



King County

Kurt Triplett

King County Executive

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September 27, 2009

The Honorable Dow Constantine
Chair, King County Council
Room 1200
COURTHOUSE

Dear Councilmember Constantine:

I am pleased to transmit my proposed budget for 2010. The budget totals \$4.8 billion overall and \$621 million for the General Fund. This is a budget of great challenge and transition. It comes at a time when we are facing

- changes in executive leadership
- the loss of county revenue as a result of the most severe economic turmoil since the Great Depression
- the threat of flood and pandemic flu; and
- continued long-term structural funding challenges resulting from a revenue base that is not allowed, under current state law, to grow at a pace sufficient to maintain costs of existing county services.

Amidst all of this, my proposed budget is balanced and prudent. It lays the foundation for a transformation of county government in light of current and future revenue challenges and in recognition of the need to be prepared to face the uncertainties that lie ahead of us. It is based on fiscal responsibility and preserves important emergency reserve funds.

As you embark on your deliberations, I urge you to continue the council's long tradition of fiscal restraint in adopting a final budget. If you choose to restore funding in one place, I encourage you to identify commensurate programmatic reductions somewhere else. In light of the challenges we face, we must preserve the county's ability to provide emergency response, continue to perform mandated county functions, and maintain our AAA credit rating into 2010 and beyond.

A Budget of Transition and Challenge

This budget reflects a transition not only in executive leadership but also to an uncertain future. We face instability in our revenues due to the economy, the potential for reductions in state funding as the state legislature continues to respond to its own budget deficits, and the potential imposition of new revenue restrictions as voters decide this fall on yet another initiative that, if approved, would further limit revenue resources of governments throughout the state. We face uncertain events such as the pandemic outbreak of the H1N1 influenza virus and flooding in the Green River Valley as a result of damage to the abutment of the federally-owned Howard Hanson dam. This is a budget of transition. It preserves our emergency reserves and was prudently constructed to ensure the county is prepared in the face of these very real and challenging scenarios.

Heading into 2010, the county is forecasting a General Fund deficit of \$56.4 million on a budget of \$621 million. General Fund revenues are down by \$18.3 million from the 2009 Adopted Budget. For the second year in a row, total General Fund expenditures are less than the previous year. The 2009 Adopted Budget was \$14.1 million less than 2008. The 2010 Executive Proposed Budget is \$26.3 million less than 2009 – and \$40.4 million less than 2008.

The budget projections for 2011 and beyond are no more encouraging. A \$54.2 million deficit is anticipated for 2011, followed by another \$88.2 million deficit for 2012. Without new revenue tools, King County cannot close the coming budget gaps **without a radical dismantling of the criminal justice system, public health, and other basic county services**. We must prepare for these challenges now by showing maximum restraint in adopting this budget.

Balancing the 2010 Budget

When I was appointed by the council as the County Executive, I created a document I called “9 for 9 in 2009.” The purpose of this document was to identify for the region what I believed were my tasks to achieve during my short time in office. The first and most important of those nine said simply: “Transmit a balanced budget using state tools while preserving our AAA credit rating.” Despite the fact that we face a significant 2010 projected deficit, my proposed budget seeks to achieve these goals.

In preparing this balanced budget, I set clear priorities and aligned budget decisions with these priorities. The priorities include the preservation of funding for core mandatory services over discretionary services and preservation of direct services over administrative overhead costs. Rather than implementing “across the board” reductions, my budget eliminates funding for programs that do not align with the guidelines above.

Preserving Public Safety

Most importantly, this budget prioritizes public safety. Through the elimination of funding for discretionary functions and through the use of supplantation, my proposed budget spares the Prosecutor’s Office, the Superior and District Courts, Public Defense, and the Sheriff from

significant programmatic reductions. Some reductions are assumed in the Jail and Jail Health budgets, but only as a result of decreases in jail population and administrative and technology efficiencies. Collectively, Criminal Justice system budgets are reduced by less than 1% the 2009 Adopted Budget. Given the magnitude of the General Fund deficit, these are relatively minor reductions. However, as criminal justice functions require a greater portion of the overall General Fund and as the county continues to face deep budget deficits in the coming years, deep cuts to criminal justice next year and beyond are unavoidable without new county revenue sources.

Protecting the Health of Our Community

My proposed budget also maintains the critical programs and services that keep our citizens healthy. I shielded Public Health from reductions wherever possible. Faced with the prospect of closing clinics in 2010, Public Health has entered into a partnership with a community health provider, Health Point, whereby Health Point will lease Public Health's Northshore facility and move its operations, including the provision of primary care services, into the building. Public Health will rent back a portion of the space at a lower operating cost to continue delivery office-based Maternity Support Services and Women, Infant and Children services at the site.

Public Health is also consolidating services in order to create efficiencies and reduce costs. The Alder Square Clinic will close and some of the family planning services that had been provided at this site will move to the Birch Creek Clinic. Meanwhile, Public Health is looking to close the Kent Teen Clinic and is looking to a new site to consolidate services in the south end.

Preserving support for criminal justice and public health programs comes at a price. My budget enacts deep reductions to virtually all other General Fund-dependent functions. My proposed budget is balanced based on the following actions:

- reductions to administrative and overhead functions
- eliminating funding for discretionary services, such as parks, human services, and animal care and control
- utilizing revenues from the Mental Illness and Drug Dependency (MIDD) fund to restore some human services funding and to avoid reductions to criminal justice agencies
- capturing savings from the upcoming annexation of the southern portion of the North Highline annexation area into the City of Burien in order to reduce the persistent urban subsidy
- reducing the growth rate of health care costs by shifting more benefit costs to employees and their dependents while preserving our innovative health care reform programs, and
- identifying operational shutdown savings.

Administrative and Overhead Savings

My budget assumes \$11.4 million in expenditure reductions and revenue increases for administrative and overhead functions, including \$4.1 million in net reductions to the General Fund. These changes underscore my commitment to seeking administrative efficiencies prior to the elimination of discretionary services and in order to preserve funding for mandatory and direct services to the residents of King County.

My budget assumes deep reductions totaling \$1.9 million, or 13.6 percent from the status quo budget projections, to the General Fund supported county executive offices, including the County Executive; the Office of the Executive; the Office of Management and Budget; and the Office of Strategic Planning and Performance Management. The Office of Information Resource Management, which is an internal service fund, is reduced by 10 percent. These reductions will result in the elimination of 11 FTEs and 5 term-limited temporary positions. In addition, the Executive Fellow program will be eliminated.

My proposed budget is also balanced assuming 10 percent reductions to all legislative branch agencies that are roughly commensurate with the reductions taken in the executive offices. If the council concurs with this proposal, this will generate \$2.2 million in savings.

I must be clear. Cuts of this magnitude to the council and executive will have an impact. They will reduce our ability to oversee and hold accountable the vast and complex government that is King County. Nevertheless, I believe these cuts demonstrate leadership by example – we cannot ask direct service agencies to make reductions year after year if we are not willing to make similar sacrifices. Through creativity and collaboration I am confident these reductions can be managed.

Additionally, central service agencies that provide services to other county agencies under cost recovery models have identified efficiencies and reductions that will result in charges to General Fund agencies that are less than originally anticipated for 2010. For example, charges to law, safety and justice agencies are reduced by \$3.6 million. The reconfiguring of the employee training program currently provided by the Human Resources Division (HRD) is an example of a reduction in central service agencies that will result in lower charges for services to county agencies. Under this proposal, HRD will eliminate the Training and Organizational Development program and create a pared-down semi-annual supervisory education program in its place. This change lowers HRD's costs by \$690,442.

Eliminating Funding for Discretionary Services

As I mentioned previously, my proposed budget prioritizes mandated services above discretionary services. Faced with severely limited resources, I was left with few options but to eliminate General Fund support for discretionary services, including urban unincorporated parks, animal care and control, and human services. These are painful, but necessary steps in order to preserve funding for mandates services. Where possible, my budget seeks options for

mitigating the impact of the lost General Fund support for these important discretionary programs.

Urban Unincorporated Parks: Mothballing 39 urban, unincorporated local parks (including two outdoor pools) allows me to capture 2 years worth of reserves and apply \$4.6 million in savings to the 2010 budget. I am making every effort to continue working with community partners to develop viable options for transferring these important assets. To demonstrate this commitment, my budget allocates \$500,000 in one-time money in a reserve to facilitate the transfer of these parks to external entities. In addition, I have directed the Parks and Recreation Division to keep open for two months the six park facilities that are located in the southern portion of the North Highline annexation area pending its formal annexation into the City of Burien in March 2010.

Animal Care and Control: My proposed budget only funds King County Animal Care and Control (KCACC) for six months in 2010 and also eliminates the \$1.5 million General Fund subsidy historically provided to offset the shortfall from animal licensing fees in unincorporated King County and its contracting cities. The combination of the financial challenges in the General Fund and the fact that Animal Care and Control is not self-sustaining means that King County is no longer able to continue providing animal care and control services as it has in the past. Animal Care and Control's operational challenges are also exacerbated by the potential flooding of the Green River Valley that may result from the issues related to the Howard Hanson Dam. The animal shelter is located in the flood plain and has been deemed a total loss in the event of a flood. To mitigate the budget shortfall and the risk posed by the Green River flood emergency, King County Animal Care and Control is partnering with its contract cities and community organizations to transition to an alternate, fiscally sustainable business model by June 2010. Reinforcing this commitment, my budget allocates \$3 million in one-time money in a reserve to facilitate the transition of these functions.

Human Services: My budget also eliminates the General Fund transfer to human services, resulting in \$11.4 million in savings. This leaves the Department of Community and Human Services (DCHS) with \$385.7 million (excluding the Office of the Public Defender) in non-General Funds to support human services in 2010.

The \$11.4 million in General Funds, which represents less than 3 percent of DCHS funding, was formerly allocated to support mental health and substance abuse programs, as well as a wide variety of programs in the Children and Family Services (CFS) fund. Demonstrating my commitment to these important human services programs, alternate funding sources have been identified to partially mitigate the loss of these General Fund dollars. Virtually all of the funding previously provided to mental health and substance abuse programs, totaling close to \$4.9 million, will receive supplanted funds from the Mental Illness and Drug Dependency fund. In addition, all remaining non-General Fund dollars in the CFS fund are being allocated to DCHS – previously some money was allocated to Public Health. The combination of MIDD dollars and the dedication of the non-General Fund portion of CFS funds to DCHS means that the net impact of the General Fund reductions to DCHS have been held to \$3.7 million.

As a result of these reallocations, DCHS will be able to continue providing critical mental health and chemical dependency services and sustain a number of important human services activities, including housing programs, community services contracts, and work training initiatives.

MIDD Supplantation

The Mental Illness and Drug Dependency (MIDD) sales tax is central to my strategy for balancing the 2010 General Fund budget and preserving critical human services and criminal justice programs. The original state legislation that enabled the county to collect a one-tenth of a cent sales tax for MIDD restricted these funds for *only* new or enhanced mental illness and drug dependency programs and services. However, in 2009, the State Legislature amended the legislation to allow counties to use up to 50 percent of MIDD revenues in 2010 to fund existing mental health and chemical dependency services and therapeutic courts. The 50 percent supplantation level will decline by 10 percent annually until it reaches zero in 2015. This is a short term solution to an ongoing problem and as the ability to supplant ramps down, the county will again have to make difficult decisions about what programs remain.

In order to maintain the integrity of the MIDD Plan, I am recommending that only 30 percent of MIDD funds be supplanted in 2010. Legislation also restricts supplanted sales tax revenue to support therapeutic court programs, mental health programs, or chemical dependency programs. The General Fund supported programs that qualify for MIDD funds total \$12.6 million, close to 30 percent supplantation. Because there are no additional programs in the General Fund that would qualify for MIDD funding under state law, supplanting up to 50 percent to relieve additional pressure on the General Fund in 2010 is virtually impossible. Finally, by supplanting only 30 percent of MIDD revenues in 2010- 2012, the 2010 Executive Proposed Budget establishes a three year strategy to sustain these core existing services and will ease the impact when MIDD supplantation ramps down over time.

The MIDD program for 2010 reflects base programmatic deferrals of \$8.6 million and requires the drawdown of \$21.2 million in fund balance over three years, \$9.7 million of which is used in 2010. Programmatic deferral decisions were designed, to the greatest extent possible, to sustain the intent of the adopted MIDD program plan. While reducing funding for MIDD strategies is difficult, this funding tool allows core substance abuse and chemical dependency treatment programs in King County to continue, despite the elimination of General Fund support. MIDD funds will be used to support \$4.9 million formerly General Fund supported human services programs and an additional \$7.7 million in criminal justice programs.

Annexations

King County is the local service provider for urban unincorporated areas of King County. The cost to the General Fund in 2010 of providing these local services exceeds revenues generated by these areas by \$15.8 million, thereby requiring the diversion of regional revenues to support these local services. As a mechanism for addressing the underlying structural nature of the

General Fund deficits, King County has placed a priority in seeking the annexation or incorporation of these areas.

My proposed budget reflects \$2.9 million in net savings to the General Fund as a result of the anticipated March 2, 2010 annexation of the southern portion of the North Highline annexation area into the City of Burien, in keeping with the outcome of the August 2009 primary election.

Savings in Labor Costs

2010 will be the first year of a new three-year benefits package for King County employees. Changes to the package contain cost growth by shifting a greater portion of cost to employees and their dependents. Specifically, the changes increase out-of-pocket expenses and encourage the use of cost-effective generic drugs. This agreement recognizes the financial difficulties facing the county by reducing projected cost growth by \$37 million over the next three years, while delivering a comprehensive benefit package that ranks among the very best in the nation for both affordability and effectiveness. The total costs shifted or avoided are equivalent to a \$70 per employee per month premium share, or 18 percent of healthcare costs.

The benefits package reflects a commitment by both labor and management that employees must share costs while still retaining King County's innovative health care reform elements.

Health policy experts and researchers have established that simply shifting costs to employees in the form of a premium share does not solve the problem of escalating health care costs. This plan controls overall costs to the county by tying employee cost share to actual utilization (i.e. co-insurance), encouraging employees and their dependents to effectively manage their use of healthcare resources.

Short-Term Operational Shutdowns

In the face of the severe fiscal challenges across all county funds, my budget includes savings assumptions in an effort to preserve direct services. For 2009, savings were achieved through the implementation of a ten-day building and/or operational closure program, resulting in labor furloughs. The 2010 budget is balanced across all funds assuming that a similar level of savings will be achieved in each agency based on the furlough eligible employees as was adopted for 2009, including 2009 County Council amendments. The specific details of the 2010 plan are still under development, and discussions with labor unions and individual agencies are on-going. Specific plans describing how the 2010 savings will be achieved will be transmitted to the County Council in the coming weeks. To the extent that savings, from labor or other expenses, cannot be fully achieved through temporary and short term building and/or operational closures, the plan will describe additional programmatic reductions and the elimination of additional positions.

The operational closure program is assumed to generate \$6.5 million of savings in 2010 for the General Fund and \$13.7 million of savings for non-General Fund agencies. Details on the implementation of this effort will be developed in consultation with departments, labor representatives and elected leaders.

Non-General Fund Investments

King County government encompasses far more than just the services provided by the General Fund. Through our non-General Funds, we provide transportation services to our residents and protect our environment. My proposed budget demonstrates my commitment as the region's leader in maintaining and enhancing our quality of life.

My budget invests \$2 billion on operating costs for the Physical Environment divisions, which include Roads, Solid Waste, Wastewater Treatment and Parks to protect our air, water and land. My budget fully funds our commitment to the voters, spending \$11 million on open space acquisition and enhancing the parks and trail system they authorized at the polls in 2007. I am especially proud that my budget stabilizes Metro Transit, closing a \$213 million revenue gap in a responsible way that ensures that preserves as much of the existing system as possible.

Our General Fund challenges have also not stopped us from investing in the long term future of the county and meeting our infrastructure needs. Though we are experiencing fiscal stress in several of our capital funds we continue to invest in our existing facilities and infrastructure as revenues allow. For example we are reinforcing our commitment to the routine maintenance necessary to maximize the value of our existing facilities and leveraging federal grants for our bridges and airport runways.

Because of revenue losses and the potential impact of the Green River flooding on both Public Health facilities and the Maleng Regional Justice Center, I have suspended or deferred several capital planning and facility expansion efforts in both the public health and criminal justice areas. However, my budget still calls for a 2010 Capital Improvement Program of \$800 million. This includes approximately \$500 million for the transportation projects for the biennium beginning with 2010:

- \$257 million to maintain our road and bridges in the unincorporated area, including \$100 million of budget for a pending federal stimulus grant application for funds to replace the deteriorating South Park Bridge and \$35 million for the next phase of work on the Novelty Hill Road project.
- \$124 million for Metro Transit system for new buses and to implement RapidRide, a key component of Transit Now; and
- A \$37 million investment in the King County International Airport including \$16 million for a runway resurfacing project.

The remaining \$300 million will help safeguard our water quality, process our solid waste, offer protection from floods, improve our recreational trails, maintain building systems, and make efficient use of technology.

We Must Continue On A Path of Fiscal Restraint

Although my budget is balanced and prudently prepares us for our uncertain future, the steps I had to take to get us here were not easy. I am well aware of the impact many of these

proposals have on our communities, citizens and employees and that these cuts are coming at a time when people need the services the most. Authorizing these reductions was one of the most difficult decisions I have had to make, not just in my time as Executive, but also in my seventeen year career with King County. However, I simply had no other options. We do not have the revenue to sustain our current programs. And until such time as the structural underpinnings of our deficits is addressed through new revenue tools, we will have no other choice in the future but to make additional painful reductions. The measures contained in my proposed 2010 budget begin to transform King County government in the face of this new reality. In addition, they reflect responsible decisions to help protect both the rainy day fund and the General Fund reserves necessary to sustain our AAA credit rating and provide a buffer in the case of catastrophic flood, pandemic flu or other emergency events.

As the Council considers this difficult budget, I encourage you not to simply rush to restore programs I have eliminated. I encourage you to continue our shared commitment to financial responsibility and emergency preparedness. Our citizens expect this level of analysis, reflection and fiscal prudence.

As you review this budget and grapple with the difficult choices as I have, I encourage you to maintain a responsible budget - **if you restore funding in one place, make a corresponding cut somewhere else**. To do otherwise will further impair the county's ability to serve our citizens in light of the increased deficits facing us in 2011 and undermine the county's ability to address the many challenges and emergencies we face. In this era where we face unprecedented economic conditions, the very real threat of major floods in the Green River Valley and continued outbreaks of H1N1, the only responsible course is to preserve our reserve funding so that the county can carry out its fundamental responsibility to respond in the event of these or other catastrophic events.

The 2010 Executive Proposed Budget implements the budget transparency ordinance 16445. The ordinance specifies sectional reporting requirements for each appropriation unit. Where deviations from the reporting structure are implemented, the ordinance requires the executive to report the alternative reporting structure. The following exceptions to the prescribed sectional breakdown are implemented in the 2010 Executive Proposed Budget:

- Roads Services – The Reimbursables section was not implemented as a separate section due to substantial project coding issues and financial system constraints.
- Public Health – A simplified alternate structure was developed by the executive working collaboratively with council.
- Department of Community and Human Services – A simplified alternate structure was developed by the executive working collaboratively with council.
- Water and Land Resources Division – A simplified alternate structure was developed by the executive working collaboratively with council.
- Security Screeners were moved from the Facilities Division to the Sheriff budget.
- Federal Housing and Community Development – A simplified alternate structure was developed by the executive working collaboratively with council.

- Mental Illness and Drug Dependency Fund – New appropriation units were added to this fund to implement the revenue supplantation initiative for human services programs.
- Inmate Welfare Fund – This fund was segregated into Adult and Juvenile appropriation units to properly account for revenue from the Adult and Juvenile correctional facilities.
- Department of Executive Services – Risk Management was erroneously listed as Industrial Insurance.

The Transmittal Package

In addition to the 2010 Executive Proposed Budget Ordinance, this transmittal package includes the following separate legislative components and reports that have been incorporated in the 2010 Executive Proposed Budget transmittal package.

Fees and Charge Ordinances

Part of being fiscally prudent is to raise fees and charges only when necessary and only when improvements in the efficiency of operations cannot be improved to obviate the need for increased fees. While the 2010 budget holds most fees and charges for services steady, certain fees and charges do need to be raised to generate the resources needed to continue to operate county programs.

Included in the 2010 Executive Proposed Budget are the following ordinances for fee increases.

Fee Ordinances –

- District Court – Non Sufficient Funds check fee ordinance. An ordinance relating to changing fees for returned checks is transmitted, amending KCC 4.92.010. The fee charged per check dishonored by non-acceptance or nonpayment is increased by ten dollars, to \$35.
- Department of Development and Environmental Services – This transmittal package includes an ordinance that will increase permit fees for the Department of Development and Environmental Services. Permitting-related activity fluctuates relative to various economic factors, primarily local construction and building activity. Beginning in 2007 and continuing into 2009, permitting activity and associated revenues decreased dramatically as the local economy deteriorated; local building and construction activity is not forecast to improve substantially in 2010. In preparation of the 2010 budget, DDES forecasted a continued decline in revenues from permit activity, due to annexations and sustained levels of lowered development activity. The 2010 Executive Proposed Budget cuts expenditures commensurate with these revenue declines, but it also proposes an increase to revenue by adjusting permit fees. The 2010 budget assumes permit fees will increase from \$140 per hour to \$195 per hour and that annual permit fee increases will be tied to an appropriate inflation index. DDES has not recommended an increase to permit fees since 2004. This ordinance also includes an increase in the Current Use Taxation Fee.

- Facilities Management Division - Parking Fee increase. In accordance with KCC 3.32.020 (C), a fee ordinance providing parking fee adjustments is transmitted. The attached ordinance adjusts monthly employee and county vehicle rates for parking in the Goat Hill parking garage, the Chinook Building, the King County Correctional Facility based on a current market survey of rates in comparable lots. The rate for monthly unreserved vehicle parking is increased by ten dollars, to \$235 per month. The rate for monthly reserved vehicle parking is increased by \$12, to \$273 per month.
- Department of Executive Services – Annual for Hire Driver license fee increase. An ordinance relating to for-hire driver's licenses, increasing fees; adding a new fee; and amending Ordinance 13334, Section 2, is transmitted. The ordinance increases the for-hire and taxicab license fee by \$20, to \$95, and establishes an exam rescheduling fee of \$15.
- Transit - The 9-Point Plan to close the \$213 million deficit for the 2010 / 2011 biennium for the Transit Division includes a fare increase of 25 cents in 2011. This increase is in addition to the already planned fare increase for February 2010 and will generate \$35 million in additional revenue over four years.

Financial Policies Ordinance

King County has established and modified a variety of financial policies over the last thirty years. General Fund related policies have generally been established by motion. King County and other counties around the state are struggling to maintain service levels following severe restrictions imposed on property tax revenue in 2001 and the worst recession in 70 years. Included with the 2010 Executive Proposed Budget are a series of suggested financial policies designed to ensure that the county establishes and memorializes policies that ensure prudent and sound financial management in the years to come. King County – as evidenced by its AAA credit rating – has established a reputation for its conservative and proactive management of its finances through good times and bad. This commitment has been shared by both the Council and the Executive.

The policies transmitted to the County Council with the 2010 Executive Proposed Budget will, if adopted by the council, reinforce this commitment and codify these policies in a single location so as to increase transparency. These policies highlight the importance of considering outyear fiscal implications of policy decisions. They formalize the following practices:

- Sets undesignated ending fund balance targets of 6 – 8 percent of the General Fund's adjusted revenues.
- Sets a minimum reserve threshold of \$15 million or 2.5 percent of adjusted General Fund revenues for the Rainy Day Reserve Fund and establishing a mechanism for replenishment.
- Limits planned debt service to 5 percent of adjusted General Fund revenue.
- Codifies the practice of adopting a 3 year financial plan.
- Provides a mechanism for the Council to request the Office of Management & Budget (OMB) to analyze budget ordinances for outyear General Fund impacts.

Mental Illness and Drug Dependency Fund 2010 Spending Plan

The financial plan and spending plan for the MIDD Fund is required by Ordinance 16262. Revenue information also required by Ordinance 16262 is included in the financial plan. The spending plan itemizes the new and enhanced strategies that will be funded by MIDD revenues in 2010 and does not include the supplanted General Fund programs that will be funded using MIDD revenues.

Electronic payments

Some King County agencies offer an electronic payment option when collecting payments for services. These transactions may involve some transactions fees. The King County administrative Policies and Procedures- Accepting Electronic Payments FIN 8-5 (AEP), effective November 7, 2005 includes the following provision:

Section 6.5.1

“As part of the annual budget request, the executive will provide the council with a list of all agencies offering electronic payment options. For those agencies absorbing fees, either the actual or budgeted costs of transaction fees must be shown, as applicable, for the previous fiscal year, the present budget year and the upcoming budget year.”

In accordance with KCC 4.100.040 a report providing a list of agencies offering electronic payment options and transaction costs for 2008, 2009 and for the Executive Proposed 2010 budget is submitted.

Tax Ordinance

Included in my transmittal package are the tax ordinances necessary to collect the revenue that support my budget. My staff will be working with your staff in the coming weeks to ensure final numbers are included in the ordinances once we have that information from the Office of the Assessor.

Other

As required by King County Code 2.16.0757, I am submitting the 2010 Proposed Technology Business Plan. This provides the County Council with the appropriate details and context for your review of the proposed budget as it relates to information technology projects.

Sent under separate cover, but transmitted at the same time as the budget are the following:

- An ordinance to authorize a cost of living adjustment for non-represented county positions for regular, term limited and temporary employees. Consistent with most represented employees the COLA rate for non-represented employees is based on 90 percent of the September-to-September increase in the CPI-W or 2 percent whichever is lower. The 2010 Executive proposed Budget holds COLA to 2 percent for non-represented employees consistent with the rate for represented employees in the 2010 budget.

- OPD Agreement for Legal Services. The 2010 Executive Proposed Budget assumes that the county's contracts for public defense legal services will return to a calendar year schedule. To institute this change, an ordinance amending Ordinance 16303 and K.C.C. 2.60.040, *Agreements for legal services*, will be transmitted concurrent with the budget ordinance. In the 2009 Adopted Budget, council changed the term of the public defense contracts from the annual calendar to July 1 through June 30, starting on July 1, 2009. The Department of Community and Human Services, Office of the Public Defender (OPD) complied with the council legislation and implemented mid-year contracts for the current contract period. However, experience over the past year has shown the revised contracting timeline to be difficult to manage and inefficient, both for the county and for its contractors. In particular, OPD must comply with calendar year budget preparation and management for executive budget and council budget ordinance timeliness. To also prepare a July-June annual budget effectively amounts to preparing two budgets every year, which is time consuming and unwieldy for OPD, as well as the defense contractors. Further, as a significant component of the criminal justice system and of the General Fund budget, the budget for the defense contractors is best considered in the context of the entire General Fund as policy makers weigh the difficult decisions associated with closing the \$56.4 million 2010 deficit.
- Title III Motion - Included in this transmittal is a motion to meet the federal requirements for receipt of funding under the re-authorization of Public Law (PL) 106-393, the Secure Rural Schools and Community Self-Determination Act of 2000, as amended in PL 110-343. The motion states the County's allocation of funds for federal fiscal year (FFY) 2010 between Titles I, II, and III of the Act. Second, the motion serves as public notice and documentation of a project, included in the 2010 Executive proposed budget, to be funded under Title III of the Act.
- Transit - Section 28.94.265 of the King County Code provides that the Director of the Department of Transportation shall submit an annual report on transit service and fares to the council no later than the date on which the executive transmits the executive proposed budget. Due to the accelerated schedule for transmittal of the proposed 2010-2011 budget, the transmittal package includes a letter requesting a short extension of the submittal date for the annual service and fares report to October 13, 2009.

The Honorable Dow Constantine

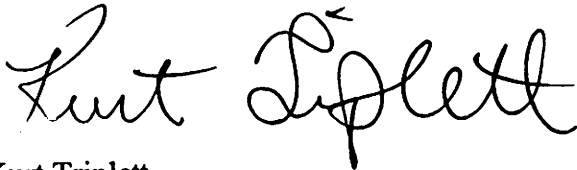
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I look forward to working with you and your staff on a responsible and balanced final 2010 budget.

I certify that funds are available.

Sincerely,

A handwritten signature in cursive script that reads "Kurt Triplett". The signature is written in black ink on a white background.

Kurt Triplett
King County Executive

Enclosures

cc: King County Councilmember
ATTN: Tom Bristow, Interim Chief of Staff
Saroja Reddy, Policy Staff Director
Anne Noris, Clerk of the Council
Frank Abe, Communications Director
Beth Goldberg, Deputy Director, Office of Management and Budget (OMB)
Budget Supervisors and Analysts, (OMB)
Elected Officials