28.5 million, and the combined program for maintenance projects totals about $88.9 million.

Table 1. Combined Capital Programs for Maintenance

CIP Project	Fund	Description	2017-2018 Proposed
Emergent Needs – Existing Projects	3855	Funding for unforeseen circumstances with existing projects	$ 2,500,000
Emergent Need 3855	3850		$ 638,333
Emergent Need	3860		$ 3,000,000
Bridge Priority Maintenance	3855	Projects selected from priority array in the annual Bridge report.	$ 1,000,000
Quick Response	3855	Funding for new emerging needs including emergency repairs and unanticipated pedestrian or vehicle safety needs	$ 5,000,000
Quick Response	3860		$ 8,200,000
Preservation	3855	Resurfacing and minor road rehabilitation	$ 15,800,000
Roadway Preservation	3860		$ 5,200,000
Drainage Preservation	3855	Replacing failed systems; constructing new pipe and catch basins	$ 7,000,000
Drainage Preservation	3860		$ 4,700,000
Grant Contingency – Major Maintenance	3855	Appropriation authority for potential grants (matching funds to be drawn from other projects, as needed)	$ 10,000,000
Guardrail Preservation	3855	Refurbishes/upgrades existing guardrail to current standards	$ 4,800,000
Clear Zone Safety	3855	Removing roadside obstacles within the clear zone of the road right-of-way	$ 1,000,000
High Collision Safety	3855	Improvements include traffic control signs and pavement markings	$ 4,000,000
HRRRP	3860		$ 3,000,000
School Zone Safety	3855	Traffic calming measure near schools	$ 800,000
Snow & Ice Materials Storage	3850		$ 900,000
Preston Maintenance Facility	3850		$ 3,500,000
Failed Envelope & HVAC Rehab	3850		$ 7,050,000
Facility Preservation Countywide	3850		$ 757,101
CIP Oversight – Major Maintenance	3855	Fund costs for the Capital Projects Oversight Committee	$ 34,595
Subtotal 3860			$ 24,100,000
Subtotal 3855			$ 51,934,595
Subtotal 3850			$ 12,845,434
TOTAL			**$ 88,880,029**

Table 2. Combined Programs for Capital Projects

CIP Project	Fund	Description	2017-2018 Proposed
Emergent Needs – Existing Projects	3865	Funding for unforeseen circumstances associated with existing projects	$ 600,000
Grant Contingency – Road Construction	3865	Appropriation authority for potential grants (matching funds to be drawn from other projects, as needed)	$ 5,000,000
Guardrail Construction	3865	Design and construction of new guardrail systems	$ 1,350,000
CIP Oversight – Road Construction	3865	Fund costs for the Capital Projects Oversight Committee	$ 14,093
Old Cascade/Miller Bridge West	3865	Drainage and pavement improvements on Old cascade Highway and turnaround at the west bank of the Miller River	$ 2,300,000
Old Cascade/Miller Bridge East	3865	Drainage and pavement improvements on Old cascade Highway and turnaround at the east bank of the Miller River	$ 2,750,000
Issaquah Hobart Road @ Cedar Grove Roundabout	3865	Construct a roundabout at the intersection of Issaquah Hobart Road SE and Cedar Grove Road SE (City project; County participating in planning study)	$ -
Issaquah Hobart Road @ May Valley Roundabout	3865	Construct a roundabout at the intersection of Issaquah Hobart Road SE and SE May Valley Road (City project; County participating in planning study)	$ -
Renton Ave Phase 3 Sidewalk	3865	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	$ 3,200,000
Highline School District Improvements	3865	Sidewalk and a bicycle lane on the west side of 8th Ave SW from SW 102nd Street to SW 108th Street; a sidewalk and a bicycle lane 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.	$ 5,250,000
SW 108th & 8th Ave SW Roundabout	3865	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	3865	Construct a “mini-roundabout” at the intersection of SE 176th Street and SE 171st Way, modify sidewalks and reconstruct ramps	$ 340,000
Standalone Projects Carryforward	3860	See Table 3	$ 6,900,000
Subtotal 3860			$ 6,900,000
Subtotal 3865			$ 21,596,093
TOTAL			**$ 28,496,093**

Table 3. Standalone Project Appropriation Detail (Fund 3860)

Project	Project #	Carryforward to 2017-18	Comments
RSD W SNOQ VLY RD/NE124-W/D RD	1125758	(900,000)	Started design
RSD ROADS-COUNTY ROAD CONST	1114792	(100,000)	Administrative project
RSD LK ALICE RD SE CLVRT RPLC	1026731	(100,000)	Construction complete in final closeout
RSD W SNOQUALMIE VALLEY RD NE	1026735	(100,000)	Construction in progress with substantial completion in December
RSD SOUTH PARK BRIDGE	1026739	(2,400,000)	Project is in final close-out
RSD SW ROXBURY/28 AV-30 AV SW	1116888	(400,000)	Final design with construction in 2017
RSD 181 AV SE&CVNGTN SAWYER RD	1116541	(200,000)	Construction complete in final closeout
RSD RENTON AV S/68 AV-74 AV S	1116547	100,000	Construction in progress with final closeout in 2017
RSD SE COVINGTON SAWYER ROAD	1116542	(300,000)	Construction complete in final closeout
RSD WOODINVILLE DUVALL ITS	1116885	(1,200,000)	In bid/contract award with construction starting in November
RSD SKY RV BR #999Z(MNY CK)RPR	1124962	(1,300,000)	In final design with construction in 2017
		$ (6,900,000)	

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."

Option 1: Direct staff to develop a proviso directing the Executive to report back on options for a future tax or fee based on road pricing options including vehicle miles travelled, congestion pricing and/or tolling and on enhanced public outreach efforts to increase awareness about issues currently facing Road Services.

Option 2: Approve as proposed.

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

[1] Ordinance 17941, Section 77, Proviso P1

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.

Option 1: Direct staff to develop a proviso directing the Executive to identify a funding plan to address the 33 critical risk drainage assets identified in the Drainage Trunk Line inventory.

Option 2: Reduce funding for previously appropriated and/or currently proposed new Road Services Division projects to provide funding for some or all of the 33 critical risk drainage assets identified in the Drainage Trunk Line inventory.

Option 3: Approve as proposed.

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

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

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** **Jenny Giambattista**

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%
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.

New: Information Technology Project Analysis

Airport Security—Perimeter Intrusion Detection System

Prior appropriation	$150,000
2017-2018 Request	$1,651,256
Future Request	None
Total Project Cost	$1,801,256
Fund Source	Airport fees

[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

Project Summary: This project will implement a computerized access control system at KCIA. The division considers this project one component of a perimeter intrusion detection system.

Based on a 2015 assessment, the KCIA determined that it needs to improve physical security and access control. The assessment recommended that KCIT implement a computerized access control system at the airport. In September 2015, a supplemental appropriation (Ordinance 18110), included $150,000 for a project manager to begin the initial planning for the project. A KCIT project manager, hired in November 2015, began work on the initial plans for the project, and together with Airport staff, they convened an airport security stakeholder group comprised of representatives from each tenant group to discuss the overall security position of the airport.

This appropriation also includes $68,068 for the development of a security strategic plan by April 30, 2017. The security strategic plan, as described in the 2017-2018 Conceptual Review and Business Case for IT Projects, will identify KCIA's most pressing security and access control concerns as well as any technology and infrastructure needs necessary to mitigate risks. The strategic planning process will include key stakeholders and will discuss security policy and practices, some of which tenants will be responsible for conducting. If approved, a newly created Manager of Safety and Security position will lead the Airport's effort to develop the plan. KCIA expects to have revised security policies by the second quarter of 2017.

The largest component of this project budget provides $1,445,831 to implement a security access control project for county operated access points by the end of 2018. According to the business case, the primary goals of the project are to:

- In combination with existing tenant systems, know with certainty who is on the airfield and how they got there
- Establish alerts for unauthorized access attempts at KCIA controlled gates
- Be able to immediately lock down KCIA controlled gates

The projects costs are largely for design, permitting, hardware, software, and vendor costs for the new system. Cost estimates include are based on conversations with vendors. The Division plans to issue a formal RFP in the first quarter of 2017. The project includes a 20 percent contingency reflecting the moderate risk level of this project.

This capital project will only address access control for KCIA controlled access points. Improving access control for privately managed access points will be discussed through the stakeholder process.

The Division has engaged the security stakeholder group in the planning efforts to date and reports all of the stakeholders are supportive of the controlled access project. Additionally, the Government, Accountability and Oversight committee has been briefed twice on this project in 2016.

Benefit Achievement Plan. The benefit achievement plan identifies the primary benefit of this project as replacing the outdated identify management system that is currently used by Airport staff. Subsequent to transmittal the BAP has been revised to including reporting on whether the project is able to achieve its goals outlined above.

This project does not appear to have any policy issues requiring further analysis.

ISSUES

ISSUE 1 – SECURITY STRATEGIC PLAN

As part of the Perimeter Intrusion Detection System project, KCIA intends to complete a strategic plan for airport security. In the previous biennium, Council included a proviso requiring quarterly oral reports by the executive to the Government Accountability and Oversight Committee (GAO) on matters related to airport perimeter security measures for each prior quarter. The last of those reports is scheduled to be heard by GAO on December 7, 2016.

Option 1: Proviso requiring Council review or approval of the security strategic plan.

Option 2: Approve as proposed.

ADDITIONAL FOLLOW UP FROM WEEK 1 PANEL QUESTIONS

Councilmembers asked for the KCIA's existing and proposed organizational charts and to review the proposed duties of the three new FTEs.

KCIA's existing and proposed organizational charts are attached to this staff report. KCIA management created special duty positions as in the current biennium that mirror the requested three new FTE positions. The agency does not anticipate significant vacancy-related savings or the ability to repurpose vacant positions in the 2017-2018 biennium and therefore, is requesting permanent funding of the 3 FTEs. The agency's decision package narrative describes the new positions as follows:

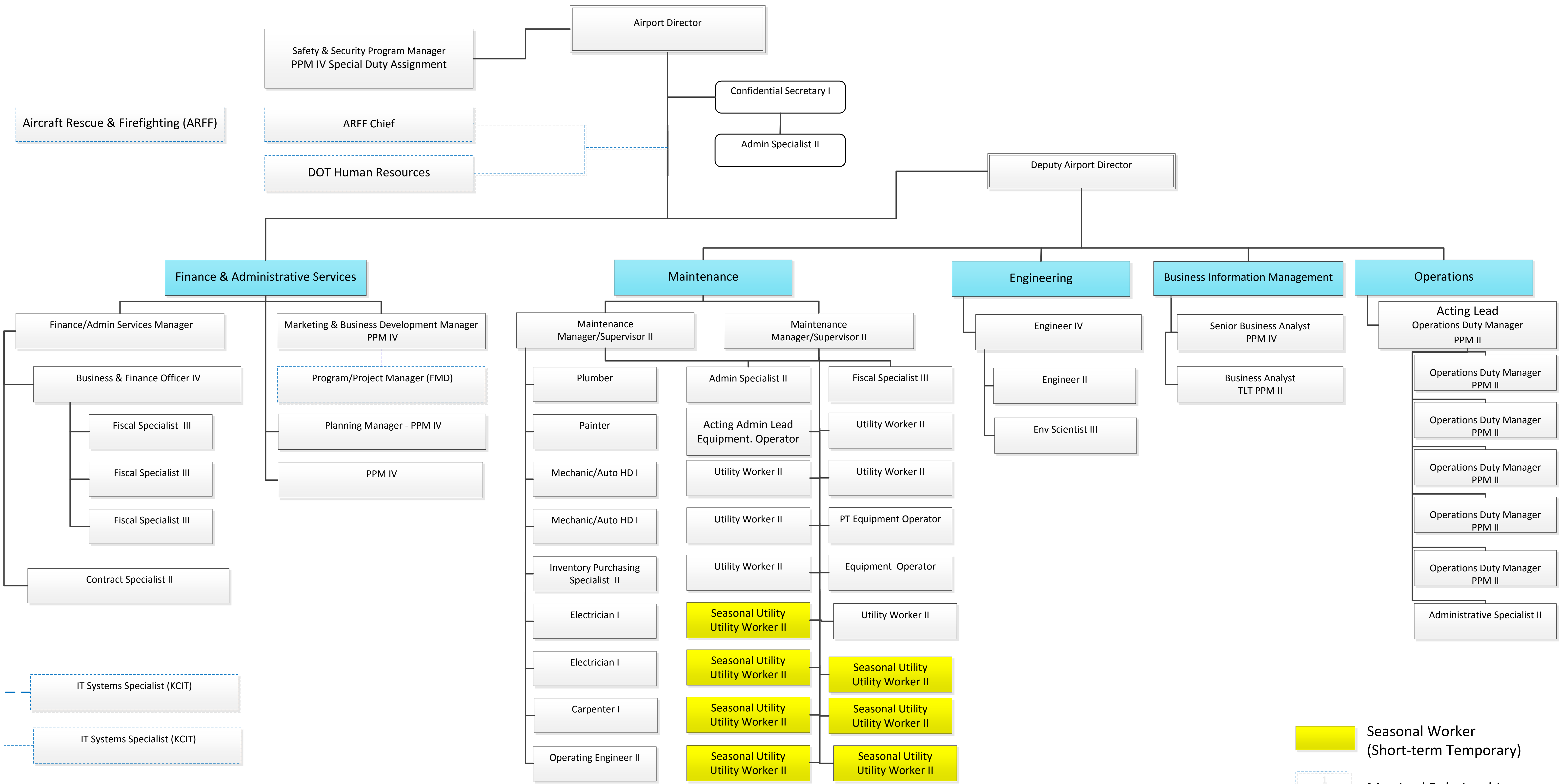
<u>Safety & Security Manager</u>: Develops, tests and implements emergency response plans for the Airport; works with first response agencies and emergency management officials on Airport safety and security items; serves as the lead representative on security initiatives and participates on the steering committee for security technology projects; oversees the development and implementation of the Airport's Safety Management System program; develops and implements emergency communication protocol. This position's key goals are to implement an emergency communication solution for 911 call routing and fire/medical dispatch, implement Everbridge conference calling and the Emergency Notification System, revise the FAA mandated Airport Emergency Plan, update and deliver training on Airport Life Safety Plans, and implement assessment and internal audit of Aircraft Rescue Firefighting shifting models, training programs, and compliance.

<u>Maintenance Lead:</u> This hands-on working lead position provides in-field oversight of airfield repair and maintenance; does crew dispatch, assigning and rebalancing work assignments; is responsible for tool and equipment care; and delivers field staff training.

Business Analyst (abridged): Process improvement and mapping work flows; establish leaner business processes that deliver the right products efficiently. Using Lean principles and tools, analyze a variety of business functions to identify process waste and defects. Gather and organize business requirements. Collaborate to execute business process improvements by tailoring the Cityworks asset management platform to reflect the flow of communications, deliverables, and milestones necessary to projects, task-based maintenance work, and business-related inspections. Identify and develop data analysis and measurement tools and indicators. Work together across all Airport sections to research, collect, perform quality assurance and control, create, and maintain business and technical data as required based on FAA, King County, and airport industry standards.

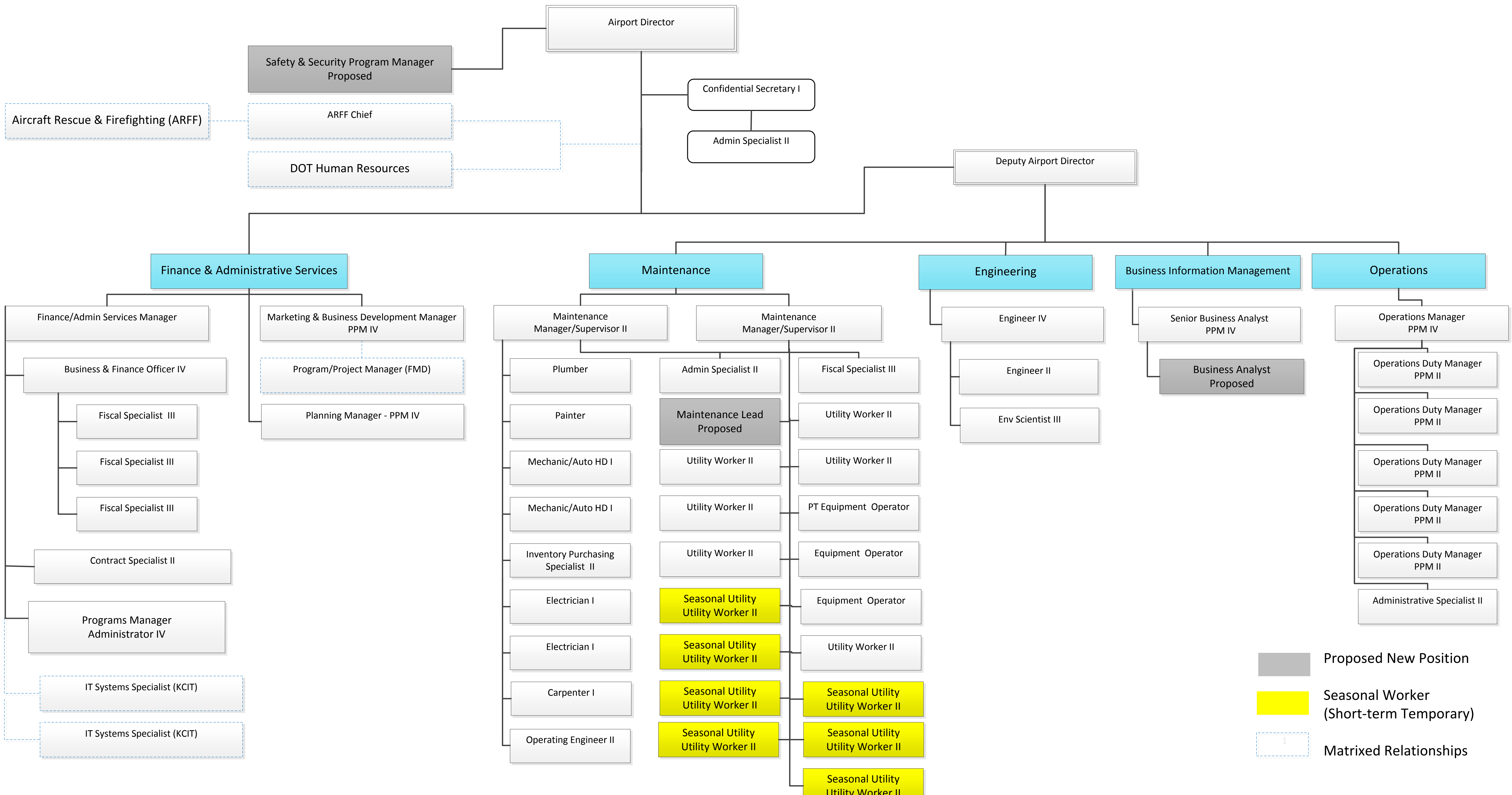
King County
International Airport Boeing Field

Existing 2016 Budget



King County
International Airport Boeing Field

Proposed 2017 Budget



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
Major Revenue Sources	Public Transportation Fund and payments 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.

ISSUES

Staff have not identified any issues with this budget.

ADDITIONAL FOLLOW UP FROM WEEK 1 PANEL QUESTIONS

Councilmembers asked about the funding sources for the positions in the Director's Office.

The DOT Director's Office apportions costs to the divisions using an allocation methodology based on the estimated level of support provided to the division, division program complexity, historical level of support, and size of division. Every budget cycle the Director's Office revisits the allocation methodology to estimate the level of support that will be provided to the divisions. Table 1 contains the 2017-2018 biennium allocation for the divisions, broken out by cost centers.

Table 1. Director's Office Cost Allocation

DOT Director's Office 2017-18 Budget Cost Allocation To Divisions						
2017-18 **Allocation of Executive Proposed Costs**	**Airport**	**Roads**	**Fleet**	**Marine**	**Transit**	**Total**
Director's Cost Center (464001)	**395,281**	**836,171**	**152,031**	**136,828**	**1,520,311**	**3,040,621**
Deputy Director's Cost Center (464002)	**297,694**	**1,322,345**	**211,423**	**229,260**	**3,684,136**	**5,744,857**
Deputy Director	78,112	453,049	62,489	62,489	906,097	1,562,237
Budget and Finance	85,217	248,548	28,406	28,406	319,562	710,138
Implementation	40,862	153,234	71,509	30,647	725,308	1,021,561
Government Relations	74,141	370,703	29,656	59,313	949,000	1,482,813
Grants	19,362	96,811	19,362	48,405	784,168	968,109
Communications Cost Center (464003)	**167,878**	**537,208**	**100,727**	**100,727**	**2,451,012**	**3,357,550**
Total 2017-18 Director's Office Costs	**860,852**	**2,695,724**	**464,180**	**466,814**	**7,655,458**	**12,143,028**
Total 2015-2016 Budget Cost Allocation	770,851	2,579,607	419,833	419,833	7,101,281	11,291,405
Difference 2015-16 vs. 2017-18	**90,001**	**116,117**	**44,347**	**46,981**	**554,177**	**851,623**
Percentage Change 2015-16 vs. 2017-18	*11.7%*	*4.5%*	*10.6%*	*11.2%*	*7.8%*	*7.5%*

Councilmembers asked for an explanation of why proposed staffing additions are housed in the Director's Office.

The KCDOT organizational structure houses Communications, Government Relations, and Grants functions in the Director's Office to support all divisions. The Communications Section carries out community engagement and community relations activities, communications services such as writing/editing of key reports, and public affairs and media relations services. As described by PSB, benefits of the central provision of services by the Director's Office include elimination of redundancy of services and effectiveness in advancing division, departmental and county missions. Centralized services by the Director's Office is also cost-effective for the divisions, reducing their need to maintain their own full-time staffs or hire consultants or other contracting agencies to meet their business needs. This centralized service provision also providing institutional knowledge of departmental and countywide operations and missions and a consistent approach to overall communications messaging.

The proposed budget request for an additional FTE emerged during Transit and DOT Director's Office budget discussions. After discussions with the divisions, primarily Transit and Roads, the decision was made to request additional support for key departmental projects moving forward.

The Communications Specialist FTE request would provide additional community outreach support, a high priority associated with implementation activities related to Metro Connects and the Bridge and Roads Task Force recommendations, transit service increases including construction impact mitigation, and collaboration with regional partners. Examples subject areas include:

- Outreach for Transit in Central Seattle, North Seattle, and the Eastside (SR 520 corrider/Link)
- ORCA Next Generation/Transit Fare Simplification work
- One Center City (Center City Mobility) planning
- Annual Service Guidelines Report preparation
- Strategic Plan Progress Report preparation
- Bridges and Roads Task Force recommendations

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.

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 1 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 1. Additional Bus Service Hours, 2017-2018

	Total	Spring 17	Fall 17	Spring 18	Fall 18
2016 Crowding[1]	29,800	29,800			
Other Service Guidelines[2]	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**	**114,100**	**73,373**

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

[1] 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.
[2] 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 (an estimated 100 additional buses are needed to provide the service, either new buses or ones that are kept in service for longer than planned); 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.

Council staff is continuing its analysis of this issue.

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 require the creation of new pathways for 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.

Council staff is continuing its analysis of this issue.

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-Central 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 Police facility, and a large new appropriation project to acquire land adjacent to the Atlantic/Central complex. The warehouse demolition and Transit Police move would free up space for approximately 100 additional buses, addressing the need associated with adding 300,000 hours of bus service in 2017-2018; further analysis is needed to clarify whether maintenance bay capacity is adequate. The purchase of an additional 9.14 acres is intended to facilitate the Master Plan goal of increasing bus maintenance capacity, 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 2. 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 3. TAMP Restructure - 2017-2018 Proposed Capital Projects

Project	2017-2018 Request	Total Six-Year CIP 2017-2022
Transit Asset Maintenance Program (TAMP)[3]	($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

Council staff is continuing to review of SGR and TAMP is continuing.

ISSUE 4 – TRANSIT TECHNOLOGY INVESTMENTS: $113,856,277

The 2017-2018 Transit budget includes 12 proposed technology investments, with total estimated project costs of $113.9 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 4. 2017-2018 Proposed Transit IT Investments

Project	2017-2018 Request	Total Project Cost[4]
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

[3] The disappropriation amount may be understated, potentially requiring a technical correction.
[4] Includes expenditures in prior years through completion.

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

Staff reports on five projects are provided here.

Transit Real-Time Improvements

Prior appropriation	$600,522
2017-2018	$565,018
Future Request	$144,182
Total Project Cost	$1,309,722
Fund Source	Public Transportation Fund

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

Metro customers use a variety of systems to look up bus schedule and status information, including: including Metro Online, the Automated Trip Planner, the Interactive Voice Response system, Real Time Information Signs, applications such as OneBusAway, and Transit Alerts via email, text, Twitter, and Facebook. Currently, these systems do not provide consistent information on reroutes, stop closures, and service cancellations to customers because Transit does not have an efficient means of providing this information in way that interfaces with these systems. The information that is provided requires a manual process involving redundant inputs by multiple staff members and is not easy for customers to find or understand.

This project would focus on providing supplemental information about reroutes, stop closures and cancellations across many of the tools customers use to access commute information. It would allow Metro to address the inefficiencies in providing customers information on reroutes, stop closures, and service cancellations. Customers would be able to receive this supplemental information through existing applications such as One Bus Away, Trip Planner and the real time information signs that are displayed at bus stops.

The first phase of this project to examine system requirements and analyze alternatives would begin in late 2016, subject to Council approval of the STRT (see below). A phased implementation would begin in 2018 and be completed in 2019. Currently an additional appropriation of $144,182 would be needed in the 2019-2020 biennial budget to close out the project. Given the prior vetting and approval of this project, the Council may wish to provide the full remaining appropriation authority in this budget.

Project Cost: The major project costs include $500,000 for hardware and software costs and $592,848 for KCIT and departmental labor costs. The project includes a twenty percent contingency. The ongoing operating costs are estimated to be over $100,000 annually.

Status of existing project: The Council approved a prior appropriation for this project in the 2015-2016 Budget, subject to an expenditure restriction until the Council has approved the Strategic Technology Roadmap for Transit (STRT). As the STRT has been transmitted and is planned to go before Council later this year, work has not yet begun on this project.

Review of the Benefit Achievement Plan (BAP): The primary benefit of this project would be improving the availability and reliability of real-time information. Council staff continues to work with Transit on revising the Benefit Achievement Plan with an emphasis on better explaining how the external and internal benefits of this project would be measured by Transit.

The project does not appear to have any policy issues requiring further analysis.

Option 1: Approve project as proposed.

Option 2: Approve project and increase the appropriation by $144,182 in order to fully fund the remaining phases of the project.

Transit Vehicle Maintenance Dispatch Replacement

Prior appropriation	$116,055
2017-18 Request	$17,484[5]
Future Request	N/A
Total Project Cost	$341,315
Fund Source	Public Transportation Fund

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

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

[5] Under the project title 1116014 Information Systems Preservation.

The project would include $299,004 for KCIT and departmental labor costs and $12,000 for hardware and software. The project includes a ten percent contingency. Operating costs are expected to be more than $100,000 annually.

Status of existing project: The first phase of this project began in the first quarter of 2015 and has been completed. The immediate risk of system failure was addressed by replacing the unsupported software used in the existing manual vehicle dispatch system with software that is vendor-supported and compatible with modern operating systems. Transit also completed the next phase of the project to evaluate opportunities for achieving operational savings by replacing the manual dispatch system with an automated one. Transit selected the most cost effective solution identified during this evaluation process and is awaiting further appropriation authority to proceed with implementation. To date, $141,643 has been spent on the project.

Review of the Benefit Achievement Plan (BAP): The primary benefit of this project is that it reduced the risks of operational impacts and cost increases associated with the potential failure of the current system. Additional benefits would include operational efficiencies and cost savings from reduced use of overtime if the manual dispatch system is replaced with an automated system.

The project does not appear to have any policy issues requiring further analysis and staff would not bring discussion of this project back in the staff report for next week unless councilmembers have any questions.

Transit Business Intelligence Resource Database

Prior appropriation	None
2017-18 Request	$1,678,764
Future Request	$4,322,120
Total Project Cost	$6,000,976
Fund Source	Public Transportation Fund

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

According to the business case, Metro's sources of performance data are scattered across the agency in many different databases and formats. The ability to match and integrate data from different sources is highly specialized and limited to only a few staff across the agency. When integration is done, it is not automated, very time-consuming, and subject to differences in staff judgment and methodology. Additionally, Transit reports much of the on-time data is in a database that is no longer supported by the vendor.

This project is for a new analytical tool to integrate key data from existing systems necessary for business analytics. Once such a database is operational at the end of 2019, it would help Transit respond to strategic planning questions such as:

- What are some of the least reliable travel corridors in the system?
- Which routes have the highest/lowest percentage of ORCA use?
- Are operators getting their mandated breaks?

This project first requested funding as part of the Executive's 2015-2016 budget. The Council did not fund this project because in part due to a concern that it was premature to proceed with this project prior to the development of the Strategic Technology Plan for Transit (STRT). As noted in the Week One staff report, the STRT has been transmitted to the Council.

The estimated total project for this project has increased since it was first proposed in 2015-2016 and staff analysis continues on the project costs associated with this project. The 2017-2018 appropriation request of $1,678,734 would fund most of the requirements analysis and design for an integrated data base. Of the $1.7 million appropriation request, about $915,000 is for project labor costs and $500,000 is for consulting costs. The planning and design work is scheduled to be completed at the end of 2018. Transit reports it has not yet determined whether a commercial product will be configured to meet Transit's needs or whether a solution will be built by a vendor or KCIT.

Implementation costs of $4.3 million are not included in the 2017-2018 budget request.

Contingency: The project would be funded by the Public Transportation Fund and as proposed includes a contingency of 20 percent based upon the level of risk associated with this project.

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

Staff analysis continues on the planning costs of this project.

Safety and Security Systems

Prior appropriation	None
2017-18 Request	$2,114,368
Future Request	None
Total Project Cost	$2,114,368
Fund Source	Public Transportation Fund

Project Summary: This project will develop a comprehensive safety and security database

Metro recently completed a Comprehensive Safety System Review. According to the business case, a key finding of the review was that Metro Transit lacks the data systems needed to proactively manage safety risks. The current safety systems do not allow data to be analyzed or combined without very manual and error prone efforts. In most cases, the data is simply stored in excel spreadsheets.

This project would implement a safety and security system in the 2017-2019 timeframe. The safety data system would be planned and developed in developed in parallel with a redesign of key business processes recommended by the Safety System Review. It is anticipated that the vendor community will be developing more products to support the Safety Managements Systems required and that by 2018 Metro can be in a position to move forward with a proven product.

The project will complete planning, a preliminary design, and Request for Information in 2017 and procure in 2018 with implementation scheduled from September 2018 to October 2019.

Of the $2.1 million budget, about $600,000 is for internal technology and business staff over the life of the project, $130,000 for consulting services, and $1.2 million for the hardware and software solution.

Contingency: The project would be funded by the Public Transportation Fund and as proposed includes a contingency of 20 percent based upon the level of risk associated with this project.

Review of the Benefit Achievement Plan (BAP): According to the Benefit Achievement Plan, the primary benefit of this project is that it will provide Transit leadership with the information needed for data driven decision making related to safety. Staff review of the Benefit Achievement Plan continues with an emphasis on better understanding how the benefits of this project will be measured by Transit.

Staff analysis continues on this project.

DOT On-Board Camera Management System

2015-2016 Request	$0
2017-2018	$640,778
Total Project Cost	$640,778
Fund Source	Public Transportation Fund

Project Summary: The project will introduce a centralized camera management system of cameras throughout the Transit Fleet.

Over 600 of Metro's coaches currently have on-board cameras. The Executive has proposed CIP project No. 1129648 (approximately $7.6 million) to provide 100 percent of the bus fleet with on-board camera systems by the end of 2018, as part of its effort to increase safety and security.

King County Metro does not have a central system to manage the existing or new on-board cameras and must rely on time consuming manual processes to obtain video footage and maintain the camera program. In addition, the existing system does not report equipment malfunctions; these are identified either during monthly inspections or during a video recovery process. This project would implement a new On-Board Camera Management System that will include wireless video retrieval (subject to implementation of next generation wireless – see below), file management and storage, and equipment and system status monitoring.

This project would be funded from the Public Transportation Fund and includes a contingency of 20 percent due to the associated risks. The appropriation request of $640,778 also includes $258,982 for labor, $220,000 for equipment and $55,000 in consultant costs.

Review of the Benefit Achievement Plan (BAP): These improvements will provide faster access to videos and increase the likelihood that video will be recoverable. In addition, remote health status monitoring will eliminate the need for the monthly inspections of the camera system currently performed by VM. These inspections currently take 30 minutes per coach.

According to the BAP, implementation of this proposed system is dependent upon Next Generation Wireless project (Replace 4.9 Network and Mobile Router). The system's remote access must be provided by a wireless network that has sufficient bandwidth to download large video files. The current on-board wireless communications network is inadequate for this task. The Next Generation Wireless Project must construct the infrastructure, identify and have devices installed on all coaches before the video images can be available for the Video Management system. The BAP states that both project teams will coordinate during requirements, design and implementation phases of each. According to Executive staff, the on-board camera systems (standalone equipment on every bus) will be installed by the end of 2018, with system implementation continuing through 2019 in line with the 4.9 Replacement project, although phasing and timing has not yet been determined.

Staff analysis is ongoing.

ISSUE 5 – METRO CONNECTS INVESTMENTS

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 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[6].

[6] 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.

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 that would be required for the 2025 network. The Metro Connects plan suggests that 620,000 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 300,000 hour service addition proposed in the 2017-2018 budget is part of the 620,000 hour service growth. If the OEFA forecast holds, there would be an estimated 320,000 hours for investment in Service Guidelines priorities and Metro Connects-related service needs through 2025. Additional revenue or other policy choices could change the number of service hours available for these needs.

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 and addresses pedestrian and bicycle access to transit as well as park-and-ride issues).

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. Conversion of existing bus routes to RapidRide typically requires added service hour investments to achieve more frequent service. The 2025 network includes 13 new RapidRide lines[7]. 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.

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[7] The Regional Transit Committee may add a 14th RapidRide Line to the 2025 Network.

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 is continuing and 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. Since the potential new RapidRide Lines are expected to begin service in 2019 and later, the operating costs of added service hours are not included in the 2017-2018 budget.

ADDITIONAL FOLLOW UP FROM WEEK 1 PANEL QUESTIONS

Councilmembers asked why the Bond Subfund appropriation for debt service is proposed to increase:

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 (discussed in Issue 2) and the operating base expansion projects (discussed in Issue 3). Council staff is continuing to evaluate these projects including the use of debt financing.

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	$286,814,268	$627,296,763	118.7%
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.

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.

ISSUES

ISSUE 1 – STAFFING ADDITIONS

As noted, the Division is recommending a net of 18 new (and one reduced) FTEs—largely converted from 2015-2016 TLT's—and 17 new TLTs. Also 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.

The Executive has provided the following table detailing the positions, functions and project types of the FTEs requested; as noted most are converted from TLTs.

2017-2018 New 18 FTEs

<table>
<tr><td colspan="2">CIP Support: As WTD moves forward in the delivery of its CIP, which has increased in size and complexity, the current staffing presents challenges to meeting timely project delivery and regulatory requirements. Delays will result in increased costs and risks including equipment failure and sewer overflows. Use of TLT resources meets staffing needs of short duration or unexpected work, however continued use risks violation of labor policies and makes it difficult to retain staff and maintain continuity of service on project teams. Converting these TLTs to FTEs will enable a timely start of the project delivery process for all projects in their CIP, staff critical emergent needs and continue the commitment for future long-term resiliency.</td></tr>
<tr><td>Wastewater Capital Project Mgr III (3)</td><td>WTD has over 60 large capital projects and over 80 smaller projects; some existing project managers carrying more than 10 projects concurrently.</td></tr>
<tr><td>Project Control Engineer II</td><td>Performs controlling, monitoring, reporting functions for capital projects.</td></tr>
<tr><td>Senior Wastewater Engineer</td><td>Structural engineering assessment and design function, for ongoing evaluation of condition of infrastructure.</td></tr>
<tr><td>Wastewater Engineer-Journey</td><td>Project modeling function for capital project planning and design.</td></tr>
</table>

Water Quality Planner/Project Manager III	Represent WTD staff to permitting agencies. Ensure full implementation of newly developed standard work processes and ensure projects meet permitting deadlines.
Water Quality Planner/Project Manager III	Work with project stakeholders, community leaders for community engagement and communications with project managers.
Real Property Agent III	Coordinates research for suitable properties for capital projects and prepares documentation related to purchasing, leasing, relocation on tenants and property management activities.
Designer IV	Additional internal drafting support which will allow option for less reliance on consultants.
Wastewater Capital Project Manager I	Project delivery support.

Audit/Internal Controls: Converting these TLTs to FTEs will enable WTD to continue to be responsible financial stewards of ratepayer dollars through accurate presentation of financial statements and full compliance with accounting principles and oversight requirements. Timely and accurate asset data will also improve our projections for on-time replacement of all assets prior to failure.	
Wastewater Construction Management III	Research and record data on existing and new equipment, to support timely equipment replacement, consistent with existing asset management principals.
Business & Finance Officer II	Review project closures, process reports on completed capital projects, support process improvement for asset capitalization, retirements and data management.
Internal Auditor	Ensures accurate and timely reporting by component agencies of quarterly wastewater flows, RCE's, new capacity charge connections and industrial waste customers.

Wastewater Business Products: These FTEs will provide staffing resources for developing and implementing new approaches and technologies plus maintain and align our infrastructure and assets to recycle 100% of wastewater for the highest beneficial use.	
Water Quality Planner/Project Manager III	Increase visibility of Loop brand biosolids, address key technical and policy issues and develop new outlets for public information.
Water Quality Planner/Project Manager III	Recycled water and biosolids strategic planning and communications.
Program Administration: Converting these TLT's to a FTE's will allow for the continued management of the WaterWorks Grant program and Brightwater Education Center.	
Water Quality Planner/Project Manager III	Grants administration for the WaterWorks Grant Program, coordinates logistics, communications and documentation.
Water Quality Planner/Project Manager I	Manage Brightwater rental program, conducts cost analysis of rental rates, updates current rental event policies and procedures.

Additionally, the Executive has provided the table below for requested TLTs.

2017-2018 New 17 TLTs

CIP Support: These TLTs will provide CIP staffing for a shorter duration by addressing the increasing volume of retirements and unexpected attrition with minimal disruption to program and project schedules.	
Administrative Staff Assistant	Supports project managers by doing administrative tasks such as taking meeting minutes, document management/distribution, tracking logs, meeting scheduling.
Engineer (3)	Assist with mechanical and civil engineering functions to ensure timely delivery of WTD capital projects.
Wastewater Construction Management I (2)	Management of increasing number of construction contracts.
Green Energy Product: Provides TLT staffing for meeting targets for achieving platinum building targets or better, construction and demolition waste diversion and fuel use reduction. In addition, operational energy efficiencies will be measured and reviewed with capital and operating staff and energy grants will be pursued.	
Water Quality Planning/Project Manager II	Lead Platinum Certification coordination for CIP. Support curriculum development and training.
Wastewater Treatment Construction Management II	Construction management support for construction debris recycling and landfill diversion.
Water Quality Planner /Project Manager III	Track energy impact of WTD projects and energy efficiency initiatives, seek energy grants, communicate results of collected energy programmatic data.
Revenue & Collection Enforcement: These TLTs will provide support to manage the increased workload from growth in new customer connections, home re-financings and pursue the collection of outstanding capacity charge revenue. WTD and KCIT are developing an automated system for processing escrow requests and new customer account setup which will be completed in late 2018. When fully operational, WTD will assess long-term Capacity Charge Program staffing.	
Fiscal Specialist II	Coordinates setup of new capacity charge accounts that have increased due to growth in new connections.
Fiscal Specialists (5)	Responds to escrow requests associated with property transactions and pursue collection of outstanding capacity charge revenue which have increased with an active real estate market.
Operations Support: Provide temporary staffing resources to evaluate HVAC systems and assist in development of an HVAC systems optimization plan for all WTD facilities.	
Industrial Instrument Technician (2)	Support for electrical instrumentation and controls and HVAC systems support at WTD facilities to improve system energy efficiency and functionality.

As noted, the Division is in the early stages of an extended capital program driven by the Consent Decree mandate to achieve control of combined sewer overflows; major capital expenditures also include conveyance system capacity projects, and capital asset management projects. The tables above demonstrate that over half of the added FTEs, and many of the TLT's are for CIP support associated with systems to manage, track, control and report on capital projects. Also, the Strategic Climate Action Plan has tasked the agency with achieving carbon neutrality by 2025; seven of the proposed adds are for green energy or Loop biosolids support. Other adds are for WaterWorks grants administration, and revenue collection and enforcement.

Staff have not identified any further issues with this request.

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% of the cost of major capital projects with cash up front. This revision resulted in a rate that was higher than it would have been, had the Division continued to fund capital projects with cash at the rate of 27%. 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 has focused 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.

The Executive has provided the following table, demonstrating, for the next two biennia, 1) anticipated bond sales proceeds under the 27% and 40% cash funding scenarios; and 2) anticipated debt payments under these scenarios.

40% v 27% Cash Funding of Debt				
	2017-2018		**2019-2020**	
	Executive Proposal (40% cash)	27% cash funding scenario	Executive Proposal (40% cash)	27% cash funding scenario
Debt Service Parity Debt	$325,036,450	$327,464,270	$358,910,546	$372,915,030
Revenue: Bond Proceeds	$55,989,283	$89,407,814	$270,590,695	$353,517,609

In sum, debt payments are more than $2.4 million less in 2017-2018 under the 40% cash funding scenario, growing to $14 million less in 2019-2020, than they otherwise would have been.

Staff have not identified any further issues with this request.

ISSUE 3 – CAPACITY CHARGE COLLECTIONS MECHANISM

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, rolled into mortgage payments, 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 system to pursue collections of unpaid capacity charges, which ultimately may result in a property lien, if other collection efforts are unsuccessful.

The wastewater rate is managed differently from the capacity charge. The wastewater rate is collected by the local utility, along with their own portion of the wastewater rate; revenues from billing, based on RCE counts, are forwarded to the Division.

Staff inquiry is focusing on 1) amounts of uncollected capacity charge revenue; and 2) the effectiveness and cost of the existing mechanism set up for revenue collections. The Executive has provided the following information regarding the Capacity Charge collections process, in response to staff inquiry.

Capacity Charge Program	2012	2013	2014	2015	2016*
Revenue Billed	$50,767,036	$58,308,854	$58,812,264	$67,032,582	$51,694,671
Uncollected Revenue	$10,728,265	$11,712,727	$14,646,561	$17,726,716	$12,770,986
Secured Delinquencies	No Data	No Data	No Data	$6,093,949	$6,219,658

*consists of data through September

Staff is seeking to confirm a correct number representing uncollected capacity charge revenue 2012-2016.

Below is the Executive's description of the capacity charge collection mechanism.

> Six TLT staff were hired in 2015 in addition to the 12 existing FTEs to support the capacity charge program. In 2017-2018, there are no proposed changes to TLTs or FTEs needed to support activity in the Capacity Charge program. The capacity charge program is responsible for:
>
> - Setting up over 150,000 customer accounts established since 1990;
> - Billing for capacity charge, RCE, septage, industrial waste, and other sources of revenue that, cumulatively, will exceed $960 million for 2017-2018;
> - Responding to 16,000 telephone, 500 in-person and 100 written customer inquiries and/or complaints annually;
> - Collecting revenue owed, including monies owed on past due accounts; and

- Processing over 65,000 escrow requests, update 9,000 property changes of ownerships, process 12,000 pieces of returned mail, and manually processing over 8,000 checks on an annual basis.

Total proposed 2017 annual expenditures for the Capacity Charge Program are $2.4 million. Key functional areas include:

- $1.8 million for labor costs associated with the 12 FTE's and 6 TLT's;
- $11,000 for office supplies;
- $490,000 for services (invoice mailing, postage, and merchant fees for accepting electronic payments); and
- $68,000 for fees associated with filing liens as necessary on delinquent accounts

Staff is seeking Executive input on whether there are alternatives to the existing mechanism, which might result in lesser amounts of uncollected revenue, and a less expensive collections mechanism.

Staff analysis is continuing.

ISSUE 4– CAPACITY CHARGE ESCROW AND CUSTOMER ADD AUTOMATION

Prior appropriation	N/A
2017-18 Request	$495,986
Future Request	N/A
Total Project Cost	$495,986
Fund Source	Capacity charge and sewer rates

Project Summary: This project will provide a tool for Wastewater to handle large volumes of escrow requests and establish new customers in a timely manner.

Wastewater's Capacity Charge program was implemented in 1991 as a way to charge new customers, connecting to the sewer system, for the assets put in place to handle their wastewater needs. The current billing process is a mostly manual, inefficient process and customer billings are often delayed. Wastewater is also required to respond to escrow requests within 72 hours; due to the nature of the datasets, each request must be manually verified.

This project will create a continuously updated database which integrates GIS parcel information with Capacity Charge customer information from Oracle EBS (the county's financial systems) and sources external to King County. This information will be leveraged to support two new applications: escrow requests and new customer billings.

The appropriation request includes $670,000 for planning and design in 2017 and $80,000 for data source consolidation and implementation, which is scheduled for March, 2018. The work will be completed by KCIT and therefore almost all of the budget is for project labor costs.

This project includes a 30 percent contingency based on the level of risk associated with the project work.

Review of Benefit Achievement Plan: Once implemented, Wastewater expects to improved customer service with escrow requests being provided instantaneously. Wastewater also expects to establish new customer accounts within one month of their connection to the sewer system. Wastewater also expects to eliminate the overtime expenses related to this work.

Staff has identified a budget discrepancy on this issue, and recommends holding it open pending resolution.

ADDITIONAL FOLLOW UP FROM WEEK 1 PANEL QUESTIONS

Councilmembers asked about the $9,005,109 Comprehensive Planning/Reporting budget item. Staff has received the following summary and table detailing the proposed expenditure:

This project funds the Wastewater Treatment Division's (WTD) comprehensive planning functions and includes support for up to the equivalent of 15.75 WTD FTEs per year of the and 1.75 other County agency staff per year of the biennium. These planning functions include on-going planning and reporting for combined sewer overflow control, monitoring, and updating the Regional Wastewater Services Plan (RWSP). This project also supports WTD planning for climate change and supports policy development and planning level coordination for WTD. The project also tracks on-going coordination work with Seattle Public Utilities (SPU).

1113334 Subproject Summary	Description
1038339 Climate Change ($474K)	To meet the goals outlined in the King County's Strategic Climate Action Plan (SCAP); WTD is working on assessing impacts of urban flooding, heat island effects, extreme precipitation and greenhouse gas emissions. Climate change is a variable that needs to be considered in WTD's long range planning. The probabilities of impacts from climate change need to be identified. The severity and the timeframe of those impacts need to be understood so WTD can develop adaptive strategies that will be included in planning facilities. Addressing these impacts in planning rather than responding when the impacts occur will save money over time and protect human health and safety.
1120693 CSO Consent Decree Reporting ($199K)	This project develops procedures and monitors implementation of the CSO consent decree. The CSO consent decree is a complex legal document containing many different compliance milestones. Failure to manage and meet milestones will result in significant financial penalties to King County.
1037872 CSO Control - Improvement Base ($2.727M)	This project funds steps to ensure the CSO control program meets compliance reporting requirements and recognizes and responds to changes in planning drivers. The project manages inter-agency coordination on issues impacting CSO control, and identifies opportunities for collaboration. Additionally, project work includes

1113334 Subproject Summary	Description
	system wide hydraulic modeling and maintenance of the CSO real-time Web site.
1037873 CSO Plan Updates ($3.298M)	Plan updates meet a list of regulatory requirements including assessing control progress, describing proposed or modified projects. This project also provides the Council-mandated Control Program Review ahead of each Update. The next Amendment will be due January 2019. Plan updates are required by Washington State Department of Ecology every five year.
1121226 Elliot West Problem Definition ($102k)	This project funds the assessment of existing CSO control facilities to define a capital project scope of work or project work request (PWR) to improve or restore the regulatory compliance of the facility.
1127615 Planning Process Optimization ($299K)	The project supports Ordinance 17941 Proviso 1 for WTD to improve its planning and conceptual estimating processes, including communicating costs to upper management, a trend analysis program and basis of estimate assumptions.
1037874 RWSP Reporting ($461K)	The project funds WTD staff work to update RWSP related information and identify any issues that warrant policy review or amendments. Work with WTD staff and others on reviewing and updating key RWSP planning assumptions. Work with MWPAAC and the local agencies to keep them updated and informed, and solicit their advice and involvement as necessary. Work with Regional Water Quality Committee and King County Council as needed. Work to prepare reports and reviews of the RWSP as needed.
1128209 Treatment Plant Flow and Loadings Study ($1.16M)	The 2013 Regional Wastewater Services Plan Comprehensive Review provided updated flows and loadings forecasts through 2060 for WTD's three regional treatment plant. The report noted that it is possible that the plants' loadings capacity will be reached in the 2030s. The purpose of this study is to review the forecasts, confirm or update the timing of capacity needs; identify next steps and potential options and evaluate further to meet future capacity needs.
Task 1.20 Expert Review Panel ($292K)	As directed by Ordinance 17941 Proviso P3, an Expert Review Panel of independent, technical experts in the field of CSO management, project design, construction, and implementation is established to review and make technical recommendations to the King County Executive and Council on the Combined Sewer Overflow (CSO)Long Term Control Plan.
Task 1.37 MOA Project Management ($35K)	Management of modeling agreements to support SPU CSO projects. WTD is providing technical support to SPU through an agreement. The agreement implementation is tracked via this sub-task.
Task 1.36 Broadview ($32K)	These projects track staff hours and costs associated with coordination between WTD and SPU on the CSO program.
Task 1.38 Central Waterfront ($52K)	
Task 1.33 Delridge ($65K)	
Task 1.34 Z-Genesee ($65K)	
Task 1.39 Leschi ($160K)	

1113334 Subproject Summary	Description
Task 1.42 Magnolia ($4K)	
Task 1.41 Z Montlake ($179K)	
Task 1.32 North Union Bay ($65K)	
Task 1.40 Pearl Street ($3.6K)	
Task 1.30 South Henderson ($65K)	
Task 1.35 South Park ($65K)	
Task 1.31 Windermere ($65K)	

Councilmembers asked about:
The Brightwater construction era presumably resulted in staffing increases in support of that project—capital management staff, engineers, project management, etc. Following the completion of the Brightwater project, how many project-related staff were reduced?

The Executive has provided the following response to this inquiry:

> In 2004, WTD added 14.5 FTE's and eight 5-year TLT's (2004-2008) to support the capital program, including Brightwater and other major projects. The bulk of staffing needed for Brightwater was accomplished with consultants. In 2011, when Brightwater became operational, 27 FTE's were required to operate the Brightwater facility and this was accomplished by reallocating existing or vacant FTE's (i.e., no new positions were added to operate Brightwater). For 2017-2018, staffing levels at Brightwater remain at that same level.

Councilmembers asked about:
Noting that the wastewater and stormwater collections systems in Seattle are partially combined and partially separated (and that Combined Sewer Overflow treatment processes are required to treat storm-driven discharges from the combined system), what would be the cost of providing for a completely separated system, rather than treating combined discharges?

The Executive has provided the following response to this inquiry:

> The City of Seattle consists of three basic sewer areas: combined, separated, and partially separated. Each area is approximately one-third of the total area of the City. In a partially separated area typically the streets have a separate drainage system, but homes and businesses are still connected to a combined sewer system.
>
> Sewer separation is considered a control measure for the CSO Control Program. There have been some separation projects since the first CSO plan in 1983. In 1995, the recommendation was to explore separation on a project-by-project basis.

Based on the results of early separation projects and new stormwater regulations, separation is typically not the least cost alternative because of the need to meet stormwater regulations to reduce pollution in stormwater in addition to the capital costs of constructing new stormwater infrastructure.

As part of the 2018 Control Plan Update, partial separation, complete separation, and green stormwater infrastructure will be analyzed as alternatives to storage, or treatment or in combination with storage or treatment for the remaining CSO projects in the plan. The analysis is not far enough along to provide updated estimates of relative costs.

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	10.0	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' (DNRP) 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.

ISSUES

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

SWM Fee History

King County is required to provide surface water management services by state and federal law[1].

The Revised Code of Washington[2] and King County Code Chapter 9.08 are considered the applicable state and local legal framework for the SWM rate, generally as shown below.

RCW 36.89.080: Storm water control facilities – Rates and charges

- Statutory authority for collection of the SWM fee

RCW 90.03.525: Storm water control facilities—Imposition of rates and charges with respect to state highway rights-of-way—Annual plan for expenditure of charges

- SWM fees to WSDOT state road rights of within a local jurisdiction can be no more than 30% of the rate for comparable real property;
- WSDOT cannot be charged a rate higher than what the local jurisdiction charges for its own road ROW; and
- Funds collected from the state must be used solely for stormwater control facilities.

King County Code 9.08 Surface Water Management Program

- The SWM fee is collected based on a percentage of impervious surface
- Discounts are allowed to properties that have onsite stormwater management mechanisms
- Both county and state roads pay a maximum of 30% of what would be paid by a comparable property

To pay for these services, a fee is assessed on property owners in unincorporated King County including Vashon Island. King County began imposing the SWM fee in 1991. Table 1 below illustrates the historical SWM fees for a single-family residence in unincorporated King County.

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[1] United States Environmental Protection Agency https://www.epa.gov/npdes/npdes-stormwater-program RCW 90.03.500 -.525 provides the authorization for the county, as well as cities, towns, water-sewer districts and flood control zone districts, to impose rates and charges for storm water control facilities.
[2] RCW 36.90,080 & RCW 90.03.525

Table 1. Historical SWM Fees in Unincorporated King County (Single-family residence)

Year	SWM Fee (single-family residence)	Dollar Increase	Percent Increase
1991	$85	$0	0%
2002	$102	$17	20.0%
2007	$111	$9	8.8%
2011	$133	$22	19.8%
2013	$151	$18	13.5%
2014	$171.50	$20.50	13.6%

The 2016 SWM fee for a single–family residence in unincorporated King County is $171.50. Table 2 below shows the 2016 SWM fees for the region. The average fee for all jurisdictions in the region based on the fees listed in Table 2 is $179.68.

Table 2. 2016 Regional SWM Fees (Single-family residence)

Jurisdiction	2016 Annual Fee	Jurisdiction	2016 Annual Fee
Woodinville	$ 87.15	**King County**	**$ 171.50**
Algona	$ 90.00	Milton	$ 186.00
Federal Way	$ 96.90	Mercer Island	$ 191.28
Pierce County	$ 116.06	Lake Forest Park	$ 191.98
North Bend	$ 118.32	Covington	$ 193.66
Maple Valley	$ 119.20	Normandy Park	$ 195.84
Snohomish County	$ 122.00	Redmond	$ 198.72
SeaTac	$ 134.15	Sammamish	$ 214.00
Tukwila	$ 142.00	Kirkland	$ 217.62
Pacific	$ 156.00	Duvall	$ 230.52
Burien	$ 156.99	Snoqualmie	$ 232.32
Newcastle	$ 159.36	Auburn	$ 236.76
Shoreline	$ 160.77	Des Moines	$ 237.64
Bothell	$ 161.52	Bellevue	$ 252.18
Renton	$ 164.76	Tacoma	$ 267.00
Kenmore	$ 167.40	Seattle	$ 390.03
Issaquah	$ 168.96		

2015-2016 SWM Budget Legislation

In Ordinance 17941, Council authorized $4 million in SWM revenue to pay for drainage improvements in the Roadway right-of-way (ROW) as follows:

- a $2 million transfer from the fund balance of the SWM Capital Improvement Program fund to the Road Services Division (RSD); and
- a $2 million transfer from SWM operating reserves to the RSD, linked to an expenditure restriction[3].

Also, in the 2015-2016 budget, Council included a proviso requiring the Executive to transmit a plan regarding ongoing surface water management participation in funding roadway drainage projects and a motion that approves the plan.[4] The Executive transmitted a report entitled, “Ongoing Surface Water Management Participation in Funding Roadway Drainage Projects” (“the Report”) on June 28, 2016. The Report was heard at the Transportation, Economy and Environment Committee on August 30, 2016.[5]

The Report provided a range of SWM fee scenarios that could potential fund drainage projects that are within and outside the ROW in the 2017-2018 budget.[6] In addition, the Report provided the financial impacts that would be experienced by the Road Services Division by each scenario in Table 3. The SWM fee scenarios that are outlined in the Report are briefly described below. The estimates provided in the proviso response were based on March labor rates by the Office of Economic and Financial Analysis (OEFA).

Scenario One. This scenario would continue the status quo SWM fee of $171.50 with no increase in the 2017-2018 biennium. This would result in a reduction in 2017-2018 programming since the current SWM fee does not capture inflationary impacts.

Scenario Two. This scenario would fund only existing programs including inflationary impacts - $4.9 million and $2 million to ROW drainage expenditures which would increase the SWM fee by $24.87, from $171.50 to $195.87 for a single-family residence.

Scenario Three. This scenario would only enhance and expand existing programming in WLRD.

Scenario Four. This scenario would not charge Roads nor the Washington Department of Transportation a SWM fee by passing on their share of fees to the remaining ratepayers. This would also implement Scenario 3.

[3] Expenditure restriction ER1 in Section 77 required that $2 million of the appropriation to SWM be expended or encumbered “solely for transfer to the road services division to fund surface water management projects within the public right-of way in unincorporated King County.”
[4] Ordinance 17941, Section 77, Proviso P1
[5] 2016-0348
[6] The Department of Transportation’s Road Services Division (RSD) manages drainage infrastructure located within the ROW, and WLRD manages the drainage infrastructure located outside of the ROW.

Scenario Five. This scenario would allocate the amount of SWM fee paid by Roads associated with the fee increase to drainage in the ROW; cover the 2015-2016 $2 million carryover into 2017-2018, and fund WLR programming from Scenario 3.

Scenario Six. This scenario would add funding to respond to potential threats for imminent failure of drainage assets in the ROW in addition to elements in Scenario 3.

The Report 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, as amended by Ordinance 18110, Section 30, Proviso P3), 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.[7] Scenario 6 would address some of the 33 critical risk drainage assets in the ROW.

Scenario Seven. This would spend the amount of fee collected from Roads in the ROW in addition to elements in Scenario 3.

Table 3. Potential Funding Options for King County Drainage Projects (March 2016 OEFA estimates)

Scenario	Total Revenue Raised ($ millions)	2017/2018 Annual fee for a SFR*	Change from Status Quo	WLRD Expenditures ($ millions)	ROW Drainage Expenditures ($ millions)	RSD's SWM Payment ($ millions)
1. Status quo	48.5	171.50	0%	46.5	2.0	9.1
2. Status quo plus inflation[8]	55.4	195.87	14%	53.4	2.0	10.4
3. Enhance/ expand existing WLR programming	66.3	234.52	37%	66.3	0.0	12.5
4. Eliminate SWM fee to RSD and WSDOT; + S3*	66.3	306.01	78%	66.3	0.0	0.0
5. Allocate marginal increase in RSD	73.0	258.00	50%	66.3	6.6	13.7

[7] Road Right-of-Way Drainage Trunk Line Assessment Final Report 2/12/16, pp ES-4 and ES-5.
[8] This rate includes the full $4 million 2015-2016 carryover transfer and so is approximately $7 higher than the status quo cost.

SWM fee to ROW drainage; cover 2015/16 carryover; +S3						
6. Respond to imminent failure of ROW drainage + S3	76.3	269.77	57%	66.3	10.0	14.4
7. RSD SWM fee to ROW drainage +S3	81.7	288.86	68%	66.3	15.4	15.4

2017-2018 Executive Proposed Budget

SWM has requested a significant number of programmatic changes 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). This proposal is Scenario 5 in Table 3 above. The SWM fee would also be increased in other rate classifications identified in K.C.C. 9.08.070. Table 4 below illustrates the current SWM fees and the 2017-2018 proposed SWM fees for unincorporated King County property owners.

Table 4. 2015-2016 SWM Fee and 2017-2018 Proposed SWM Fee

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%

Table 5 below illustrates the SWM funding options that were provided in the proviso response (2016-0348) and the proposed SWM funding levels in the Executive's 2017-2018 Proposed Budget.

Table 5. Proviso Response Funding Options vs. 2017-2018 Proposed Funding

Rate Component	(A) 2016-0348 Proviso Response 2017-2018 Estimates (in millions)	(B) 2016-0348 Proviso Response 2017-2018 Annual fee for a SFR*	(C) 2017-2018 Executive Proposed (in millions)	(D) 2017-2018 Executive Proposed Annual Fee for SFR*
Existing services within existing rate	$48.5	$171.50	$48.5	$171.50
Inflation to maintain existing services	$4.9	$17.32	$7.3[1]	$25.76
Implement asset management for WLRD assets	$6.5	$23.12	$5.0	$17.56
Expand programs to support agriculture and rural residents	$2.3	$8.02	$2.2	$7.91
Habitat restoration and water quality improvement capital program expansion	$1.7	$6.00	$1.7	$5.86
Programs that improve performance – best run government	$2.5	$8.67	$1.7	$5.83
Sub-total for WLRD programs	**$66.4**	**$234.63**	**$66.4**	**$234.42**
2015-2016 unfunded carryover transfer for ROW drainage projects	$2.0	$7.07	$2.0	$7.08
Funding to mitigate impacts of fee increase for RSD	$4.6	$16.26	$4.5	$15.87
	$73.0	**$257.96**	**$72.9**	**$257.37**
Respond to imminent failure in ROW	$3.4	$12.02	$0	$0
Total	**$76.4**	**$269.98**	**$72.9**	**$257.37**

[1] This figure also includes $3.79 million of expenditures that are proposed to be supported by revenues other than the SWM fee - $1.70 million from the General Fund and $2.09 million from other revenues such as grants.

Implement asset management for WLRD assets. This funding amount would implement the asset management program for WLR-maintained stormwater assets, prioritize investment based on condition assessments, and eliminate backlog of high priority facilities in 10 years.

Expand programs to support agriculture and rural residents. This funding amount could expand local flood response and respond to rural flooding in 4 – 5 drainages, pilot beaver management strategies in response to rural flooding concerns, and expand the Agricultural Drainage Assistance Program (ADAP) to expand rural farm production 200 acres / year.

Habitat restoration and water quality improvement capital program expansion. This funding could increase habitat projects along rivers by seven projects and implement continuous improvement monitoring of habitat investments.

Programs that improve performance – best run government. This could provide fee discounts to low income property owners, provide grants for community projects, and improve data management in support of asset management.

2015-2016 unfunded carryover transfer for ROW drainage projects. This would fund the $2 million of the $4 million 2015-2016 transfer.

Funding to mitigate impacts of fee increase for RSD. This would offset the cost of the increased SWM fee to RSD from additional ROW drainage work (unfunded carryover and response to imminent failure as shown in Table 5.)

Respond to imminent failure in ROW. This funding would address some of the failed/failing drainage assets.

Councilmembers will begin to see separate staff reports on each of the various ordinances necessary to implement the budget beginning next week during reconciliation.

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

The Open Space Taxation Act, enacted in 1970, allows property owners to have their open space, farm and agricultural, and timber lands valued at their current use rather than at their highest and best use.

The Public Benefit Rating System 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 could result in a reduction between 50 to 90 percent 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

This request would increase funding to process PBRS applications by $48,000 and would be supported by increasing the current application fee from $480[9] 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.

According to Executive staff, the number of PBRS applications has decreased significantly over the past two years. Table 6 below illustrates the number of applications received in the past 8.5 years. Executive staff also state that historically, rate increases have had no measurable impacts on number of applicants.

[9] K.C.C 20.36.040

Table 6. 2008-2016 PBRS Applicant History

Year Applied	# of Applicants	New	(% of total)	Reclassification [10]
2016 (as of 6/7)	18	2	11%	16
2015	33	12	36%	21
2014	61	23	38%	38
2013	55	30	55%	25
2012	41	27	66%	14
2011	63	42	67%	21
2010	59	41	69%	18
2009	71	40	56%	31
2008	142	76	54%	66

The application fee for other jurisdictions varies from $30 (Asotin County) up to $4,535 (Cowlitz County). Pierce County's application fee is $1,200 and Snohomish County's application fee is $500.

Executive staff indicate that $48,000 of new revenue was projected by utilizing the assumption that applications will decrease from 50 to 40 annually in the 2017-2018 biennium. The 40 projected applications at the new rate would generate approximately $48,000 in new revenue.

Council staff's analysis on this issue has been completed.

Councilmembers will begin to see separate staff reports on each of the various ordinances necessary to implement the budget beginning next week during reconciliation.

ADDITIONAL FOLLOW UP FROM WEEK 1 PANEL QUESTIONS

Discussion on the Surface Water Management staff report was deferred to Week 2; there were no follow-up questions raised.

[10] Applicants may wish to "reclassify" their properties from or to open space land. There are three current use classifications: open space land, timber land and farm and agricultural land.

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.

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 also include funding investments in the Shared Services fund. The SWM fee increase issue is discussed in the WLRD SWM Local Drainage Services staff report.

Councilmembers will begin to see separate staff reports on each of the various ordinances necessary to implement the budget beginning next week during reconciliation.

ADDITIONAL FOLLOW UP FROM WEEK 1 PANEL QUESTIONS

Discussion on the WLRD Shared Services staff report was deferred to Week 2; there were no follow-up questions raised.

Analyst:	Mike Reed

SOLID WASTE OPERATING-CIP-POST CLOSURE MAINTENANCE

BUDGET TABLE

	2015-2016 Revised*	2017-2018 Proposed	% Change 2015-2016 v. 2017-2018
Budget Appropriation	$220,672,386	$274,890,441	24.6%
Solid Waste CIP	$83,886,206	$70,784,905	(15.6%)
Solid Waste Post-Closure Maintenance	$4,834,388	$3,420,222	(29.3%)
Max FTEs:	396.3	405.5	2.3%
Max TLTs:	1.0	12.0	1,200%
Estimated Revenues	$211,775,148	$256,117,301	
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 Operating: 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.

Solid Waste Capital: 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.

Solid Waste Post Closure Maintenance: 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.

ISSUES

ISSUE 1 – TONNAGE TRENDS/IMPACTS ON CEDAR HILLS AND TRUCK DRIVER DEMAND

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.

The Executive has provided the following table demonstrating the surge in tonnage in 2015-2016, compared to agency projections.

Table 1. Tonnage 2013-2018, Projected v. Actual/Estimated						
	2013	2014	2015	2016	2017	2018
Projected – 2015-2016 budget	816,200	824,300	823,500	833,900	849,700	865,300
Actual / Estimated*	816,742	852,247	881,525	920,000*	850,967*	855,259*

It is noted that, in 2016, the Division received 86,100 tons more than anticipated; at $120.17/ton, this amounts to $10,346,637 above anticipated revenue. The Division notes that it has experienced increased costs associated with this tonnage increase—notably, overtime paid to truck drivers. The increased tonnage experienced by the system has also resulted in a more rapid utilization of the disposal capacity at Cedar Hills. The table below utilizes information generated from the 2013, 2014 and 2015 Cedar Hills Annual Reports, which are published by the Division.

Table 2. Remaining Cedar Hills Capacity, per Cedar Hills Annual Reports		
Report Date	Capacity (Years)	Capacity (tons)
2013 Annual Report	13.5 years	Not reported
2014 Annual Report	13.8 years	12,200,000
2015 Annual Report	10.4 years	10,252,822

In recent years, the trend has been for ever-increasing capacity at Cedar Hills, consistent with the Council approval of a recommendation for expanded landfill capacity, as the most economical available disposal option. Closure was initially anticipated in 2012; through landfill management techniques, expansion of the disposal footprint, settlement of the landfill mass, recycling, and economy-driven tonnage downturns, landfill life projections have been extended; in 2013, it was expected that the landfill would last until 2030. This direction was reversed for the first time in the 2015 Cedar Hills report. It is noted that, between the 2014 and 2015 annual reports, more than three years of capacity was reduced. This has been attributed to the unanticipated tonnage increase. The unanticipated tonnage increase for 2014 was 27,947 tons; as noted, for 2016, it is anticipated at more than 86,000 tons. This suggests that capacity at the landfill may be being exhausted more rapidly than anticipated. The Division is currently reporting a closure date of 2027, which results from an aerial capacity survey of the landfill in February 2016.

The Division has completed a "Revised Site Development Plan for Cedar Hills", dated June 2016. That Plan provides options for development of additional capacity at Cedar Hills. The Council has approved the 2007 "Solid Waste Transfer and Waste Management Plan" that recommends maximizing the capacity of the landfill, as the most economical means of disposing of the region's waste (Ordinance 15979, 2007).

According to Table 1 above, the Division anticipates that tonnage will return to projected levels in 2017, and will actually fall below projected levels in 2018. These projections are critical, for their implications related to Cedar Hills capacity, and the timing of processes to extend the life of the landfill. Tonnage levels in 2017 will be impacted due to the reopening of the Seattle North transfer station, which has been closed for reconstruction. The Division anticipates that some part of the Seattle self-haul users who have been utilizing the Shoreline station in the absence of Seattle North, will return to the Seattle system. It is noted, however, that the County self-haul minimum fees of $21.60 per vehicle (plus moderate risk waste fee and tax) are significantly less than the Seattle self-haul fee of $30.00. If a significant number of traditional Seattle North customers continue to use Shoreline, and if the economy continues to demonstrate greater consumption and disposal trends, the projected 70,000 decline in tonnage in 2017 may only partially occur, if at all. This would result in 1) more rapid utilization of Cedar Hills capacity; 2) demand on truck drivers (the 2017-2018 Proposed Budget appears to assume increased demand on drivers, and requests four additional truck drivers); and 3) increased revenue.

Staff is seeking Panel guidance on further direction.

Option 1: Council may wish to request a report from the Division on tonnage trends for 2017, targeted for September of 2017. That report could address 1) updated tonnage projections, compared to anticipated levels; 2) updated projections for Cedar Hills capacity, and timeline for addressing capacity expansion; and 3) updated revenue projections.

Option 2: Council may wish to consider modifying the requested 4 additional truck driver FTEs, to designate them as TLT's pending demonstration that increased 2016 tonnage will continue. As noted, the demand for truck drivers assumes a tonnage increase over anticipated levels, which is not consistent with the revised projections in Table 1 above.

Option 3: Select both options 1 and 2 above.

Option 4: Approve as proposed

ISSUE 2 – DEMAND MANAGEMENT: $2,035,242 10 TLT

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 TLT's that would be employed for one year, 2018. 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, to influence the choice of station selection by self-haulers. That adjustment, and associated revenue projections, were not included in the 2017-2018 rate proposal, or the 2017-2018 Proposed Budget, in light of uncertainties in the structure of the pilot. The Division and its advisory bodies will proceed with structuring the pilot model over the next year, in anticipation of a 2018 pilot implementation.

The Executive has provided information confirming the seasonal nature of self-haul demand. As an example, in 2015, the total numbers of self-haul visitors at the Factoria and Houghton stations combined was 12,109 in the month of February; in July 2015 the combined number was 18,510, a 52% seasonal increase. Staff is seeking further information on opportunities to structure the timing of staff additions to correspond with periods of peak annual demand.

The Executive intends to seek Council approval of an adjustment to the self-haul minimum fee, in support of the Demand Management pilot; also anticipated is a request for Council consideration of modification of transfer station hours at Factoria.

Staff analysis of this issue is continuing.

ADDITIONAL FOLLOW UP FROM WEEK 1 PANEL QUESTIONS

Discussion on the Solid Waste staff report was deferred to Week 2; there were no follow up questions raised.