King County

Metropolitan King County Council

Budget and Fiscal Management Committee

Climate & Environment; Invest in People

October 5, 2022 – 9:30 a.m.

Councilmembers: Rod Dembowski, Chair; Claudia Balducci, Jeanne Kohl-Welles Joe McDermott, Sarah Perry, Dave Upthegrove, Pete von Reichbauer and Girmay Zahilay

Tracy Jake, Council Staff

Angelica Calderon, Committee Assistant

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Briefing No. 2022-B0126

Briefing on Proposed 2023 2024 Biennial Budget Climate & Environment; Invest in People

CONSENT

Open Space King County Non-Bond Subfund

Analyst: Jake Tracy

	2023-2024 Proposed	2025-2026 Projected	2027-2028 Projected
Revenues	$1,500,000	$2,150,000	$1,800,000
Expenditures	$1,500,000	$2,150,000	$1,800,000

Major Revenue Sources: State and Federal Grants

Description

The Open Space Non-bond Subfund is used by the Water and Land Resources Division (WLRD) of the Department of Natural Resources and Parks for acquisition of open space land, as well as the financing of farmland infrastructure on farms throughout King County for beginning and BIPOC[1] farmers. Whereas a majority of WLRD's open space funding comes from the conservation futures tax, revenues allocated to this subfund are primarily from federal and state grants.

Summary of Proposed Budget and Changes

The Executive's proposal would give an additional $1.5 million in appropriation authority to this subfund. The money would go to the Open Space Grant Contingency project, which holds spending authority pending receipt of signed federal and state grants and interlocal agreements. Once these moneys were received, funding would be allocated to individual projects. The Executive anticipates that the $1.5 million will be used as shown in Table 1 below:

Table 1.
Open Space Non-bond Subfund 2023-2024 Projects

Acquisition Project Name	Anticipated Expenditure	Council District
Tolt River	$50,000	3
Snoqualmie Mainstream	$50,000	3
Bear Creek Waterways	$250,000	3
Evans Creek	$250,000	3
East Fork Issaquah Creek	$300,000	3
Green River/Newaukum Creek	$600,000	9
Total	**$1,500,000**	N/A

[1] Black, indigenous, and people of color

Key Issues

Council staff have not identified any key issues.

TRANSFER OF DEVELOPMENT RIGHTS

ANALYST: JAKE TRACY

	2023-2024 Proposed	2025-2026 Projected	2027-2028 Projected
Revenues	$1,000,000	$1,000,000	$1,000,000
Expenditures	$1,000,000	$1,000,000	$1,000,000

Major Revenue Sources: Sale of Transferrable Development Rights

DESCRIPTION

The Transfer of Development Rights (TDR) program is a program established by King County Code 21A.37 that provides for the transfer of development potential from rural areas to urban areas to preserve those rural areas and allow for increased density in urban areas.[1] Through the program, properties with development potential in rural areas sell that development potential either to the County or directly to a buyer. That extra development potential is then used elsewhere in the County. The County operates a TDR bank that facilitates the transfer of development rights from rural sellers to urban buyers and acts as a holding fund in the interim. The TDR fund includes a project for the TDR bank itself as a well as a project dedicated to program support.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Executive proposes to appropriate $1,000,000 to the TDR fund for the 2023-2024 biennium. Just over two thirds of this money would go to TDR program support, with the remaining third going into the TDR bank for the purchase of properties. This would bring the total amount in the TDR bank for 2023-2024 to $33.9 million. The following projects are listed for purchase using TDR moneys in 2023 and 2024, leaving $23.7 million unallocated:

Table 1.
Anticipated 2023-2024 TDR Projects

Project Name	2023-2024 Anticipated Spending	Council District	Project Scope
City of Sammamish	$1,084,073	3	Portion of TDR sales within the City of Sammamish
Sanders Farm	$100,000	9	Acquire farmland in the Green River APD
Mc Hugh Farm		9	Acquire farmland in the

[1] Some rural-to-rural transfers are allowed as well.

Project Name	2023-2024 Anticipated Spending	Council District	Project Scope
	$899,136		Enumclaw APD
Beveridge Farm	$150,000	3	Acquire farmland in the Snoqualmie APD
Hoba Farm	$224,260	9	Acquire farmland in the Enumclaw APD
Wetzel Farm	$285,331	9	Acquire farmland in the Enumclaw APD
Agnew Farm	$297,845	3	Acquire farmland in the Snoqualmie APD
Carlson Farm	$1,042,708	3	Acquire farmland in the Snoqualmie APD
Cha Farm	$75,000	3	Acquire farmland in the Snoqualmie APD
Dolder Farm	$258,800	3	Acquire farmland in the Snoqualmie APD
Rabbit Run Farm and Nursery	$150,000	3	Acquire farmland in the Snoqualmie APD
Ruckhaber Farm	$39,546	3	Acquire farmland in the Snoqualmie APD
Sodoma	$250,000	3	Acquire farmland in the Snoqualmie APD
Landes	$150,000	8	Acquire farmland in the Vashon/Maury area
Serres Farm	$500,000	3	Acquire farmland in the Rural Patterson Creek
Buffington Farm	$322,374	8	Acquire farmland in the Vashon/Maury area
Cassel Farm	$275,736	8	Acquire farmland in the Vashon/Maury area
Jensen Farm	$387,950	8	Acquire farmland in the Vashon/Maury area
Mackie Farm	$286,332	8	Acquire farmland in the Vashon/Maury area
Salem Radio Tower Farm	$150,000	8	Acquire farmland in the Vashon/Maury area
Josie Farmland	$150,000	8	Acquire farmland in the Vashon/Maury area
DeJong #2	$250,000	9	Acquire farmland in the Enumclaw APD
Beckman	$150,000	9	Acquire farmland in the Enumclaw APD
Oxbow Farm	$400,000	3	Acquire farmland Snoqualmie APD
Woolslayer Farm		3	Acquire farmland Snoqualmie

Project Name	2023-2024 Anticipated Spending	Council District	Project Scope
	$125,000		APD
Other Non-Farmland Easement Acquisitions	$1,000,000	Countywide	Acquire farmland throughout King County
Other Farmland Acquisitions	*$1,000,000*	Countywide	Acquire farmland throughout King County
Other Farmland Acquisitions	$230,000	Countywide	Acquire farmland throughout King County
Total	**$10,234,091**	N/A	N/A

<u>KEY ISSUES</u>

Council Staff have not identified any key issues.

SURFACE WATER MANAGEMENT NON-BOND SUBFUND

ANALYST: JENNY NGO

	2023-2024 Proposed	2025-2026 Projected	2027-2028 Projected
Revenues	$37,248,559	$36,853,441	$37,341,044
Expenditures	$37,248,559	$36,853,441	$37,341,044

Major Revenue Sources: SWM Fees, Grants, Interlocal Agreements

DESCRIPTION

The Water and Land Resources Division's Surface Water Management (SWM) Capital Improvement Program (CIP) Non-Bond Subfund (Fund 3292) is funded by SWM fees transferred from the operating fund (SWM Pay-As-You-Go), state and federal grants, and interlocal agreements.

This capital fund supports three key portfolios: surface water services, ecological restoration, and fish passage. Surface water services includes a variety of surface water-related infrastructure projects, including those that control surface water runoff and pollution, address drainage issues on residential or agricultural properties, and respond to emergencies. These projects may construct new facilities or repair and improve existing facilities. Ecological restoration includes projects that restore, enhance, and protect stream and wetland habitats and functions. Fish passage addresses existing culverts or blockages that are barriers for migratory salmonid species, and includes work completed by both WLRD and the Roads Division. Capital projects are prioritized based on ecological criteria, urgency, readiness, and effectiveness for recovery of endangered salmon and other critical watershed functions.

SUMMARY OF PROPOSED BUDGET AND CHANGES

Major projects and changes to this fund include:

- **Closure of 4 legacy programmatic projects.** As part of the 2021-2022 Biennial Budget, 4 new programs were opened to replace equivalent legacy programs. These programs are the Ecological Restoration and Protection Program, WRIA 7 Program, WRIA 8 Program, and WRIA 9 Program. As part of the proposed 2023-2024 biennial budget, any existing unused moneys are proposed to be shifted from the equivalent legacy programs to these new programs.

- **Feasibility Studies Program.** The proposed budget includes a request for $400,000 to identify and assess the need and feasibility of potential CIP projects. This includes investigating site conditions and performing preliminary analysis including design alternatives, scope, duration, budget, and priority. Information from feasibility studies supports the Stormwater Services 6-year CIP plan.

- **Agricultural Drainage Assistance Program (ADAP).** This program aids farmers to improve drainage on their properties and improve agricultural lands through labor, supplies, and technical assistance. Due to the non-capital project nature of this program, the 2023-2024 budget proposes to move the ADAP program from the capital project fund into the SWM operating fund including a $280,000 transfer. Ongoing projects will remain in this project fund until complete.

- **Natural Drainage System Flood Program.** This program addresses the most chronic flooding problems associated with natural drainage systems such as streams, lakes, and wetlands. This program allocates money throughout the biennium as flooding issues emerge. The 2023-2024 budget proposes $1.25 million at the project level for allocation to individual projects as needed.

- **Water Quality Program.** This program applies best management practices to manage stormwater runoff, improve water quality, and improve stream health. This program includes retrofitting of stormwater facilities that lack flow control or water quality facilities. The 2023-2024 budget proposes $1.63 million for this program.

- **Asset Preservation Program.** The proposed budget includes $2.72 million for the preservation, retrofit or replacement of aging WLRD-owned stormwater facilities and assets. Projects are identified and prioritized by the division's stormwater asset management planning. Identified projects for the 2023-2024 biennium include Mad Creek, White Center Pond, Lake Dolloff, Molasses Creek, and Riverpoint.

- **Water Resource Inventory Area (WRIA) Restoration Programs.** These programs include projects that restore aquatic ecosystems and habitat restoration projects in the unincorporated areas of WRIAs 7, 8, and 9 based on adopted plans for each WRIA. Appropriation requests and proposed projects for each WRIA for 2023-2024 are as follows:

  - <u>WRIA 7, Snoqualmie Watershed</u>. $1.05 million request for three projects: SF Sky & Miller Restoration, Beyers - Snoqualmie Restoration, and Girl Scout Camp Design.
  - <u>WRIA 8 Cedar River & Lake Washington Watershed</u>. $1.59 million request for seven projects: Bear Creek/Little Bit, Big Bend, Carey/Holder Creek, Jan Road, Rutledge Johnson, Riverbend Reach, and Keep it Simple Restoration.
  - <u>WRIA 9 Green & Duwamish River Watersheds</u>. $1.08 million request for six projects: Flaming Geyser, Auburn Narrows Road removal, Hamakami Levee setback, Lower Green River revegetation, Burns Creek, and Newaukum Creek rip rap removal.

- **Vashon Ecosystem Restoration.** The fund would cover planning and habitat protection and restoration in unincorporated portions of the Vashon-Maury Island Watershed. Projects are identified through salmon conservation planning. A

$613,000 request would support three projects in Maury Island, Corbin Beach, and the Judd Creek Estuary.

- **Demolitions and Site Security Program.** This program preserves and protects newly acquired properties for habitat restoration and open space preservation. The proposed budget includes $1 million to support demolition and structure removals as well as installation of fences and other security measures associated with the acquisition of new properties.

- **Fish Passage Program.** The Fish Passage Program replaces and upgrades culverts that obstruct fish passage in unincorporated King County. The proposed budget includes a $2.47 million request to bring 3 projects through the feasibility and design stages, allowing for construction work as funding or grants become available. These projects include the NE Auburn & Horsehead, Carey Creek at 276th Ave SE, and the mouth of Tuck Creek.

- **Small Habitat Restoration Program.** This program constructs small and low-cost habitat restoration projects, such as stream stabilization, restoring fish access, livestock fence installation, planting native vegetation, and technical assistance. The proposed budget includes $800,000 to support continued work on small habitat restoration projects.

- **Tree Planting Program.** This program supports the Wastewater Treatment and Solid Waste Divisions in meeting their carbon neutral goals as identified in the Strategic Climate Action Plan. Proposed expenditures are $600,000 for the biennium, which are financed by the Wastewater Treatment and Solid Waste Divisions.

KEY ISSUES

Staff have not identified any issues in this budget at this time. It is important to note that the scope and size of the Surface Water Management (SWM) CIP Non-Bond Subfund (3292) is dependent on the SWM rate that is adopted for the next biennium. The Council will have the opportunity to review the proposed rates separately through its review of Proposed Ordinance 2022-0377.

ARTS AND CULTURE TRANSFER

ANALYST: LEAH KREKEL-ZOPPI

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	$18,028,871	$51,771,500	000.0	000.0
2023-2024 Base Budget Adjust.	$4,169,117	$11,311,500	000.0	000.0
2023-2024 Decision Packages	$4,436,134	$11,359,354	000.0	000.0
2023-2024 Proposed Budget	**$26,635,000**	**$74,443,000**	**000.0**	**000.0**
% Change from prior biennium	47.7%			
Dec. Pkg. as % of prior biennium	24.6%			

Major Revenue Sources: Lodging Tax

Base Budget Assumptions: Revenue adjustments

DESCRIPTION

The Arts and Culture Transfer appropriation unit resides within the Lodging Tax Fund and is used to transfer revenues to the Cultural Development Authority appropriation unit, which are ultimately transferred to 4Culture,[1] the Cultural Development Authority that administers King County's arts, culture, and heritage programs. The portion of the King County's Lodging Tax receipts that is available for 4Culture is 37.5 percent, as designated by King County Ordinance 18788.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 47.7 percent increase in the Arts and Culture Transfer in the proposed 2023-2024 Budget is a reflection of the Office of Economic and Financial Analysis's forecasting that projects a significant increase in Lodging Tax receipts in the coming biennium as the lodging sector recovers from the impacts of the COVID-19 pandemic.

KEY ISSUES

Staff have not identified any issues for this budget.

BUILDING FOR EQUITY ADVANCE

ANALYST: LEAH KREKEL-ZOPPI

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	$12,800,000	$0	000.0	000.0
2023-2024 Base Budget Adjust.	($1,150,000)	$0	000.0	000.0
2023-2024 Decision Packages	($2,834,690)	$0	000.0	000.0
2023-2024 Proposed Budget	**$8,866,000**	**$0**	**000.0**	**000.0**
% Change from prior biennium	(30.7%)			
Dec. Pkg. as % of prior biennium	(22.1%)			

Major Revenue Sources: Lodging Tax

Base Budget Assumptions: Removal of one-time expenditures.

DESCRIPTION

The Building for Equity Advance was appropriated in the Lodging Tax Fund, as established in a 2019-2020 budget supplemental.[1] The Building for Equity Advance was created to bond against future Lodging Tax revenue designated for 4Culture. The advance was used to provide 4Culture with $20 million to fund a Building 4Equity program to make equity-based investments in cultural facilities and cultural program capacity building.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Building for Equity transfer proposed in the 2023-2024 budget would allocate the remainder of the appropriated $20 million advance to 4Culture, which is $8,865,310. The budgeted amount of the transfer was adjusted based on 2021-2022 actual expenditures.

KEY ISSUES

Staff have not identified any issues for this budget.

[1] Ordinance 18940

Cultural Development Authority

Analyst: Leah Krekel-Zoppi

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	$43,837,121	$43,837,121	000.0	000.0
2023-2024 Base Budget Adjust.	($6,845,687)	($6,845,687)	000.0	000.0
2023-2024 Decision Packages	$7,010,539	$7,010,539	000.0	000.0
2023-2024 Proposed Budget	**$44,002,000**	**$44,002,000**	**000.0**	**000.0**
% Change from prior biennium	00.4%			
Dec. Pkg. as % of prior biennium	16.0%			

Major Revenue Sources: Lodging Tax, 1% for Art Capital Project Contributions, General Fund

Base Budget Assumptions: One-time revenues and expenditures related to pandemic response removed

Description

This appropriation unit transfers designated revenues to 4Culture, the Cultural Development Authority that administers King County's arts, culture, and heritage programs. 4Culture administers King County's cultural programs primarily through distributing grant awards to arts, cultural, and heritage organizations and artists. 4Culture also administering King County's Public Art Program (1% for Art); manages the Public Art Collection on behalf of King County; advises the County Executive and Council on cultural resources policies; and provides technical assistance to arts and heritage organizations.

When 4Culture was established, it was authorized to use a portion of the County's Lodging (hotel/motel) Tax.[3] However, between 2013 and 2020, 4Culture had limited access to lodging tax revenues and used revenues from a special account managed by 4Culture which was funded by setting aside a portion of lodging tax proceeds dedicated to culture between 2001 and 2012. Beginning on January 1, 2021, 37.5 percent of the lodging tax revenues collected in King County are once designated for arts and cultural purposes. In addition, 4Culture receives funding from the 1% for Art program which sets aside a portion of certain capital projects for public art, and General Fund revenue for maintaining the County's art collection. During the COVID-19 pandemic, 4Culture received federal grant funding to help offset dramatic reductions in lodging tax revenue resulting from the pandemic.

Summary of Proposed Budget and Changes

The transfer to 4Culture in the 2023-2024 budget is proposed to be nearly equivalent to the amount budgeted in 2021-2022, with a 0.4 percent increase. However, this proposed transfer represents an 8.2 percent increase compared to the estimated actual revenues available to 4Culture in 2021-2022. The revenues available to 4Culture in the proposed budget include reappropriation of $2.2 million in remaining federal grant funding from the Coronavirus Local Fiscal Recovery Fund. Due to the Office of Economic and Financial Analysis's forecasting projecting continued recovery of Lodging Tax revenue, 4Culture's designated portion of Lodging Tax receipts is budgeted to increase by more than $10 million compared to the previous biennium, to $25,418,121. A full discussion of the budget proposed by 4Culture for 2023-2024 is scheduled to take place in a briefing of the Council's Committee of the Whole on October 17th.

KEY ISSUES

Staff have not identified any issues for this budget.

BUSINESS RESOURCE CENTER

ANALYST: TERRA ROSE

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	$47,030,468	$44,648,124	67.0	0.0
2023-2024 Base Budget Adjust.	$88,146	($2)	0.0	0.0
2023-2024 Decision Packages	$6,621,573	$4,018,334	1.0	0.0
2023-2024 Proposed Budget	**$53,741,000**	**$48,667,000**	**68.0**	**0.0**
% Change from prior biennium	14.3%			
Dec. Pkg. as % of prior biennium	14.1%			

Major Revenue Sources: Internal service charges to county agencies

Base Budget Assumptions: (1) 4% GWI in 2023 and 2024; (2) removal of one-time 2021-2022 appropriations

DESCRIPTION

The Business Resource Center (BRC) is the centralized office that maintains the enterprise business systems for King County. These include financial accounting, procurement, human resources, payroll, and budget. This office is responsible for system maintenance, upgrade, reporting, and development related to the key systems. In addition, the BRC has begun rolling out more robust analysis and reporting functions known as Business Intelligence or BI. The BRC budget is supported by internal service charges to County agencies.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2023-2024 Executive proposed budget for BRC would increase by approximately $6.7 million, or 14.3 percent relative to the 2021-2022 Revised Budget. The proposed budget would add one FTE by converting a temporary position to an FTE that would support budget, finance, and accounting work.

Executive staff indicate that BRC central rates, which are comprised of the internal service charges to other county agencies, is projected to increase by nine percent relative to the 2021-2022 biennium. According to Executive staff, the main drivers of this increase are salaries, wages, and benefits, as well as licensing costs for the enterprise systems.

Approximately $2.0 million in existing reserve funds would be appropriated for planning and needs assessments for BI Insights and EBS Financials and Procurement projects in preparation for projects expected to be initiated in the 2024-2025 biennium. Executive staff indicate that part of the BRC central rate model includes reserving funds for future hardware, software, and infrastructure upgrades to the County's enterprise systems. Additionally, a transfer of approximately $2.8 million to the DES Technology Capital Fund would be made to support the EBS Fixed Asset capital project.

KEY ISSUES

Staff have not identified any issues for this budget.

I-NET OPERATIONS

ANALYST: TERRA ROSE

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	$6,026,375	$7,086,382	3.0	0.0
2023-2024 Base Budget Adjust.	$87,786	$0	0.0	0.0
2023-2024 Decision Packages	$520,241	$261,086	0.0	0.0
2023-2024 Proposed Budget	**$6,635,000**	**$7,3478,000**	**3.0**	**0.0**
% Change from prior biennium	10.1%			
Dec. Pkg. as % of prior biennium	8.6%			

Major Revenue Sources: Direct user charges and cable fees

Base Budget Assumptions: Salary and wages adjustments

DESCRIPTION

The King County Department of Information Technology (KCIT) manages the County's institutional fiber optic network (I-Net), which provides high-speed bandwidth for data, voice, video, and internet access to King County, as well as public, education, and municipal partners in the Puget Sound region. I-Net is funded through direct user charges and fees paid by cable television subscribers in unincorporated King County.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The I-Net Operations budget is proposed to increase by 10.1 percent relative to the 2021-2022 Revised Budget. Budget materials indicate that that other than central rate and General Wage Increase adjustments, the proposed budget would add $750,000 to replace I-Net infrastructure that is at the end of its life and upgrade customer devices that will no longer be supported after 2024. According to budget materials, these upgrades would allow I-Net to maintain existing contract service levels.

KEY ISSUES

Staff have not identified any issues for this budget.

GF Transfer to General Technology Capital Fund

Analyst: Terra Rose

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	$1,171,000	$0	0.0	0.0
2023-2024 Base Budget Adjust.	($1,171,000)	$0	0.0	0.0
2023-2024 Decision Packages	$2,250,000	$0	0.0	0.0
2023-2024 Proposed Budget	**$2,250,000**	**$0**	**0.0**	**0.0**
% Change from prior biennium	92.1%			
Dec. Pkg. as % of prior biennium	192.1%			

Major Revenue Sources: General Fund

Base Budget Assumptions: None

Description

General Fund revenues provide funding to a variety of services and programs in other funds. This appropriation unit transfers money from the General Fund to the General Technology Capital Fund for capital projects sponsored by agencies supported by the General Fund.

Summary of Proposed Budget and Changes

The Executive proposed budget would make a one-time transfer of $2.25 million from the General Fund to the General Technology Capital Fund for two capital projects appropriations requested in the 2023-2024 biennium: (1) the Prosecuting Attorney's Office Civil Matter Case Management System (CIP #1143924) and (2) the Department of Judicial Administration Data Warehouse (CIP #1144346). Related expenditures for these projects are found in the General Technology Capital Fund section of the staff report.

Key Issues

Staff have not identified any issues for this budget.

DEPARTMENT OF PUBLIC HEALTH TECHNOLOGY CAPITAL FUND

ANALYST: TERRA ROSE, SAM PORTER, WENDY SOOHOO

	2023-2024 Proposed	2025-2026 Projected	2027-2028 Projected
Revenues	$3,896,029	$0	$0
Expenditures	$3,896,029	$0	$0

Major Revenue Sources: Each of the capital projects in this appropriation unit has their own unique revenue source(s)

DESCRIPTION

The Department of Public Health (DPH) Technology Capital fund is comprised of technology capital projects that support the operations of DPH. This fund is managed by DPH.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Executive proposed 2023-2024 budget would appropriate approximately $3.9 million for four new technology projects listed in the table below.

Project #	Project Name	FY23-24 Proposed
1143728	School-Based Health Alliance Data Hub	$498,939
1143729	Emergency Medical Services Online STRIVE	$2,239,941
1143732	Sexual Health Clinic Partner Notification	$406,399
1143842	Access & Outreach Database	$750,750
	TOTAL	**$3,896,029**

KEY ISSUES

Staff have not identified any issues for this budget.

DCHS Technology Capital Fund

Analyst: Terra Rose, April Sanders

	2023-2024 Proposed	2025-2026 Projected	2027-2028 Projected
Revenues	$606,000	$0	$0
Expenditures	$606,000	$0	$0
Major Revenue Sources: Each of the capital projects in this appropriation unit has their own unique revenue source(s)			

Description

The Department of Community and Human Services (DCHS) Technology Capital Fund is comprised of technology capital projects that support the operations of DCHS. This fund is managed by DCHS.

Summary of Proposed Budget and Changes

The Executive proposed 2023-2024 budget would appropriate $606,000 for the DCHS Contract Management System Replacement Project (CIP #1143568). This project received a previous appropriation of $330,000 in the 2022 mid-biennial supplemental ordinance.[1]

Key Issues

Staff have not identified any issues for this budget.

[1] Ordinance 19479

DES TECHNOLOGY CAPITAL FUND

ANALYST: TERRA ROSE, JENNY GIAMBATTISTA

	2023-2024 Proposed	2025-2026 Projected	2027-2028 Projected
Revenues	$3,564,352	$0	$0
Expenditures	$3,564,352	$0	$0

Major Revenue Sources: Each of the capital projects in this appropriation unit has their own unique revenue source(s)

DESCRIPTION

The Department of Executive Services (DES) Technology Capital fund is comprised of technology capital projects that support the operations of DES. This fund is managed by DES.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Executive proposed 2023-2024 budget would make a net appropriation of approximately $3.6 million for this appropriation unit. Approximately $4.4 million would be used to support the three new technology projects listed in the table below. Additionally, the proposed budget would disappropriate the remaining fund balance of approximately $851,000 from the PeopleSoft Systems Infrastructure Replacement Project (CIP #1139605), which is now complete.

Project #	Project Name	FY23-24 Proposed
1139605	Business Resource Center / Finance and Business Operation Fixed Asset Accounting Software Upgrade	$2,791,612
1143965	Business Resource Center / Finance and Business Operation Financial Reporting Software Upgrade	$1,400,838
1144310	Inquest Case Management Automation	$223,070
	TOTAL	**$4,415,520**

KEY ISSUES

Staff have not identified any issues for this budget.

GENERAL TECHNOLOGY CAPITAL FUND

ANALYST: TERRA ROSE

	2023-2024 Proposed	2025-2026 Projected	2027-2028 Projected
Revenues	$5,240,331	$0	$0
Expenditures	$5,240,331	$0	$0

Major Revenue Sources: Primarily the General Fund with some bond proceeds and KCIT Central Rate revenues

DESCRIPTION

The General Technology Capital Fund[1] is comprised of technology projects sponsored by General Fund agencies that do not have their own capital funds (e.g., Elections). The fund is managed by Office of Performance, Strategy, and Budget.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Executive proposed 2023-2024 budget would appropriate approximately $5.2 million for three new technology projects listed in the table below.

Project #	Project Name	FY23-24 Proposed
1143924	Prosecuting Attorney's Office Civil Matter Case Management System	$3,000,000
1144346	Department of Judicial Administration Data Warehouse	$1,026,083
1144612	Customer Service Analytics Platform	$1,214,248
	TOTAL	**$5,240,331**

KEY ISSUES

Staff have not identified any issues for this budget.

[11] Formerly referred to as the PSB General Fund Capital Fund

Office of Emergency Management

Analyst: Jake Tracy

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	$16,891,501	$1,450,381	13.0	000.0
2023-2024 Base Budget Adjust.	($9,401,353)	($1,140,763)	1.0	000.0
2023-2024 Decision Packages	$1,501,025	$310,382	3.0	000.0
2023-2024 Proposed Budget	**$8,992,000**	**$620,000**	**17.0**	**000.0**
% Change from prior biennium	(46.8%)			
Dec. Pkg. as % of prior biennium	8.9%			

Major Revenue Sources: General Fund

Base Budget Assumptions: (1) 4.0% GWI for 2023; (2) 4.0% GWI for 2024; (3) elimination of one-time COVID-19 expenditures; (4) A Peoplesoft validation adjustment of 1.0 FTE.

Description

The appropriation unit provides for the operations of the Office of Emergency Management (OEM) in the Department of Executive Services. OEM works with cities, special purpose districts, state and federal emergency management agencies, private sector partners, non-profit agencies, and the community to plan for disaster mitigation, preparedness, response and recovery. In addition to coordinating the County's local emergency management responsibilities, OEM serves a leadership function in regional emergency planning and response. OEM is also supported by the Emergency Management Advisory Committee.

Summary of Proposed Budget and Changes

The Executive's proposed budget would decrease the appropriation for the Office of Emergency Management by roughly 47 percent compared to the 2021-2022 biennium, a decrease of roughly $7.9 million. This decrease is attributable primarily to the elimination of one-time expenditures related to the COVID-19 pandemic supported by American Rescue Plan Act’s Coronavirus Local Fiscal Recovery Fund. Executive staff state that the one-time federal COVID-19 money has been fully spent and no further appropriations are expected in the 2023-2024 biennium.

In the 2021-2022 Adopted Biennial Budget, before the one-time COVID related supplemental appropriation, OEM's budget totaled $7.03 million. The Executive's proposal for 2023-2024 represents a roughly 24 percent increase over that level, with roughly 77 percent of that increase stemming from decision packages.

The decision packages for this appropriation unit include the addition of 3.0 FTEs, each of which would be assigned to a separate body of work. These are each summarized below.

1.0 FTE to coordinate continuity of operations planning. In 2022, the King County Auditor transmitted a report, *Emergency Preparedness Limited by Planning Gaps,*[1] which noted inconsistencies and areas of concern in the County's Continuity of Operations Plans (COOPs) and associated processes. COOPs are tools that prepare agencies to deliver vital services when emergencies disrupt normal operations and are developed at the department, division, or agency level. The Auditor's report recommended that the Executive develop and propose code revisions requiring regular updates to all continuity of operations plans for all agencies, that OEM regularly review these COOPs, and that OEM update training and guidance on continuity of operations planning.

In response to the Auditor's report, the Executive transmitted proposed code revisions[2] that, if passed by the Council, would:

- Authorize the Executive, working through OEM, to develop and manage a program for interagency coordination and continuity of operations planning by county departments and agencies, to include regular plan reviews based on established standards, provision of training, and assistance with agency exercises; and
- Require each County department and agency to develop an organizational COOP that is updated and exercised on a schedule established by OEM.

Executive staff state that the Auditor's Office has not reviewed the transmitted code revisions.

To carry out the work described above, OEM requested 2.0 FTEs; only 1.0 FTE is included in the Executive's proposal. Executive staff state that, with the current proposal, the program would be up and running within 12 to 18 months. If 2.0 FTEs were appropriated, as was the agency request, they estimate this timing would be 12 months or less.

Though the proposed code changes in Proposed Ordinance 2022-0305 do not set a requirement for how often COOPs would be reviewed, Executive staff state that the period for reviews would be established during the development of the program and would be based on the amount of work one person can do.

1.0 FTE for dam safety work. Since 2018, OEM has engaged 1.0 TLT to conduct several activities related to dam safety, including community outreach, education, and

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[1] https://kingcounty.gov/~/media/depts/auditor/new-web-docs/2022/pandemic-planning-2022/pandemic-planning-2022.ashx?la=en
[2] Proposed Ordinance 2022-0305

partnership, emergency planning and procedure development, and creation of maps for inundation zones. This position has been funded through the King County Flood Control District (FCD).

As part of the proposed 2023-2024 Biennial Budget, the Executive proposes to convert this TLT position to an FTE Emergency Management Program Coordinator. The employee would carry out the same body of work as the TLT position and would continue to be funded by the FCD.

Executive staff anticipate that FCD will be able to continue funding this FTE into the foreseeable future.

1.0 FTE for emergency planning and preparedness relating to extreme weather events and other disasters. In August 2022, the Council passed Motion 16183, which requested that the Executive develop a regional operational plan for extreme weather centers and disaster sheltering, with a focus on the most vulnerable King County residents.

Among other things, the motion asked the Executive to conduct community outreach in low-income communities in unincorporated King County to gather information on locations and features that would result in the highest utilization of extreme weather shelters and disaster shelters and to encourage cities and the Regional Homelessness Authority to do similar outreach. As an outcome of this outreach, the Executive would consolidate the information gathered by the various agencies and identify facilities that could serve as shelters, with or without physical upgrades, and identify costs and staffing needs associated with utilizing those facilities. The operational plan is due to the Council by June 30, 2024.

The Executive proposed 2023-2024 Biennial Budget would add 1.0 FTE Emergency Management Program Manager to carry out the work associated with the motion. After completion of the work specified in the motion, Executive staff state that the FTE would be responsible for plan implementation, regular updates and revisions, training on the plan, and exercising the plan. They note that planning is the first of six steps in the preparedness cycle, and this FTE would be responsible for the other steps in the cycle once the plan is written.

Executive staff state that preliminary review of other jurisdictions' sheltering plans has begun, but the planning work itself has not yet begun.

KEY ISSUES

ISSUE 1 – ADDITION OF GENERAL FUND-BACKED FTES

The Executive's proposal would add approximately $700,000 of ongoing costs and 2.0 FTEs whose salaries and benefits would be paid through the general fund. These positions would take on bodies of work related to continuity of operations planning and emergency sheltering. Council staff has identified this as a key issue due to the increase in ongoing General Fund spending.

ISSUE 2 – REDUCTION IN FTE REQUEST BETWEEN AGENCY PROPOSED AND EXECUTIVE PROPOSED BUDGET

As discussed above, OEM requested 2.0 FTEs to carry out the continuity of operations planning (COOP) work associated with the proposed code changes in Proposed Ordinance 2022-0305, but the Executive's proposal only includes a request for 1.0 FTE. Executive staff has indicated that the reduction from 2.0 to 1.0 FTEs would slow both the rollout of the COOP program and the rate of periodic reviews of department and agency COOPs.

Department of Natural Resources and Parks Administration

Analyst: Jenny Giambattista

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	$17,638,259	$16,683,216	27.0	2.0
2023-2024 Base Budget Adjust.	$181,680	($318,156)	0.0	(1.0)
2023-2024 Decision Packages	$1,812,403	$3,267,469	4.0	0.0
2023-2024 Proposed Budget	**$19,633,000**	**$19,633,000**	**31.0**	**1.5**
% Change from prior biennium	11.3%			
Dec. Pkg. as % of prior biennium	10.3%			

Major Revenue Sources: Charge for services, grants, transfers.

Base Budget Assumptions: (1) 4.0% GWI for 2023; (2) 4.0% GWI for 2024

Description

The Department of Natural Resources and Parks (DNRP) Administration houses the administrative functions of DNRP. Functions include agency management, financial services, human resources, government relations and similar functions, where purposes are shared among divisions. DNRP Administration section costs are allocated among the operating agencies of the DNRP.

Summary of Proposed Budget and Changes

The 2023-2024 Proposed Biennial Budget would appropriate about $19.6 million to DNRP Administration, an 11 percent increase to the total 2021-2022 Revised Biennial Budget. The proposed budget adds four FTEs and includes the following service changes:

- $1.97 million and 2 FTEs for a capital project management training program that would be available to over 1,000 King County employees across King County departments who directly and indirectly support capital programs.
- $456,920 and 1 TLT to support a Frontline Communities Climate Engagement Grant Program. This funding would be used to implement a small grant program, a climate justice learning series, and to provide stipends for the Climate Equity Community Taskforce. Of the $456,920, $105,000 would be awarded as grants.
- $362,333 and 1 FTE for an emergency preparedness coordinator to oversee and coordinate emergency management and preparedness for DNRP agencies.
- $319,056 and 1 FTE for an administrator to manage and coordinate on-site activities for DNRP's shared office space. The administrator would manage DNRP’s shared on-site operational needs such as mail delivery, supply and inventory control, and conference room/desk reservations, and would supervise reception staff, coordinate in-person and hybrid events for the department, provide on-site equipment/technical support, and analyze floor and conference

room usage reports to support accurate billing work on-site at King Street Center and address operational issues that are best addressed with an onsite position.
- $304,000 to support the development of a green jobs strategy. The base budget also includes an existing position dedicated to green job development.

Additionally, the proposed budget includes administrative and technical adjustments, including an increase of $1.1 million in the DNRP overhead allocation model. The 2023-2024 proposed budget also transfers the county-wide climate cost allocation ($1,340,865) to the proposed new Climate Office. Please see the write-up on the Climate Office for a discussion of this new office.

KEY ISSUES

No key issues have been identified by staff.

General Fund Transfer to DNRP

Analyst: Jenny Giambattista

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	$5,064,000	$0	0.0	0.0
2023-2024 Base Budget Adjust.	($80,000)	$0	0.0	0.0
2023-2024 Decision Packages	$1,562,000	$0	0.0	0.0
2023-2024 Proposed Budget	**$6,546,000**	**$0**	**0.0**	**0.0**
% Change from prior biennium	29.3%			
Dec. Pkg. as % of prior biennium	30.8%			

Major Revenue Sources: General Fund.

Base Budget Assumptions: (1) 4.0% GWI for 2023; (2) 4.0% GWI for 2024.

Description

The General Fund transfer for the Department of Natural Resources is one of many such transfers from the General Fund to support county programs.

Summary of Proposed Budget and Changes

The 2023-2024 Proposed Biennial Budget would appropriate about $6.5 million in General Fund to the Department of Natural Resources and Parks, which is a 29.3 percent increase to the total 2021-2022 Revised Biennial Budget. The following activities would be supported by this transfer:

- $184,000 would support the cost of one Food Policy Manager;
- $362,000 would support the Historic Preservation Officer;
- $130,000 would pay for an Immigrant-Refugee Farm Program Coordinator to support the Farmland Leasing Program;
- $578,000 would pay for consulting resources to provide science and mapping support to the 2024 Comprehensive Plan Update. (Please see the Office of Performance, Strategy, and Budget write-up for a discussion on proposals related to the 2024 Comprehensive Plan work.);
- $3.4 million would finance the Local Infrastructure Project Area (LIPA) transfers to the City of Seattle for the Transfer of Development Rights (TDR) program; and
- $1.9 million would be used for agriculture and forestry programming in the Water and Land Resources Division. General Fund dollars will contribute to the preservation of high-priority farmland as part of the Land Conservation Initiative.

Additionally, the proposed budget for the General Fund transfer to DNRP includes an increase of $492,000 to reflect inflationary increases.

Key Issues

No key issues have been identified by staff.

FLEET MANAGEMENT EQUIPMENT

ANALYST: JENNY GIAMBATTISTA

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	$94,777,053	$71,444,706	74.0	0.0
2023-2024 Base Budget Adjust.	($10,360,780)	($1,930,096)	0.0	0.0
2023-2024 Decision Packages	$7,130,072	$1,757,000	3.0	.5
2023-2024 Proposed Budget	**$91,547,000**	**$71,272,000**	**77.0**	**0.5**
% Change from prior biennium	(3.4%)			
Dec. Pkg. as % of prior biennium	7.5%			

Major Revenue Sources: Central rates

Base Budget Assumptions: (1) 4.0% GWI for 2023; (2) 4.0% GWI for 2024

DESCRIPTION

The Fleet Services Division (FSD) manages the Equipment Replacement Fund, as well as the acquisition, maintenance, replacement, and disposal of fleet vehicles and other pieces of equipment. These support the County's services associated with the General Fund, Roads, Parks, Water and Land Resources, and other agencies.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2023-2024 Proposed Biennial Budget for Fleet Services is largely a status quo budget. It includes a $10.4 million base budget reduction adjustment which reflects underspending in 2021-2022 due to vehicle procurement delays. The budget also includes a reduction of $534,120 in the fuel budget due to a reduction in the county's fuel consumption. This reduction is partially offset by an increase in the cost of fuel.

The budget includes funding for the purchase of 95 light duty electric vehicles (EVs) in addition to the purchase of 105 hybrid-electric police vehicles. The proposed budget includes $1.5 million to cover the higher purchase cost of EVs and hybrid-electric police vehicles for the King County Sheriff's Office (KCSO). The $1.5 million will be financed with bond financing and repaid by agencies purchasing the vehicles. Additionally, the proposed budget includes several smaller operations proposals:

- $188,396 for 1 FTE for a fleet utility worker;
- $100,000 for research on fleet information management systems;
- $91,192 for a fleet maintenance intern;
- $350,000 for Renton facility updates and repairs;
- $105,000 for electric and hybrid vehicle technician training; and
- $200,000 for software and hardware replacement for rental dispatch system

As discussed below, Fleet Services expects a significant increase in EV procurement in future budget proposals.

KEY ISSUES

ISSUE 1 – EV TARGETS WILL REQUIRE INFRASTRUCTURE INVESTMENT AND PLANNING

The 2020 Strategic Climate Action Plan (SCAP)[1] and the "Jump Start" Ordinance[2] include the following goals for fleet electrification:

- Fifty percent of light-duty vehicles transition to electric by 2025 and one hundred percent by 2030;
- Fifty percent of medium-duty vehicles transition to electric by 2028 and one hundred percent by 2033; and
- Fifty percent of heavy-duty vehicles transition to electric vehicles by 2038 and one hundred percent by 2043.

In the light-duty category, Fleet Services is currently managing 1,633 light duty vehicles. The following table summarizes the number of EVs Fleet Services will need to purchase by the end of each year listed to meet the SCAP goal. Future fleet reductions may result in fewer EV purchases. Also, there are 432 KCSO pursuit-rated vehicles in the light duty fleet. These are currently being replaced by Patrol Interceptor Utility Hybrid vehicles. The targets assume pursuit-rated vehicles will transition to EV by 2030 in the projections below:

Table 1.
Timeline for Light duty EVs Fleet to meet SCAP Targets

	Total Active EVs	EV Percent of light duty fleet
Current Light Duty EVs	22	2%
2024 light duty EVs	117	7%
2025 light duty EVs	816	50%
2030 light duty EVs	1633	100%

Fleet Services is not able to replace all vehicles currently scheduled for replacement with EVs because the County does not yet have the infrastructure in place to significantly expand the EV fleet, market limitations exist, and further analysis is needed regarding post-COVID and Future of Work impacts on vehicle needs and locations. Given these challenges, Fleet Services is extending the life of existing gas-powered vehicles until more EVs can be purchased and infrastructure is in place. Fleet Services expects to see

[1] Motion 15866
[2] Ordinance 19052

a significant spike in ordering in the future to address fleet replacement needs and catch up on the vehicle replacement backlog.

The proposed budget includes $16.8 million in the Facilities Management Division budget to support the design and implementation to expand electric vehicle charging infrastructure and equipment for County fleet vehicles at County-owned facilities. Please see the Facilities Management Division write-up for a discussion of this issue.

CLIMATE OFFICE

ANALYST: JENNY GIAMBATTISTA

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	N/A	N/A	N/A	N/A
2023-2024 Base Budget Adjust.	N/A	N/A	N/A	N/A
2023-2024 Decision Packages	$2,339,913	$2,339,908	3.0	0.0
2023-2024 Proposed Budget	**$2,340,000**	**$2,340,000**	**3.0**	**1.0**
% Change from prior biennium	N/A			
Dec. Pkg. as % of prior biennium	N/A			

Major Revenue Sources: Climate Cost Share Budget (rates paid by County departments based on emissions)

Base Budget Assumptions: (1) 4.0% GWI for 2023; (2) 4.0% GWI for 2024.

DESCRIPTION

The Climate Office is a new appropriation unit in the 2023-2024 Executive Proposed Biennial Budget. As described by the Executive, the Climate Office would be tasked with leading King County's response to the emergency created by human-caused climate change. The office would elevate the priority of addressing climate and enhance collaboration across departments and with our external partners. One of the office's tasks would be providing cross-departmental policy support and leadership in the implementation of the 2020 Strategic Climate Action Plan. The other main role would be looking forward to new actions and innovations the County should be pursuing to mitigate climate change. The office will be focused on policy development and creating bridges where there are complex, interdepartmental efforts to mitigate and prepare for climate change.

SUMMARY OF PROPOSED BUDGET AND CHANGES

This is a new appropriation unit under the County Executive. If approved, the Climate Office would be the fifth office under the County Executive. The proposed 2023-2034 budget of about $2.3 million for the new Climate Office includes two existing FTE positions and 1 TLT position transferred from the Office of the Executive and the climate cost share revenue transferred from the Department of Natural Resources and Parks Administration budget.[1] The following positions would be transferred from the Executive's Office:

- Director of Climate and Energy Initiatives (1 FTE);
- Climate and Energy Project Manager (1 FTE); and
- EV Transition Project Manager (1 TLT).

[1] The climate cost share revenue functions like an internal rate that is collected from county agencies based on their estimated operational emissions.

The budget also proposes to create a new position for the Director of the Climate Office. In total, the Climate Office would have 3 FTEs and 1 TLT. Executive staff report that while only 3 positions would be transferred now, once a director is hired, they would do a review of the existing climate-related positions in the County and assess if any other climate positions should be part of this office.[2]

KEY ISSUES

ISSUE 1 – NEW CLIMATE OFFICE

The Executive proposes to establish a new Climate Office. Council staff asked for information on the rationale for this new office, including why establishing a separate office under the Executive would be beneficial in achieving the County's climate goals and why this office is not housed in DNRP, where many climate roles are currently located.

Executive staff state that separating the Climate Office and giving it a director would increase the County's capacity to ensure that the 2020 SCAP is implemented on time, while also simultaneously looking forward to the next phase of action. Executive staff also note that this has been a challenge with current staff capacity. They also state that changing the organizational structure and housing the new office under the Executive would increase transparency and autonomy of climate policy staff, and would help provide greater integration of climate work across multiple departments, further noting that they believe it would be difficult to achieve these enterprise-wide directives on policy and operational issues from one department among many (e.g., DNRP).

Executive staff state that this is a high-priority policy area that cuts across the entire enterprise from a policy and operational perspective, that responding to the climate crisis requires enterprise-wide responses, and that many work groups across County government need to be coordinated in their response to maximize the impact of their work. They believe that the establishment of this office is the best way to achieve these goals.

[2] There are approximately 13 positions throughout the county working directly on climate change, including 5 in the DNRP director's office.

NOXIOUS WEED CONTROL PROGRAM

ANALYST: JENNY NGO

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	$9,903,096	$8,346,329	20.0	0.0
2023-2024 Base Budget Adjust.	$818,493	($64,483)	0.0	0.0
2023-2024 Decision Packages	$313,337	$1,792,632	0.0	0.0
2023-2024 Proposed Budget	**$11,035,000**	**$10,075,000**	**20.0**	**000.0**
% Change from prior biennium	11.4%			
Dec. Pkg. as % of prior biennium	3.2%			

Major Revenue Sources: Noxious Weed special assessment, grants

Base Budget Assumptions: (1) Remove one-time expenditures, including those related to pandemic response; (2) annualized supplemental changes; (3) update personnel rates; (4) 4.0% GWI for 2023; (5) 4.0% GWI for 2024

DESCRIPTION

The Noxious Weed Control Program combats noxious weeds throughout the county consistent with the state noxious weed control law (Chapter 17.10 RCW). The Noxious Weed Control Program is funded through a special assessment on each parcel in King County. The program is intended to prevent and control the spread of noxious weeds to minimize impacts to public health, natural resources, recreation, and the economy. The program provides education, prevention, and technical assistance to landowners and public agencies to achieve noxious weed control on each site and to reduce the overall impact of noxious weeds throughout the County. The program responds to reports and complaints from the public, and independently initiates surveys across King County to detect new infestations and track changes in known populations.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Noxious Weed Control Program special assessment is proposed to increase from $5.32 per parcel plus $0.38 per acre to $6.20 per parcel plus $0.44 per acre. This represents a 16.5 percent increase. This proposed budget increase would maintain current levels of service for the program, including central rates, overhead allocation, wage increases to reflect salary adjustments, and contractual increases to support a fully staffed seasonal crew employed under the Healthy Lands Project (HeLP) initiated in the 2019-2020 budget. These crews target noxious weeds in priority areas to support the high-impact lands prioritized under Land Conservation Initiative.

Key Issues

Issue 1 – Noxious Weed Special Assessment Increase: $1,396,571

The Executive proposes to increase the Noxious Weed special assessment by $0.88 per parcel plus $0.062 per acre for all non-forest properties in King County for the 2023-2024 biennium. Proposed Ordinance 2022-0379, which would implement the proposed special assessment increases, was transmitted with the Executive's Proposed 2023-2024 Budget.

The special assessment is proposed to increase rates by approximately 16.54 percent (Table 1, below) to maintain the program's offerings. The Noxious Weed special assessment is estimated to generate $1.4 million in new revenues to fund these services.

Table 1. 2019-2022 Noxious Weed Assessment and 2023-2024 Proposed

Parcel Type	2019-2022 Rate	Proposed 2023-2024 Rate	$ Change
Regular – Non-forest	$5.32 per parcel + $0.3800 per acre	$6.20 per parcel + $0.4429 per acre	$0.88 per parcel + $0.0629 per acre
Forest	$0.5320 per parcel + $0.0380/acre	$0.6200 per parcel + $0.0443 per acre	$0.088 per parcel + $0.0063 acre

If the proposed special assessment increases in the ordinance are not approved, in whole or in part, the proposed 2023-2024 Noxious Weed Control Program budget expenditures would need to be adjusted.

KING COUNTY FLOOD CONTROL CONTRACT

ANALYST: JENNY NGO

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	$279,946,168	$140,074,980	69.0	0.0
2023-2024 Base Budget Adjust.	($139,367,408)	($14,598)	0.0	0.0
2023-2024 Decision Packages	$37,410,285	$38,031,639	0.0	0.0
2023-2024 Proposed Budget	**$177,990,000**	**$178,093,000**	**69.0**	**0.0**
% Change from prior biennium	(36.4%)			
Dec. Pkg. as % of prior biennium	13.4%			

Major Revenue Sources: Flood Control District property tax

Base Budget Assumptions: (1) Remove one-time expenditures, including those related to pandemic response; (2) annualized supplemental changes; (3) update personnel rates; (4) 4.0% GWI for 2023; (5) 4.0% GWI for 2024

DESCRIPTION

The Water and Land Resources Division (WLRD) implements the operations and the capital improvement program of the King County Flood Control District through an interlocal agreement. The Flood Control District is a special purpose government, composed of members of the King County Council, created to provide funding and policy oversight for flood protection projects and programs in the County. The Flood Control District program includes structural protection, hazard identification and mitigation, asset management, a flood warning program, consultation to agencies, and risk reduction through partnership.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2023-2024 Executive proposed budget for the Flood Control District Fund includes a $38 million administrative service change adjusting transfers to the Water and Land Resources appropriation unit, the SWM CIP fund, and the Rivers and Floodplain Management capital reserves budget. The proposed budget reflects anticipated activities to be completed in service to the interlocal agreement with the Flood Control District. Work performed by WLRD is at the request of the District and is subject to negotiation between the County and the District, and future adjustments will likely be needed to conform to the District's 2023 approved budget. No new positions are proposed as part of this budget.

KEY ISSUES

Staff have not identified any issues for this budget.

WATER AND LAND RESOURCES

ANALYST: JENNY NGO

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	$79,841,772	$80,946,312	178.2	4.0
2023-2024 Base Budget Adjust.	$2,648,795	($159,782)	0.1	(1.0)
2023-2024 Decision Packages	$18,386,507	$19,555,783	54.0	1.0
2023-2024 Proposed Budget	**$100,878,000**	**$100,343,000**	**232.3**	**5.0**
% Change from prior biennium	23.4%			
Dec. Pkg. as % of prior biennium	23.0%			

Major Revenue Sources: Charges assessed to agency divisions and organizational units (Wastewater Treatment, Local Hazardous Waste, Surface Water Management, Noxious Weed), Flood Control District, General Fund, Grants, charges assessed to other jurisdictions

Base Budget Assumptions: (1) Remove one-time expenditures, including those related to pandemic response; (2) annualized supplemental changes; (3) update personnel rates; (4) 4.0% GWI for 2023; (5) 4.0% GWI for 2024

DESCRIPTION

The Water and Land Resources appropriation unit houses the Division's administrative functions and direct service programs, including Environmental Lab, Science and Technical Services, and Local Hazardous Waste. Administration includes the Director's Office, Finance and Administration, and other office support. Science and Technical Services provides water quality technical analysis and monitoring. The Environmental Lab provides chemical and biological testing and data management in support of surface water requirements, the Wastewater Treatment Division, Solid Waste Division, and other agency divisions.

SUMMARY OF PROPOSED BUDGET AND CHANGES

Shared Services has requested several changes in the Executive proposed 2023-2024 budget, with the following notable proposals:

- A program manager, including $360,933 and 1.0 FTE, to support division-wide grant development, strategy, and support for grants. This position would provide centralized support to identify, apply and report on federal, state, and local grant opportunities.

- A policy and government relations position, including $360,933 and 1.0 FTE, to support policy, code development, and interjurisdictional coordination in WLRD to advance the Clean Water Healthy Habitat Initiative and the Strategic Climate Action Plan.

- A human resources analyst and human resources associate, including $530,251 and 2.0 FTEs, supporting the Human Services Unit of WLRD to meet service delivery requirements and regulatory compliance.

- A water quality planner and 3 environmental lab scientists, including $1,279,216 in expenditures and 4.0 FTE, to support compliance with the Puget Sound Nutrient General Permit including sampling, monitoring, and analysis.

- A water quality planner, including $288,331 and 1.0 TLT, to study chemicals of emerging concern from wastewater and stormwater for future permit changes. This position is partially funded by the Wastewater Treatment Division.

- Add $131,402 in one-time funding for a continued TLT position to support the Immigrant-Refugee Farm Program and Farmland Leasing Program. This program primarily supports BIPOC farmers.

- A forestry technician, including $261,998 and 1.0 FTE. This position is currently a TLT position to support forestry health and restoration.

- An environmental scientist, including 1.0 FTE, to manage a fish and habitat database, which will measure the effectiveness of CIP projects to improve project design and provide technical support from WRIA 8.

- Add a capital project manager, two engineers, and an environmental scientist, including 4.0 FTEs, to support implementation of fish passage restoration capital projects.

- Consulting support to provide scientific and mapping resources related to the 2024 Comprehensive Plan update, including proposed expenditures of $928,000. Consultant work would support a Best Available Science (BAS) review, policy and code development, and critical areas mapping.

- Move program management duties for the Local Hazardous Waste Program from the Solid Waste Division and the Environmental Health Program into the Water and Land Resources Division, including $5.33 million in total expenditures and 8.0 FTE positions. This consolidation is intended to streamline program management, planning, finance, and communications into one division. This program is an interjurisdictional effort between Environmental Health, Solid Waste, WLRD and Seattle Public Utilities.

- Move three programs from the Surface Water Management Local Drainage Services to the Water and Land Resources. These programs are the Open Space Acquisition (OSA) unit; Agriculture, Forestry, and Incentive unit; and Basin

Stewards. The purpose of this move is to align the SWM Local Drainage Services fund scope more closely with surface water management activities. This proposed technical adjustment includes $11.08 million, 31.0 FTE and 2.0 TLT positions.

KEY ISSUES

Staff have not identified any issues for this budget.

SURFACE WATER MANAGEMENT LOCAL DRAINAGE SERVICES

ANALYST: JENNY NGO

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	$89,366,700	$86,873,918	128.0	11.0
2023-2024 Base Budget Adjust.	($2,412,892)	($102,138)	0.0	(6.0)
2023-2024 Decision Packages	$6,506,797	$5,884,694	(30.0)	(2.0)
2023-2024 Proposed Budget	**$93,461,000**	**$92,656,474**	**98.0**	**3.0**
% Change from prior biennium	4.6%			
Dec. Pkg. as % of prior biennium	7.3%			

Major Revenue Sources: SWM fees, Grants, Contracts, General Fund

Base Budget Assumptions: (1) Remove one-time expenditures, including those related to pandemic response; (2) annualized supplemental changes; (3) update personnel rates; (4) 4.0% GWI for 2023; (5) 4.0% GWI for 2024

DESCRIPTION

Surface Water Management (SWM) Local Drainage Services provides a variety of functions for surface water management in King County. Local Drainage Services designs and constructs stormwater facilities; updates surface water design standards and regulations in compliance with federal and state requirements; inspects and maintains existing stormwater facilities; investigates, reports, and repairs drainage and water quality problems; and manages compliance with the National Pollutant Discharge Elimination System (NPDES) permit required under the Clean Water Act. This fund holds the money for capital projects, which are transferred to the SWM CIP Non-bond Subfund through a pay-as-you-go system.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The SWM revenue is proposed to increase by $9.6 million through an 11.8 percent increase to the SWM rates, discussed further in the Issues section below. This revenue would provide for current levels of service and expand support services in both the SWM Local Drainage Services appropriation unit and the Water and Land appropriation unit. Other notable changes are described below:

- Add a business analyst position, including $327,871 and 1.0 FTE, to provide support for stormwater management fee billing and the customer relationship management database, as well as to provide process improvements. Currently, the program pays KCIT to provide data analytics support. The agency anticipates a cost reduction of up to $75,000 after this 2023-2024 biennium, once SWM billing support is fully transitioned to this business analyst position.

- Move the Agricultural and Neighborhood Drainage and Water Quality Programs (also known as ADAP and NDAP) from the SWM capital fund to the operating fund due to the non-capital project nature of these programs. Although there is a $1.15 million expenditure request, this is a net-zero impact due to how moneys for capital projects are transferred between this operating fund and the SWM CIP Non-bond Subfund.

- Move three programs from Surface Water Management Local Drainage Services to the Water and Land Resources appropriation unit. These programs are the Open Space Acquisition (OSA) unit; Agriculture, Forestry, and Incentive unit; and Basin Stewards. The purpose of this move is to align the SWM Local Drainage Services fund scope more closely with surface water management activities. This proposed technical adjustment includes disappropriating $10.08 million, 31.0 FTE and 2.0 TLT positions

KEY ISSUES

ISSUE 1 – SWM RATES INCREASE: $9,613,272

The Executive proposed 2023-2024 budget would increase the SWM rates 11.8 percent for all property classifications. Proposed Ordinance 2022-0377, which would increase the SWM rates, was transmitted with the Executive's 2023-20224 Proposed Budget. The SWM program pays for the cost of planning, designing, constructing, maintaining, and operating stormwater control facilities under county and state law.[1]

Table 1 below illustrates the current SWM rates and the 2023-2024 proposed SWM rates for unincorporated King County property owners.

Table 1. 2019-2022 SWM Rates and 2023-2024 Proposed SWM Rates

Rate Classification	Percent Impervious Surface	2019-2022 Rate	2023-2024 Proposed Rate
1 Residential	N/A	$289.00 / parcel	$323.10 / parcel
2 Very Light	10% or less	$289.00 / parcel	$323.10 / parcel
3 Light	10.1% - 20%	$803.51 / acre	$898.32 / acre
4 Moderate	20.1% - 45%	$1,504.04 / acre	$1,681.52 / acre
5 Moderately Heavy	45.1% - 65%	$2,566.60 /acre	$2,869.46 /acre
6 Heavy	65.1% - 85%	$3,575.37 / acre	$3,997.26 / acre
7 Very Heavy	85.1% - 100%	$4,399.10 / acre	$4,918.19 / acre

The proposed 2023-2024 SWM fee for a single-family residence is $323.10 per parcel. A sample of 34 jurisdictions in the region identified a range of $129 to $466 for a single-family residence in 2022, with a median SWM fee of $207.

[1] RCW 36.89.080 through 36.89.120 and K.C.C. Chapter 9.08.

The SWM rate increase would cover inflationary increases to maintain current levels of service and expand support services in both the Water and Land Resources appropriation unit and the SWM Local Drainage Services appropriation unit. According to Executive staff, these support services would include grant development, policy and interjurisdictional relations, human resources, prioritization of chemicals of emerging concern, kokanee salmon recovery, immigrant-refugee farm program staffing, forest health and restoration staffing, fish passage restoration capital projects team, business analysis support, and fish passage projects in County rights-of-way. Information on these support services, proposed expenditures, and staffing can be found in the budget summary section for these appropriation units.

The Council will have the opportunity to review the proposed rate increases as part of its review of Proposed Ordinance 2022-0377. If the proposed rate increases are not approved, in whole or in part, the proposed 2023-2024 operating and capital budget expenditures in several agency divisions would need to be adjusted or fund balance would need to be used.

ISSUE 2 – WSDOT SWM PAYMENT

There is an ongoing issue related to WSDOT's payment of SWM fees to the County. Since 2020, WSDOT has not paid its SWM fees under its interpretation of RCW 90.03.525, as amended in 2019. WSDOT is one of the largest SWM fee rate payers, and according to Executive staff, WSDOT's nonpayment presents a financial risk of up to $3.9 million for the 2023-2024 biennium. Consistent with the statute, the Executive is in discussions with WSDOT on how to resolve this issue for the biennium and for past nonpayment. The 2023-2024 Executive proposed budget assumes full payment of the WSDOT SWM fee.

CRITICAL AREAS MITIGATION CAPITAL IMPROVEMENT PROGRAM

ANALYST: JENNY NGO

	2023-2024 Proposed	2025-2026 Projected	2027-2028 Projected
Revenues	$15,761,890	$6,655,000	$8,725,000
Expenditures	$15,761,890	$6,655,000	$8,725,000

Major Revenue Sources: Critical Areas Ordinance (CAO) Mitigation Fees, Interest Earnings, Carbon Credit Sales

DESCRIPTION

The Critical Area Mitigation Program is a compensatory mitigation fund that developers, permittees, or other interested parties can pay into for the purposes of wetland and aquatic habitat mitigation or for open space acquisitions that generate carbon credits. The Critical Areas Mitigation CIP Fund is comprised of two sections

The Critical Areas Mitigation Reserves serves as one master project that finances several large mitigation projects. Developers or permittees can pay into this fund in lieu of completing wetland or aquatic mitigation on their own sites or projects. Compensatory mitigation projects are required to occur in the same watershed from which the in-lieu fees are generated.

The Carbon Credits Land Acquisition Program is a result of the Executive's Land Conservation Initiative and a recommendation from the Land Conservation Advisory Group's final report.[1] The program provides private and other non-government entities the ability to purchase carbon credits that will finance the conservation and protection of forestland within King County.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2023-2024 Executive proposed budget for the Critical Area Mitigation CIP is $15.7 million. This includes $14.5 million from critical areas mitigation fees and $900,000 in carbon credits sales.

Critical Areas Mitigation Program. In the 2023-2024 biennium, two large projects in WRIAs 8 and 10 are planned for construction. These projects are the Rainbow Bend mitigation project in WRIA 8 and Boise Creek Mitigation project in WRIA 10. Money received from mitigation fees are allocated through a multi-jurisdictional review team, including DNRP, state and federal resource agencies, and interested tribes. Federal rules require that the moneys be used for selection and implementation of the mitigation projects, including administration. The rules also prohibit using the fees for any other purpose.

[1] https://your.kingcounty.gov/dnrp/library/water-and-land/land-conservation/business-documents/king-county-land-conservation-advisory-group-final-report.pdf

Carbon Credit Land Acquisition Program. The Executive proposed budget includes a budget request of $900,000 for this program. In order to generate funds, the program quantifies carbon sequestration benefits from forest preservation, externally verifies these benefits to create carbon credits, and sells these credits to companies and non-government entities to offset greenhouse gas emissions. The budget request authorizes the project to generate revenue from carbon credit sales and disburse the revenue as matching funds to eligible acquisitions.

KEY ISSUES

Staff have not identified any issues for this budget.

TOURISM

ANALYST: LEAH KREKEL-ZOPPI

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	$11,417,723	$0	000.0	000.0
2023-2024 Base Budget Adjust.	$1,100,797	$0	000.0	000.0
2023-2024 Decision Packages	$1,776,934	$0	000.0	000.0
2023-2024 Proposed Budget	**$14,296,000**	**$0**	**000.0**	**000.0**
% Change from prior biennium	25.2%			
Dec. Pkg. as % of prior biennium	12.4%			

Major Revenue Sources: Lodging Tax

Base Budget Assumptions: Revenue adjustments

DESCRIPTION

This appropriation unit resides within the Lodging Tax Fund and is used to allocate lodging tax revenues designated for tourism promotion. The portion of the Lodging Tax receipts allocated to the Tourism allocation unit was established by King County Ordinance 18788. These revenues are to be used to repay bonds for the Building for Culture program, support the Washington State Major League Baseball Stadium Public Benefit District, and support tourism promotion activities in King County.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 25.2 percent increase in the Tourism appropriation in the proposed 2023-2024 Budget is a reflection of the Office of Economic and Financial Analysis forecasting that projects a significant increase in Lodging Tax receipts in the coming biennium as the lodging sector recovers from the impacts of the COVID-19 pandemic.

In 2023-2024, the financial plan for the Lodging Tax Fund designates $2.5 million for tourism promotion, approximately $6.1 million for the public facility district, and approximately $4.6 million for debt service.

KEY ISSUES

Staff have not identified any issues for this budget.

TRANSIT

ANALYST: MARY BOURGUIGNON

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	$2,078,836,083	$2,513,957,869	5,367.4	172.5
2023-2024 Base Budget Adjust.	$56,540,733	($321,160,407)	4.2	(150.5)
2023-2024 Decision Packages	$336,240,439	$145,794,019	463.1	69.5
2023-2024 Proposed Budget	**$2,471,618,000**	**$2,337,592,000**	**5,834.7**	**100.5**
% Change from prior biennium	18.89%			
Dec. Pkg. as % of prior biennium	16.17%			

Major Revenue Sources: Sales tax, grants, contracts for services, fares

Base Budget Assumptions: (1) 4% GWI for ATU represented employees in 2023; (2) 4% GWI for ATU represented employees in 2024; (3) 4% GWI for non-ATU employees in 2023 (Ord 19489); (4) 4% GWI for non-ATU employees in 2024 (Ord 19489);[1] (5) ATU medical/ dental rate assumed at $1,587 for 2023 and 2024

Transit Infrastructure Capital Fund (3641)

	2023-2024 Proposed	2025-2026 Projected	2027-2028 Projected
Revenues	$369,069,555	$508,742,494	$696,185,193
Expenditures	$369,069,555	$508,742,494	$696,185,193

Major Revenue Sources: Sales tax, Marine property tax, Sound Transit payment, grants, interest income, debt proceeds

Transit Fleet Capital Fund (3642)

	2023-2024 Proposed	2025-2026 Projected	2027-2028 Projected
Revenues	$233,805,562	$67,960,346	$76,297,587
Expenditures	$233,805,562	$67,960,346	$76,297,587

Major Revenue Sources: Sales tax, Marine property tax, grants, interest income

[1] The current collective bargaining agreement with ATU Local 587 (Ordinance 19145) expires October 31, 2022. ATU is not part of the Coalition Labor Agreement. Two bargaining units (PROTEC 17 Transit Chiefs and PROTEC 17 Transit Superintendents) voted earlier this year to reject the Coalition Labor Agreement (Ordinance 19489) and are pursuing mediation.

Revenue Stabilization Reserve Fund (4643)

	2023-2024 Proposed	2025-2026 Projected	2027-2028 Projected
Revenues	$16.192,374	$20,033,161	$21,128,106
Expenditures	--	--	--
Major Revenue Sources: Sales tax, interest			

Debt Service (Bond) Fund (8430)

	2023-2024 Proposed	2025-2026 Projected	2027-2028 Projected
Revenues	$19,137,198	$20,952,097	$74,068,009
Expenditures	$13,283,052	$22,663,176	$49,189,093
Major Revenue Sources: Sales tax, Marine property tax, interest income, Federal debt service subsidies			

DESCRIPTION

The Metro Transit Department (Metro) is the largest provider of public transit in the Puget Sound region. Metro operates fixed-route services, including bus and water taxi; accessible services, including Access paratransit and Community Access Transportation (CAT); and a variety of flexible and shared services, including Dial-A-Ride Transit (DART), Vanpool, Community Van, Community Ride, and contracted on-demand services, such as Via to Transit and Ride Pingo to Transit. Metro also operates Regional Express bus service and Link light rail under contract to Sound Transit, and streetcar service under contract to the City of Seattle. Prior to the COVID-19 pandemic, Metro provided more than 130 million rides each year on these mobility services, with more than 500,000 boardings each weekday.

Metro's services are guided by its adopted policies, the Strategic Plan for Public Transportation, King County Metro Service Guidelines, and Metro Connects long-range plan.[2] Its services are supported by dedicated funding sources that include a 0.9 percent sales tax; federal and state grants; contracts for service with Sound Transit, the City of Seattle, and other partners; and fares. Metro also receives a minor portion of its revenues from dedicated property taxes, including a dedicated property tax for water taxi service, and interest.

The COVID-19 pandemic significantly affected Metro's operations and finances and will continue to affect Metro into the next biennium. Metro is currently operating approximately 90 percent of its pre-COVID-19 service with approximately half its pre-COVID daily ridership. Ongoing staffing shortages and continued low ridership,

[2] Ordinance 19367

particularly during the peak commute periods, have prevented Metro from fully restoring transit service. The pandemic's fiscal impacts of lower fare collection and higher operating costs have been offset by several rounds of federal aid, which will continue to support operations and capital investments during the 2023-2024 biennium.

SUMMARY OF PROPOSED BUDGET AND CHANGES

Metro's proposed operating budget of $2.47 billion represents a 19 percent increase over the 2021-2022 biennium. Metro also proposes to spend $369 million on capital projects and $234 million on fleet purchases during the biennium, both of which are part of a 10-year capital improvement plan that, at $4.5 billion, represents a $1.9 billion increase over the plan proposed as part of the 2021-2022 budget.

In 2020, at the start of the pandemic, Metro's sales tax and fare revenues dropped sharply, while operating expenses increased due to the need for more frequent deep cleaning of vehicles and the imposition of social distancing load limits on buses. In response, the 2021-2022 budget,[3] as originally adopted, made cuts to staff, service, and capital investments, and called for undesignated fund balance to be drawn down over several biennia to cover the gap between revenues and expenditures. Metro predicted that this drawdown would lead to a "fiscal cliff" by 2025 that would require a cut of 500,000 annual transit service hours, or approximately 11 percent of the system.

As sales tax collections rebounded during 2021 and Metro received additional federal relief funding,[4] Metro's revenue estimates increased. In the mid-biennial budget omnibus,[5] which was adopted in late 2021, Metro proposed to use the increased revenues to support ongoing service and capital needs, thus avoiding the 2025 "fiscal cliff" reduction in service. Much of this revenue was not immediately appropriated, but rather set aside so that appropriation decisions could be made in the context of the 2023-2024 budget process. During 2023-2024, Metro is proposing to spend $134 million more than revenues in its operating budget, with the difference made up from fund balance comprised of some of the additional revenues that were set aside in 2021.

[3] Ordinance 19210

[4] Since the start of the pandemic, Metro has been allocated a total of **$897 million** in three tranches of federal aid through the Puget Sound Regional Council. In March 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security (**CARES**) Act, from which Metro was allocated **$243.7 million** in April 2020. Metro used this funding to cover the revenue losses and emergency operational expenses during the early months of the pandemic, fully expending the funds by the end of 2020 (CARES Act funding was not included in the 2021-2022 biennial budget). In December 2020, Congress passed the Coronavirus Response and Relief Supplemental Appropriations Act (**CRRSAA**), from which Metro was allocated **$258 million** in April 2021. Much of this funding was incorporated into Metro's revenue estimates prior to the end of 2020, with the remainder appearing in the revenue estimates in the mid-biennial budget ordinance (Ord 19364). In March 2021, Congress passed the American Rescue Plan Act (**ARPA**), from which Metro was allocated **$395.6 million** in September 2021. This latest round of federal relief funding was incorporated into Metro's revenue estimates as part of the mid-biennial budget ordinance (Ord 19364).

[5] Ordinance 19364

The proposed 2023-2024 budget is consistent with Metro's adopted fund management policies,[6] except for the farebox recovery requirement and the order in which expenditures would be made,[7] and would meet required reserve levels over the 10-year financial plan.

Fund Structure and Fund Management Policies

Fund Structure. The Public Transportation Fund has five subfunds:

- The **Operating Subfund** supports the ongoing operation of transit services and includes direct operating labor and non-labor costs, administrative costs, and indirect and overhead costs. For 2023-2024, the proposed appropriation is $2.47 billion.

- The **Infrastructure Capital Subfund** (Fund 3641) supports capital infrastructure projects other than revenue fleet vehicle purchases, including the planning, design, acquisition, preservation, and replacement of infrastructure and other capital items needed to support Metro's operations. For 2023-2024, the proposed appropriation is $369 million.

- The **Revenue Fleet Capital Subfund** (Fund 3642) supports new and replacement revenue fleet[8] purchases. To smooth large expenditure fluctuations associated with fleet replacement purchases, Metro maintains a Revenue Fleet Replacement Reserve and may also use short term debt. For 2023-2024, the proposed appropriation is $234 million.

- The **Revenue Stabilization Reserve Subfund** holds fund balance to offset the impacts of an economic downturn. For the 2023-2024 biennium, the financial plan proposes a reserve of $330.7 million. Moneys in the Revenue Stabilization Subfund can only be accessed through an appropriation ordinance and only under specific conditions in which sales taxes are declining.[9]

- The **Debt Service Subfund** is required to be sufficient to meet annual debt service obligations for debt-financed Transit assets. For 2023-2024, the proposed appropriation is $13.2 million.

Fund Management Policies. Metro's adopted fund management policies[10] direct Metro to manage its finances to fund, in the following order: (1) debt service; (2) operation of the current transit system, including asset maintenance and replacement; (3)

[6] Ordinance 18321
[7] Proposed Ordinance 2022-0391 would suspend those portions of the fund management policies for the 2023-2024 biennium.
[8] Revenue fleet refers to vehicles used to transport customers, such as buses and Vanpool vans, as opposed to vehicles used for internal purposes such as maintenance.
[9] Ordinance 18321, Attachment A, Section IV.A
[10] Ordinance 18321

maintenance and replenishment of reserves; and (4) new transit service and capital investments necessary to achieve service growth priorities identified by the King County Metro Service Guidelines,[11] and new transit service and capital investments necessary to achieve the long range vision identified in Metro Connects.[12]

The fund management policies require Metro to recover at least 25 percent of passenger-related operating costs from farebox revenues, with a target of recovering 30 percent. During the 2021-2022 biennium, farebox recovery did not meet the target due to reduced service and ridership levels. In anticipation of this shortfall, the Council suspended portions of the fund management policies during 2021-2022, including the farebox recovery requirement.[13]

Metro anticipates that farebox recovery will not reach the target during 2023-2024 due to slow ridership recovery. In response, the Executive transmitted Proposed Ordinance 2022-0391, which would continue the partial suspension of Metro’s fund management policies during the 2023-2024 biennium. That ordinance states that Metro will analyze evolving conditions and recommend updates to the farebox recovery requirement as part of the 2025-2026 budget. Table 1 shows the projected farebox recovery rates for 2021 through 2024.

Table 1. Farebox Recovery Rates 2021-2024

Year	Actual or Projected Farebox Recovery Ratio
2021	7.2% (actual)
2022	7.6% (projected)
2023	7.7% (projected)
2024	9.4% (projected)

Farebox recovery has also been affected by the decline in Metro business passport accounts, which in 2019 accounted for 35 percent of all boardings and $85 million in annual fare revenue, and in 2021-2022 accounted for 23 percent of all boardings and $25 million in annual fare revenue.

Metro has stated that, although the 2021-2022 budget had based its revenue projections on a $0.25 fare increase that would have been sought in 2023, the proposed 2023-2024 budget does not include a fare increase due to the uncertainty of ridership recovery.[14] Metro staff state that revenue estimates for the 2023-2024 biennium have been revised downward by $15 million to reflect that a fare increase proposal will be deferred until at least 2025.

[11] Ordinance 19367
[12] Ordinance 19367
[13] Ordinance 19206
[14] Transit fares were last changed in 2018 (Ordinance 18608), as part of a fare change that eliminated zone and peak fare differentials and set a flat adult fare of $2.75. Prior to that change, fare increases of $0.25 were implemented in 2001, 2008, 2009, 2010, 2011, and 2015.

Operating Budget Highlights

Highlights of the $2.47 billion 2023-2024 proposed transit operating budget include:

Restoration of and additions to fixed route transit service. Metro is currently operating just under 90 percent of pre-pandemic fixed-route service levels, when changes to Seattle-funded and Sound Transit-funded bus service are factored in. Table 2 shows a comparison of service hours between 2019 and Fall 2022.

Table 2. Metro Fixed-Route Annual Service Hours, 2019 vs 2022

Bus Service	2019	Fall 2022	% of 2019
King County Metro funded	3,855,000	3,508,000	91%
City of Seattle funded	310,000	139,000	45%
Sound Transit funded	320,000	263,000	82%
Total Hours	**4,485,000**	**3,910,000**	**87%**

In March 2020, in response to the onset of the pandemic, Metro began a series of emergency service reductions,[15] ultimately reducing service to approximately 85 percent of pre-pandemic levels. The reduced service was expected to be fully restored by the end of the 2021-2022 biennium, but ongoing staffing shortfalls and slow ridership recovery prevented Metro from fully restoring the suspended service. Eighteen routes remain fully suspended, with many more continuing partial suspensions of service.[16]

The proposed budget would add a net 191,000 service hours of fixed-route service at a cost of $12.4 million and 18 FTE. These service hours would include additions for the new RapidRide G[17] and H[18] lines, which are expected to begin service during the biennium; additional service funded by the Seattle transit funding measure and provided by Metro under contract;[19] and restoration of some of the service that was suspended during the pandemic. Metro staff state that Metro will continue to evaluate ridership patterns and may propose permanent service reductions or restructures during the biennium as post-pandemic travel patterns become clearer.

[15] KCC 28.94.020.B.2.a. states that "if, in the opinion of the director, an emergency exists that requires any change to established routes, schedules or classes of service, the director may implement such a change for such a period as may be necessary in the director's judgment or until such a time as the council shall establish by ordinance otherwise. Such changes that the director intends to be permanent shall be reported in writing to the chair of the council."

[16] Routes with full suspension: Routes 19, 37, 47, 116, 118X, 119X, 122, 123, 143, 154, 157, 178, 179, 197, 200, 219, 252, 931. Routes with partial suspension: Routes 3, 4, 7, 8, 9, 11, 12, 15X, 16X, 17X, 18X, 21X, 22, 24, 27, 28, 29, 31, 32, 33, 40, 45, 55, 56, 62, 64, 75, 79, 101, 102, 107, 111, 113, 114, 118, 119, 131, 231, 255, 631, 120, 121, 162, 167, 177, 190, 204, 212, 214, 216, 218, 221, 226, 232, 240, 241, 245, 249, 250, 257, 268, 269, 271, 301, 303, 304, 311, 320, 322, 342, 346, 347, 348, 372, 630, 901, 903, 906, 914, 915, C Line, D Line, E Line.

[17] Ordinance 19012

[18] Ordinance 19422

[19] Ordinance 19240

Table 3 summarizes the anticipated service hour additions (and reductions) during the biennium, by funding source.

Table 3. 2023-2024 Proposed Service Plan by Funding Source

Service Changes	Spring 2023	Fall 2023	Spring 2024	Fall 2024	TOTAL
Service Guidelines					
Service Recovery		66,000	37,200	48,000	**151,200**
Run-time impacts		20,000			**20,000**
RapidRide	4,000	0	0	26,000	**30,000**
Fixed route DART conversion		(4,200)	(7,200)		**(11,400)**
King County Metro funded	**4,000**	**81,800**	**30,000**	**74,000**	**189,800**
City of Seattle funded		20,000	20,000	30,000	**70,000**
Sound Transit funded[20]		(51,600)		(16,800)	**(68,400)**
Partner funded	**0**	**(31,600)**	**20,000**	**13,200**	**1,600**
Total Hours	**4,000**	**50,200**	**50,000**	**87,200**	**191,400**

Additions to flexible and contracted service. The proposed budget would add $28 million to support increases in flexible and contracted service. This funding would support approximately $12 million in resources to cover the continued recovery of Access paratransit ridership, as well as increased contractor costs; $1.1 million for Community Access Transit (CAT); $9.4 million to transition three pilot DART services into permanent routes (Route 635 and two Trailhead Direct routes); $500,000 for Vanpool; and $5 million for flexible services to sustain funding for existing Via to Transit and Community Van programs and invest in expanded Community Van service in unincorporated and rural communities.

Additions to water taxi service. Metro's West Seattle water taxi route traditionally provided more service during the summer months, with service reduced during the winter. During the closure of the West Seattle Bridge, however, the City of Seattle purchased additional, year-round service to offer West Seattle residents an additional commuting option. With the West Seattle Bridge now reopened, the City of Seattle will no longer be funding this additional water taxi service.

The 2023-2024 budget proposes $2.1 million, which would be supported by Marine fund balance from the dedicated passenger ferry property tax, to provide summer-level service year-round on the West Seattle water taxi. Metro states that this proposal is to avoid the disruption of having to lay off and then rehire crew to accommodate seasonal fluctuations. This higher level of service is being piloted during winter 2022-2023, and Metro will evaluate the results following the winter season.

[20] Reflects Sound Transit express bus service hours planned to be reduced following the opening of future Link light rail extensions.

Ridership recovery. Transit ridership fell sharply during the early months of the pandemic, reaching a low of 25 percent of pre-pandemic ridership in April 2020. Although ridership has increased steadily since then, reaching more than 200,000 average weekday boardings by August 2022, it is still less than half the pre-pandemic total. The proposed budget includes a range of initiatives to encourage riders to return to transit, including several programs focused on increasing access for riders who might otherwise find it difficult to use transit. Proposed spending includes:

- **Bus, shelter, and facility cleaning and maintenance.** The proposed budget would add $10.3 million, 47.0 FTE, and 23.0 TLT to continue the enhanced cleaning practices that Metro implemented at the start of the pandemic and to address the backlog of preventative maintenance at Metro bus shelters and facilities.

- **Third Avenue improvements.** The proposed budget includes a one-time appropriation of $3.3 million for a capital project to complete transit, sidewalk, and pedestrian enhancements along Third Avenue in Downtown Seattle, between Yesler Way and South Main Street. Metro states that it is coordinating work with the City of Seattle and other stakeholders seeking to make Downtown Seattle and the Third Avenue transit corridors more attractive to riders.[21]

- **Advanced service management pilot.** The proposed budget includes $3.67 million, 4.0 FTE, and 6.0 TLT to implement "active headway management," in which buses are spaced based on headway (the time between buses) rather than a schedule. The goal is to provide more reliable service for riders, as well as more certainty for bus operators.

- **Ridership engagement and research.** The proposed budget includes $6.1 million, 2.0 FTE, and 10.5 TLT to engage with partners and community stakeholders in an effort to rebuild ridership on the transit system. Projects will include outreach to and incentives for businesses and community-based organizations, as well as pilot projects to increase the use of ORCA fare cards.

- **Youth outreach.** In response to the Move Ahead Washington statewide transportation investment program, the Council approved a free transit fare for youth,[22] which took effect September 1. The proposed budget includes $1.6 million, 1.0 FTE, and 2.0 TLT to implement the new free youth fare policy by distributing youth transit passes and providing transit education. Metro states that it has distributed 29,000 cards, for a total of 75,000 cards currently in circulation and aims to secure and distribute 25,000 additional cards to middle and high school students during the 2022-2023 school year, focusing on low-income

[21] This is a capital project. It is discussed here due to the potential impact on ridership.
[22] Ordinance 19474

school districts and noting that card availability has been limited by supply chain issues.

- **Increased resources for reduced fare and paratransit riders.** The proposed budget includes legislation[23] that would lower the ORCA LIFT low-income fare from $1.50 to $1.00 for twelve months starting January 1, 2023, at a cost of $554,000. The budget also includes $2.4 million, 5.0 FTE, and 1.0 TLT to provide additional customer service support, including wayfinding, for Access paratransit and ORCA LIFT passengers.[24]

- **Health through Housing support.** The proposed budget includes $16.5 million and 1.0 TLT to provide mobility services to residents of DCHS Health through Housing units. Services would be customized based on the needs of residents at each site. Metro staff note that at a site that is close to frequent transit, for example, residents might be provided with fare media, while at a site that is farther from transit, Metro might provide on-demand services or a shuttle van. Metro states that three of the sites in operation are already leasing Metro vans for use in transporting residents to opportunities and Metro is working with those site operators on solutions for additional mobility needs. Metro notes that Health through Housing funding is covering the cost of this current leasing of vans and future solutions, which will depend on existing transit services in the vicinity of the site location. Funding will also support a project manager and engagement with property operators and residents to design and implement solutions.

Safety, Security, and Fare Enforcement (SaFE) Reform Initiative. In response to ongoing safety and security incidents on Metro buses and at transit stops and bases, the proposed budget would implement several initiatives that emerged from Metro's SaFE Reform Initiative, which aimed to make passengers and employees safer and to reimagine Metro's safety and security functions. Budget initiatives include:

- **SaFE implementation strategies.** The proposed budget includes $3.8 million and 1.0 TLT, to be offset by $500,000 in funding from the Move Ahead Washington transportation investment program, to implement strategies from Metro's SaFE Reform Initiative.[25] Programs to be funded include a fare enforcement replacement pilot, social service partnerships to pilot new methods of safety and security operations, development of an alternative enforcement approach to minor code of conduct violations, development of a de-escalation curriculum, design changes to transit stops, activation of transit centers, and a communication platform for non-emergency feedback.

[23] Proposed Ordinance 2022-0392
[24] The proposed Public Health budget also includes $489,000, including 1.0 FTE, to be backed by $560,000 from Sound Transit, to add a program manager and contract with two community agencies to add ORCA LIFT enrollment locations in BIPOC communities.
[25] Motion 16128

- **Administrative and facility resources for Metro Transit Police.** The proposed budget includes $539,000 to support the conversion of four deputies to Master Police Officers and add two administrative staff from the King County Sheriff's Office. The Master Police Officers would provide training and supervision for new recruits and newly trained deputies, while the administrative staff would allow the Metro Transit Police office to be open to the public during all business hours.

- **Additional transit security officers.** The proposed budget adds $21 million and 1.0 FTE to support the hiring of 140 transit security officers through Metro's existing contract with Securitas, USA, which currently provides fare enforcement and transit and facility security. Metro states that the new transit security officers would be deployed based on data about incident locations.

Employee recruitment and retention. Metro has been experiencing ongoing staffing shortages (particularly with bus operators) since the start of the pandemic. Currently, Metro has appropriation authority for 2,620 FTE bus operators but has 269 FTE open, a vacancy rate of more than 10 percent. The proposed budget includes several initiatives to support recruitment, training, and retention, including:

- **Bus operations training capacity.** The budget includes $3.1 million and 11.0 FTE to increase bus operations supervisory staff and supervisors in training to provide support and training to bus operators and more easily fill vacancies.

- **Resources for recruiting.** The proposed budget adds $6.4 million ($2.85 million revenue-backed), 3.0 FTE, and 17.0 TLT in Employee Services to assist with recruitment, with a particular focus on recruiting for the new positions that will be needed in the Rail Division to support the expansion of Link light rail.

- **Business transformation.** The proposed budget adds $15.3 million and 3.0 TLT to analyze and develop new processes, tools, and techniques to improve business practices, including improving talent acquisition, capital delivery, and asset management.

Link light rail expansion. Even with the delays recently announced by Sound Transit, the 2023-2024 biennium will feature significant expansion of Link light rail, with the anticipated opening of East Link (2 Line), as well as Link extensions to Redmond, Lynnwood, and Federal Way. Metro operates Link light rail service under an intergovernmental agreement with Sound Transit,[26] which covers Metro's operations and maintenance costs, as well as some overhead expenses. Administrative, maintenance, and operational support for Link expansion during 2023-2024 is proposed as an increase of $87.7 million, 368 FTEs, and 1.0 TLT (all revenue-backed).

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[26] The current agreement was approved in 2019 through Ordinance 18914.

Process and system improvements. The proposed budget includes initiatives to develop efficiencies and process improvements and to improve employee morale. These include $21 million, 3.0 FTE, and 1.0 TLT to expand staff, training, and investigation resources for Equal Employment Opportunity and Equity, Inclusion, and Belonging programs; $702,000 and 5.0 FTE to bring drug and alcohol testing in-house, after a pilot project showed that it saved employees time and increased flexibility; $8.7 million, 14.0 FTE, and 3.0 TLT to support Metro's technology, training, and data needs; $3.6 million and 13.0 FTE to provide additional financial and administrative support; and $9 million in reappropriation from 2021-2022 to support the reconfiguration of King Street Center into a hybrid work environment.

Capital Budget Highlights

Metro's capital budget is organized into two sub-funds: Fund 3641 for Transit Infrastructure, which proposes expenditures of $369 million for 2023-2024; and Fund 3642 for Revenue Fleet, which proposes expenditures of $234 million for 2023-2024. Highlights of the proposed capital budget include:

Capital Division project support. The 2021-2022 budget responded to the fiscal challenges of the early pandemic months by deferring or cancelling many planned capital projects. With increased sales tax revenue and federal funding support, Metro is reinitiating many of these projects. To support these investments, the proposed budget adds 20.0 FTE to support capital projects (funded through the capital project budgets). In addition, Metro proposes to spend$475,000 on the cost of a capital management training program DNRP is developing for County capital project staff.

Electrification. In early 2020 the Council adopted the goal of transitioning to a zero-emission revenue bus fleet by 2035.[27] In response, the 2023-2024 biennial budget proposes $1.3 million in the operating budget and $248.5 million in the capital budget to continue the work of implementing that transition.

While Metro's last several biennial budgets have included significant investments in electrification, including the purchase of 40 battery-electric buses and the development of the South Base test charging facility, the 2023-2024 budget is the first to move substantially beyond the pilot phase. Rather than purchasing small numbers of battery electric buses to test, the 2023-2024 budget would appropriate funding to purchase 120 battery electric buses, two 150-passenger battery electric water taxi vessels, and 19 paratransit battery electric minibuses. It would also invest in technical applications to manage battery-electric bus charging and dispatch and would continue the work of converting each of Metro's bases with electric charging infrastructure, a process that will involve the rolling closure and reopening of each base between 2025 and 2036.

[27] KCC 18.22.010.A.1, KCC 28.94.085.A.1

Table 4 shows the non-trolley electrification projects proposed in the 2023-2024 capital budget. The list includes several base conversion projects that are not budgeted for this biennium but are anticipated for funding requests by 2028.

Table 4.
Transit 2023-2024 Non-Trolley Electrification Projects (Funds 3641, 3642)

Name	Description	2023-2024	2025-2026	2027-2028	6-Year Total
South Annex Base *(1134223)*	Will open as an electrified base in 2028 with capacity for 250 battery-electric buses	$0	$82,534,100	$264,934,398	$347,468,498
Zero Emission Infrastructure Planning *(1134274)*	Overall planning and programming of vehicle infrastructure facilities to support zero-emission fleet	$1,311,845	$1,962,220	$1,958,311	$5,232,376
Electric Bus Charging Test Facility at South Base *(1134282)*	Design, implementation, testing, certification, operations, and closeout of the test facility project	$1,073,442	$0	$0	$1,073,442
Electric Vehicle Charging Program Budget *(1139326)*	Non-bus vehicle charging infrastructure at transit facilities	$1,622,741	$2,512,253	$3,082,870	$7,217,864
Interim Base Bus Charging *(1139367)*	Will open as an electrified base in 2025 with capacity for 120 battery-electric buses	$26,483,149	$0	$0	$26,483,149
Contracted Services Electric Vehicle Base Planning *(1142080)*	Preliminary design to prepare for construction of eEV operations base for Mobility Division	$612,920	$333,000	$0	$945,920
Base Electrification *(1142163)*	Planning and design for conversion of Atlantic (2030) / Central (2028) Bases	$12,039,400	$65,281,577	$56,425,331	$133,746,308
Energy Monitoring *(1144118)*	IT: System to monitor and gather data on zero emissions revenue fleet	$2,400,000	$0	$0	$2,400,000
Yard Management *(1144127)*	IT: Software to coordinate battery electric bus charging and dispatching	$4,800,000	$0	$0	$4,800,000
East Base Electrify *(1144128)*	Planning and design for conversion of East Base (2030)	$4,071,080	$11,570,949	$87,280,569	$102,922,598

Name	Description	2023-2024	2025-2026	2027-2028	6-Year Total
South Base Electrify *(1144141)*	Planning and design for conversion of South Base (2032)	$0	$4,068,171	$10,865,480	$14,933,651
Ryerson Base Electrify *(1144142)*	Planning and design for conversion of Ryerson Base (2034)	$0	$0	$3,767,014	$3,767,014
Burien Layover Expansion and Charging *(1144143)*	Expand Burien TC off-street layover to support layover charging	$0	$2,654,773	$2,448,175	$5,102,948
Atlantic Base Electrify *(1144144)*	Planning and design for conversion of Atlantic Base (2030)	$0	$0	$36,044,914	$36,044,914
ADA Van Procurement *(1130170)*	Fleet: In 23-24, purchase of 19 battery electric minibuses to achieve 67% electrification of Access fleet by 2030	$6,261,916	$31,249,049	$25,671,625	$63,182,590
Community Access Transportation Vehicle Procurement *(1130171)*	Fleet: In 23-24, purchase 19 vehicles of which 2 are small low floor electric vehicles	$2,982,288	$994,725	$17,549,232	$21,526,245
Battery Electric Bus Budget *(1139507)*	Fleet: In 23-24, purchase 120 vehicles to be received in the 25-26 biennium (for Interim Base)	$180,540,954	$0	$439,763,242	$620,304,196
Access Transportation EV Pilot *(1141993)*	Fleet: Support the first battery electric vehicles for use in ADA paratransit revenue operations	$2,000,000	$0	$0	$2,000,000
Marine Zero Emission Vessel *(1142317)*	Fleet: Replace the existing diesel 278-passenger ferry on WS route with two 150-passenger battery electric vessels	$2,000,000	$12,427,586	$572,414	$15,000,000
Countywide Layover Facilities Planning *(1144088)*	Planning for layover spaces in coordination with Metro's battery electric bus program	$308,689	$300,346	$0	$609,035
2023-2024 TOTAL		**$248,508,424**			

Earlier this year, Metro completed a zero-emission bus fleet transition plan[28] as part of a Federal Transit Administration requirement to apply for federal electrification funds. This transition plan outlines Metro's current planned timeline and strategy to achieve a zero-emission revenue fleet by 2035.

- **Fleet purchase plan.** Metro's revenue bus fleet currently comprises approximately 1,400 vehicles, including 174 electric trolley buses and 51 battery electric buses.[29] Over the next 12 years, Metro plans to purchase 30 additional trolley buses and 1,334 additional battery electric buses (BEBs). Table 5 shows Metro's bus purchase plan as of May 2022.

Table 5. Metro Bus Purchase Plan[30]

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	TOTAL
BEBs		120			240	15	175	55	235	209	35	250	**1334**
Trolleys				30									**30**
TOTAL													**1364**

- **Base conversion plan.** To accommodate the zero-emission fleet, Metro must convert its bases to add charging infrastructure. Metro's current plan is to convert the bases sequentially, with each base expected to require 18 to 24 months for conversion, and with a permanent reduction in capacity of 10 to 15 percent due to the installation of charging infrastructure within the yard. The current draft timeline for electric base reopening is:
    - 2025: Interim Base
    - 2028: South Annex Base
    - 2028: Central Base
    - 2030: East Base
    - 2030: Atlantic Base
    - 2032: South Base
    - 2034: Ryerson Base
    - 2035: North Base
    - 2035: Bellevue Base

- **Layover charging.** Metro's current plan calls for a mix of on-base and on-route charging. Metro is currently pursuing five initial layover sites in South King County to support electrification of the fleet operating out of the Interim and South Annex Bases. Next, Metro will seek candidate locations for layover charging across the system, a process that will require significant electrical infrastructure in multiple jurisdictions.

[28] King County Metro, Moving to a Zero-Emission Bus Fleet: Transition Plan, May 2022 (link)
[29] Battery-electric buses include 11 short-range Proterra buses and 40 longer-range New Flyer buses. The remaining buses are diesel-electric hybrids.
[30] Source: King County Metro, Moving to a Zero-Emission Bus Fleet: Transition Plan, May 2022 (link)

In addition to these capital investments, the proposed budget includes $1.3 million and 12.0 FTE in the operating budget to support the conversion to zero-emission operations in Metro's operating divisions.

RapidRide. Metro currently operates six RapidRide lines (A-F) and is working to develop four additional lines (G-J), which are planned to start service between 2023 and 2026. Metro also began planning and design for two more lines (K, R), though work was paused during the pandemic.[31] One additional line, L, with location to be determined, is identified in the 2023-2024 capital improvement plan as beginning planning work in the 2027-2028 biennium (though no appropriation is proposed in 2023-2024).[32]

The proposed 2023-2024 budget would appropriate $64.7 million to RapidRide projects. Table 6 shows the proposed 2023-2024 appropriations for the lines that are currently being planned, designed, or developed (including the planned future L line).[33]

Table 6. Planned Rapid Ride Lines

Line	Pathway	2023-2024 Appropriation	Total CIP Appropriation through 2028[34]	Start Date
G	Madison Valley to Downtown Seattle	$1,070,353	$10,609,039	2024
H	Burien to Downtown Seattle	$5,430,262	$76,296,806	2023
I	Renton to Auburn	$31,707,310	$149,908,525	2026
J	Downtown Seattle to U District	$605,996	$2,919,886	2026
K	Kirkland to Bellevue	$508,549	$3,854,247	?[35]
R	Rainier Beach to Downtown Seattle	$21,932,277	$129,863,300	?
L	Location to be determined[36]	$0	$5,000,000	?

Note: The G, H, J, and R lines are being developed in collaboration with the City of Seattle, with capital contributions from the Move Seattle levy.

For the two lines for which planning is underway (K and R), Metro proposes that design work proceed first with the R Line because it serves an area with a high overall equity

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[31] Some additional planning and design work, as well as a review of pre-pandemic analysis, was conducted for the K and R lines during 2021 and 2022 in response to a Council budget proviso. This work was documented in the RapidRide Restart Report (Motion 16153).
[32] Metro Connects (Ordinance 19367) states that the K and R lines, as well as one to three additional lines will be operational by the time of the Interim Network (approximately 2035). L would be one of these.
[33] Note that funding is also proposed for RapidRide expansion planning, bike parking, station enhancement along the existing A Line, development of a Living Building certified station in Auburn, and trolley relocation to accommodate the G Line.
[34] Includes funding appropriated in past budgets, as well as planned appropriations for 2023-2028.
[35] Metro Connects (Ordinance 19367) states that the K and R lines, as well as one to three additional lines will be operational by the time of the Interim Network (approximately 2035).
[36] The RapidRide Prioritization Plan, which is due to the Council by June 30, 2024 (Ordinance 19367) is to identify one to three RapidRide lines (in addition to K and R) that are to be completed by the time of the Interim Network (approximately 2035). L would be one of these, and the location would be proposed in the Prioritization Plan.

score and follows the path of an existing route (Route 7) that has retained high ridership levels during the pandemic.

- **R Line** work was paused at 10 percent design. The 2023-2024 budget would appropriate $21.9 million to revisit the alternatives analysis[37] and proceed with environmental documentation. The budget anticipates that federal grants would finance approximately 60 percent of the estimated $130 million capital cost to develop the line, and that the City of Seattle may be able to become a funding or delivery partner.

- **K Line** work was paused at one percent design but reached two to five percent design in 2021 due to the additional work Metro conducted to develop the RapidRide Restart Report, which was required in response to a Council budget proviso.[38] The 2023-2024 budget would appropriate $500,000 for the K Line, which Metro states would be used to take the project to 10 percent design and prepare for the next stages of development. No potential appropriations for further stages of the design or development are shown in the proposed capital plan for future biennia, leaving the status of K Line development unclear.

Information Technology Investments. Metro's operations rely on several hundred technology applications and interfaces that are used to plan routes and schedules, collect fares, communicate between buses and the base, and provide information to customers. The budget continues Metro's investment in technology solutions with $46.7 million proposed during 2023-2024 for new or updated transit technology projects, including:

- **Customer payment enhancements:** $1.2 million to develop a new online eligibility portal for Access paratransit applicants that is aligned with the existing reduced fare portal, and $5.4 million for enhancements to the New ORCA system to enhance customer payment options.

- **Improved reliability:** $4.8 to facilitate active headway management, which manages how coaches are deployed to avoid bus bunching and promote greater reliability for passengers.

- **Video management system:** $11.5 million to install an automated, cloud-based system for identifying, labelling, and distributing requested video segments from Metro's existing on-board camera systems.[39]

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[37] The alternatives analysis that was conducted for the R Line studied future No-Build scenarios for 2024 and 2040, which were analyzed to determine the future intersection operations with the current roadway conditions, planned roadway improvements, and future volumes. Because this analysis was completed prior to the COVID-19 pandemic, Metro has indicated it must be reviewed and updated to address changes in traffic and roadway conditions that have occurred during the last several years.
[38] Motion 16153
[39] Metro's on-board cameras were expanded and enhanced during the 2017-2018 and 2019-2020 budgets in response to Motions 14595 and 14741.

- **Safety and security improvements:** $6 million for a system that will log pre-trip inspection data to ensure regulatory compliance and automatically generate vehicle maintenance work orders, and $2.4 million to upgrade existing facility security infrastructure, including video monitoring, alarm systems, and employee access management.

- **Equal Employment Opportunity case management:** $1.2 million to develop a technology solution to monitor investigative cases and track trends in workplace discrimination complaints.

- **Support for electrification:** $2.4 million for a system to monitor and gather data on the zero-emission revenue fleet, and $4.8 million for software to coordinate battery-electric bus charging and dispatching.

KEY ISSUES

ISSUE 1 – SERVICE RESTORATION AND RIDERSHIP RECOVERY

Metro is currently operating approximately 90 percent of pre-pandemic service levels with 50 percent of pre-pandemic ridership. As a result, farebox recovery levels are anticipated to remain well below the required 25 percent (7.7 percent in 2023 and 9.4 percent in 2024), meaning that other sources of revenue must cover a higher share of Metro's operating costs.

As this staff report describes, the budget proposes a number of initiatives to increase ridership, and Metro staff note that Metro will be carefully studying ridership trends and patterns to assess ongoing transit service needs. The proposed budget does not fully cover a return to pre-pandemic service levels, however, and Metro staff have indicated that Metro may seek Council approval at some point during the biennium to reduce or restructure service in areas in which ridership patterns no longer merit pre-pandemic levels of service. Metro staff also note that the farebox recovery requirement may need to be reevaluated as part of the 2025-2026 budget deliberations, following what would have been by then five years of below-target performance.

ISSUE 2 – WORKFORCE RECRUITMENT AND RETENTION

Metro is currently operating with more than 10 percent of its bus operator positions vacant (269 FTEs vacant out of 2,620 budgeted FTE). This staffing shortfall has prevented Metro from restoring service that was reduced during the pandemic and has even required additional service reductions, most recently at the September 2022 service change.

As this staff report describes, the budget proposes several initiatives to streamline recruitment, enhance training and supervision, and promote retention. Of note, however, the current collective bargaining agreement[40] with the Amalgamated Transit Union (ATU) Local 587 expires October 31, 2022, and Executive staff note that bargaining is currently underway. ATU is not part of the Coalition Labor Agreement. Two of Metro's other bargaining units (PROTEC 17 Transit Chiefs and PROTEC 17 Transit Superintendents) voted earlier this year to reject the Coalition Labor Agreement[41] and are currently pursuing mediation.

ISSUE 3 – SAFETY, SECURITY, AND FARE ENFORCEMENT (SAFE) REFORM

In response to concerns about safety and security incidents on buses and at transit stops and bases, and as part of a larger effort to reimagine and reform Metro's safety and security functions, the proposed budget includes several safety and security initiatives. The largest of these is the proposed $21 million investment to add 140 transit security officers through Metro's existing contract with Securitas.

Metro staff state that they are optimistic Metro will be able to secure these transit security officers but note that contracted officers from Securitas are in high demand, with competition from other accounts, such as Amazon. Metro has experienced attrition among its transit security officers and states that it has been difficult to fill vacancies, noting that, if needed, Metro would explore opportunities with other contractors to supplement Securitas' staffing resources for positions they are unable to fill.

ISSUE 4 – ELECTRIFICATION

To meet the adopted goal of transitioning to a zero-emission revenue bus fleet by 2035,[42] Metro must purchase more than 1,300 battery electric buses, starting with a proposed 120 during 2023-2024,[43] and must convert all its bases to support electric charging infrastructure. The 2023-2024 biennial budget proposes $1.3 million in the operating budget and $248.5 million in the capital budget to proceed with that work. Metro staff note that electrification efforts will be funded in part by the drawdown of undesignated fund balance over the next decade.

One of the questions Councilmembers have asked over the last several years while reviewing options to achieve a zero-emission transit fleet is about the tradeoff between service hours and electrification costs, given the higher cost to acquire zero-emission vehicles.

[40] Ordinance 19145
[41] Ordinance 19489
[42] KCC 18.22.010.A.1, KCC 28.94.085.A.1
[43] Metro's proposed battery electric bus purchase timeline, beginning with the planned purchase of the 120 buses proposed in the 2023-2024 budget, is shown in Table 5. As Table 5 shows, these 120 buses must enter service beginning in 2025. To meet that goal, the buses must be ordered earlier than 2025 so that they can be built, delivered, and then put into service. To allow time for that process, they are proposed for purchase during the 2023-2024 biennium.

The most recent study on this topic, which was prepared by Metro in 2020 following a Council budget proviso,[44] estimated life cycle costs for battery electric buses, factoring in both monetary and social costs, and examining scenarios in which zero-emission vehicles remain at their current cost differential versus one in which costs decrease over time as technology advances. The study found that if costs remain steady over time, the additional cost of acquiring a zero-emission fleet would be equivalent to providing 237,000 annual service hours over a 19-year period. However, if costs decrease with advances in technology, the lifecycle and societal costs of zero-emission and diesel-hybrid vehicles would be roughly equivalent over the same 19-year period.

Issue 5 – RapidRide Progress

The Metro Connects long-range plan[45] states that 10 RapidRide lines (A-J) are expected to be in operation by 2026; 13 to 15 lines are expected to be in operation by the time of the Interim Network (approximately 2035); and 19 to 23 lines are expected to be in operation by the time of the 2050 Network. The three to five new lines to be included in the Interim Network are to include the K and R lines, as well as one to three lines to be selected through a RapidRide Prioritization Plan, which is due to the Council by June 30, 2024.[46]

The proposed budget indicates that the R Line will be prioritized next, with substantial completion anticipated by 2028, and with a forecasted total budget of $130 million. The K Line has been assigned a substantial completion date of 2030, with a total forecasted budget through 2028 of $3.8 million. A potential third line, dubbed the L Line, with location to be determined by the RapidRide Prioritization Plan,[47] has a total forecasted budget through 2028 of $5 million.

[44] Zero-Emission Battery Bus Preliminary Implementation Plan (2020-RPT0142)
[45] Ordinance 19367
[46] Ordinance 19367
[47] Ordinance 19367 requires a RapidRide Prioritization Plan to be transmitted to the Council by June 30, 2024. The plan must identify the RapidRide lines for inclusion in the Interim Network (approximately 2035), which are to include the K and R lines, as well as one to three additional lines.

ROADS OPERATING

ANALYST: NICK BOWMAN

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	$223,106,816	$236,879,839	398.5	6.0
2023-2024 Base Budget Adjust.	$5,862,125	$1,531,113	0.1	0.0
2023-2024 Decision Packages	$8,203,489	$8,522,486	36.0	2.0
2023-2024 Proposed Budget	**$237,173,000**	**$246,934,000**	**434.6**	**8.0**
% Change from prior biennium	6.3%			
Dec. Pkg. as % of prior biennium	3.7%			

Major Revenue Sources: Unincorporated area levy, share of state gas tax receipts, reimbursable fees for services, grants, and mitigation payments from developers.

Base Budget Assumptions: (1) 4.0% GWI for 2023; (2) 4.0% GWI for 2024

DESCRIPTION

The Road Services Division of the Department of Local Services (RSD or "Roads") manages the unincorporated area roadway network that supports more than one million trips per day while providing pathways for essential public utilities. The system consists of about 1,500 miles of county roads and 182 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 RSD, consistent with the King County Strategic and Comprehensive Plans.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2023-2024 Roads operating budget of approximately $237.2 million is a proposed increase of 6.3 percent over the prior biennium. The proposed increase is primarily due to the addition of 36 new FTEs, many of which are intended to support Roads' capital projects and programs. According to the Executive, these proposed additions reflect Roads' emphasis on investing in sustainable and equitable infrastructure, community outreach and engagement, workforce development, and environmental and climate resiliency.

Proposed operating revenues of approximately $246.9 million is an increase of 4.2 percent over the prior biennium. The increase derives mainly from improved property tax revenue forecasts, higher estimated grant availability, and growth in reimbursable activities.

Some of the highlights in the Roads Operating Budget include:

Operations and Maintenance Services - $3,982,762 (15 FTEs). The Executive's proposed budget would provide approximately $4 million in new operating expenditures and 15 FTEs to support maintenance operations and training. This proposal includes:

- $3,286,160[1] and 13 FTEs to establish a multi-benefit maintenance crew. According to the Executive, this dedicated maintenance crew would work night shifts from October through April and days from May through September, focusing on a responsiveness to emergent road conditions such as landslides, floods and snow and ice removal. During the spring and summer months, the crew would also assist in the completion of priority maintenance work for the pavement preservation program. The expenditure would also include approximately $56,000 in one-time costs to purchase a ¼ ton work truck.

- $696,602 and 2 FTEs to add two supervisors who would develop and lead an onboarding and training program to assign, coordinate, track and enforce mandatory and elective trainings for Roads' maintenance section employees. According to the Executive, the quantity of required trainings has increased over the past several years and the maintenance section has struggled with planning, tracking, and completing required trainings without dedicated program staff. The Executive also stated that the supervisors would provide additional support for emergent events, such as for snow and ice responses, when needed. Each FTE would also be provided a ¼ ton work truck at a total one-time cost of approximately $80,000.

Capital Program Services - $1,662,037 (15 FTEs & 1 TLT). The Executive's proposed budget would appropriate approximately $1.7 million in new operating expenditures, 15 FTEs and 1 TLT to support various Roads Capital projects and programs including:

- $110,979 and 2 FTEs to add two development inspectors intended to stabilize construction and development permit inspection needs after several years of positions being held vacant. The on-going costs of these positions would be covered by the Permitting Division of the Department of Local Services and would thus be cost neutral to the Roads operating budget. The one-time costs of $110,979 to the Roads budget are to provide each development inspector with a ¼ ton work truck.

- $405,347 and 1 FTE to add one bridge inspector to replace a TLT created in 2019 to support bridge inspection and reporting requirements. According to the Executive, TLT employees are difficult to retain, and this position was filled multiple times since its creation. The Executive further stated that, without additional permanent inspection and reporting support, the county would risk

[1] The total cost of the multi-benefit maintenance crew is approximately $3.85 million with $3.3 million supported by operating fund monies and the remaining $550,000 supported by capital monies.

losing its good standing with state and federal agencies and its eligibility for future bridge grants.

- $425,713 and 1 FTE to add one new managing engineer to direct a unit comprised of the survey, materials lab, and construction inspection groups. According to the Executive, combining these functions into one unit under one managing engineer would provide greater project efficiency and coordination.

- $552,000, 7 FTEs and 1 TLT to add seven engineers and one TLT project manager to support culvert replacement and fish passage program. According to the Executive, these positions would be dedicated to support the proposed 10-year fish passage capital program to remove fish barriers. While the Roads capital program would support most of the on-going costs associated with the proposed positions, there are one-time costs of approximately $432,000 to provide the new personnel with ¼-ton work trucks.

- $72,000 and 2 FTEs to add two engineer II positions in the drainage preservation program. The FTEs would replace two TLT positions created in 2017. According to the Executive, TLT employees are difficult to retain, and these positions were filled multiple times since their creation. The Executive further stated that, the hiring of permanent staff would reduce the additional workload created by continuously hiring and training temporary staff and free up time for crews to focus on drainage preservation projects.

- $95,998 and 2 FTEs for one engineer II position for capital project work supporting road safety projects and one engineer I position supporting Computer Aided Design & Drafting (CADD) functions.

Roads Grant Team - $741,045 (2 FTEs). The Executive's proposed budget would provide approximately $741,000 in new operating expenditures and 2 FTEs to bolster the Roads grant program to ensure that Roads is competitive for local, state, and federal funding opportunities, including the recently approved federal infrastructure bill.

Community Outreach and Human Resources TLT Conversions - $1,233,186 (4 FTEs). The Executive's proposed budget would appropriate approximately $1.2 million and convert 2 TLTs to FTEs to support communications and community outreach, as well as 2 TLTs to FTEs to support human resources. According to the Executive, Roads' communications and community outreach is currently staffed with temporary or term limited staff which does not reflect the ongoing and growing body of work which is critical in supporting community members that are impacted by Roads capital projects, maintenance work, and emergency response. The Executive further stated that Roads has experienced a significant increase in the number of hires in the last two years and the Division needs the permanent staff to hire at a rate necessary to keep a stable workforce.

Surface Water Management Fee Update - $1,827,882. This is a technical adjustment which reflects the proposed Surface Water Management Fee increase from the Water and Land Resources Division of the King County Department of Natural Resources and Parks. The SWM Fee increase will be discussed further as part of the Water and Land Resources Division budget.

KEY ISSUES

Staff have not identified any issues with this budget.

ROADS CONSTRUCTION TRANSFER

ANALYST: NICK BOWMAN

	Expenditures	Revenues	FTEs	TLTs
2019-2020 Revised Budget	$29,440,000	NA	NA	NA
2021-2022 Base Budget Adjust.	$50,000	NA	NA	NA
2021-2022 Decision Packages	($6,500,000)	NA	NA	NA
2021-2022 Proposed Budget	**$22,990,000**	**NA**	**NA**	**NA**
% Change from prior biennium	(21.9%)			
Dec. Pkg. as % of prior biennium	(22.8%)			

Major Revenue Sources: NA

Base Budget Assumptions: NA

DESCRIPTION

The Roads Service Division's budgeted Total Capital Revenue must support the Total Capital Appropriation. After calculating the combination of fund balance, grants and contributions from other County funds, the transfer from the Roads Operating Fund is utilized to achieve the balance necessary to support the capital portfolio.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed roads construction transfer shows a decrease of $6.5 million (-21.9%) from the 2019-2020 biennium. The decrease reflects Roads' diminished capital portfolio resulting from Roads' structural funding deficit which is discussed further in the Roads Capital Improvement Program.

KEY ISSUES

Staff have not identified any issues with this budget.

ROADS CAPITAL FUNDS

ANALYST: NICK BOWMAN

Roads Capital Legacy Funds 3850 &3860

	2023-2024 Proposed	2025-2026 Projected	2027-2028 Projected
3850 Renton Maintenance Facility			
Revenues	$800,000	$0	$0
Expenditures	$800,000	$0	$0

Major Revenue Sources: Fund Balance and Sale of Land

3860 County Road Construction	2023-2024 Proposed	2025-2026 Projected	2027-2028 Projected
Revenues	($1,032,087)	$0	$0
Expenditures	($1,032,087)	$0	$0

Major Revenue Sources: Fund Balance, State & Federal Grants and SWM Fee

DESCRIPTION

The Renton Maintenance Facility Fund (Fund 3850) and the County Road Construction Fund (Fund 3860) are legacy funds that are in the process of closing, per Motion 18323. Approved by the Council in 2016, Ordinance 18323, created two new capital funds for the Roads Services Division: County Road Major Maintenance Fund (Fund 3855) and the King County Road Construction Fund (Fund 3865), to replace legacy capital funds. The amounts shown in Funds 3850 & 3860 are intended to be spent down on existing project appropriations and closed by the end of the 2023-2024 biennium.[1] Any remaining fund balance will be reappropriated into an administrative project per Finance and Business Operations Division (FBOD) requirements and transferred out once all projects are completed and/or closed out.

SUMMARY OF PROPOSED BUDGET AND CHANGES

For the Renton Maintenance Facility Fund (Fund 3850), there is one appropriation of $3.1 million in fund balance and one disappropriation of $2.35 million associated with the canceled Preston Maintenance Facility Project. The result is a net transfer of $800,000 in fund balance out of Fund 3850 to the Road Construction and Roads Operating funds.[2]

[1] The Executive notes that Funds 3850 & 3860 will be closed out in a subsequent omnibus during the 23-24 biennium.

[2] The Executive's proposed budget book includes a typo which incorrectly states that $3.1 million in fund balance will be transferred out of "the legacy County Road Construction Fund to the Renton Maintenance Facility Fund."

For the County Road Construction Fund (Fund 3860) there are several disappropriations and project/program closures, including:

- $1.2 million of the remaining balance in the legacy countywide drainage preservation program;[3]
- $835,000 of the remaining balance in the countywide high risk rural road program;[4] and
- $360,000 for a culvert replacement project at West Snoqualmie Valley Road NE & NE 124th Street[5] where work was completed underbudget.

The fund also contains a default administrative project of $1.8 million to transfer fund balance out of the legacy construction fund as required by FBOD.

Key Issues

Staff have not identified any issues for these budgets.

The narrative should read "This request will transfer fund balance out of the legacy Renton Maintenance Facility Fund to the King County Road Construction Fund and Roads Operating Fund."

[3] Project 1111819
[4] Project 1124986
[5] Project 1125758

Roads Capital Improvement Program (Funds 3855 & 3865)

	2023-2024 Proposed	2025-2026 Projected	2027-2028 Projected
3855 County Road Major Maintenance			
Revenues	$58,874,008	$55,633,928	$67,061,485
Expenditures	$58,874,008	$55,633,928	$67,061,485
3865 King County Road Construction			
Revenues	$14,898,505	$10,800,000	$60,000,000
Expenditures	$14,898,505	$10,800,000	$60,000,000
Major Revenue Sources: Fund Balance, Transfer from County Road Operating Fund, State and Federal Aid, Grants, and the Sale of County Owned Property.			

DESCRIPTION

The Road Services Division of the Department of Local Services (RSD or "Roads") manages the unincorporated area roadway network that supports more than one million trips per day while providing pathways for essential public utilities. The system consists of about 1,500 miles of county roads and 182 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 RSD, consistent with the King County Strategic Plan and Comprehensive Plan.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Roads Capital Improvement Program consists of two primary funds: the County Road Major Maintenance Fund (Fund 3855) and the King County Road Construction Fund (Fund 3865).[6] For the 2023-2024 biennium, the Executive has proposed approximately $58.9 million in new appropriation authority for Fund 3855 and approximately $14.9 million in new appropriation authority for Fund 3865. Notable capital programs/projects in each fund include:

Drainage Preservation, Culvert Replacement and Fish Passage – $25,700,000. The Executive's proposed budget includes approximately $8.7 million for drainage preservation projects and $17 million for culvert replacement and fish passage projects. The drainage preservation program is an ongoing program designed to protect road users and the existing roadway structures by eliminating failed or failing drainage systems. A list of projects from the existing backlog is chosen at the beginning of each

[6] Ordinance 18323, adopted by the Council in 2016, created the two primary funds to better align with the reporting requirements for the County Road Administration Board (CRAB).

year as determined by the priority array but are subject to change throughout the year as new drainage problems arise.

The culvert replacement and fish passage program was created in the 2019-2020 biennium as part of the Executive's broader county fish passage restoration program (led by the Water and Land Resources Division), which is intended to complement the County's collaboration with tribal governments salmon recovery efforts. Since that time, Executive staff have drafted a proposed 10-year fish passage work plan that seeks to restore salmon access to at least 50 percent of the habitat that is currently blocked by county barriers.

According to Executive staff, the work plan focuses on roughly 40 fish passage restoration projects intended to restore salmon access to at least half of the habitat currently blocked by county barriers. In addition to these habitat-priority projects, the work plan also includes 22 barrier remedy projects needed to address infrastructure or safety concerns, and which also have meaningful benefits for fish passage. The first investments for the 10-year fish passage program are included in the Executive's proposed 2023-2024 budget and are spread across multiple County agencies and divisions including the Department Natural Resources and Parks, the Water and Land Resources Division and RSD.

The proposed Roads 2023-2024 capital budget for culvert replacement and fish passage projects includes appropriation authority for total of 18 projects, 9 of which are new for the biennium.

The broader fish passage program, as well as the transfer of Surface Water Management fee revenues to Roads for drainage, culvert replacement, and fish passage projects ($3.9 million and $5.9 million respectively) will be discussed further in the Water and Land Resources Division budget.

Roadway Preservation Program – $9,500,000. The Executive's proposed budget includes approximately $9.5 million in new appropriation authority for its countywide roadway preservation program. Roads intends to address roadway preservation projects determined using pavement condition score, functional designation, and other factors. A final candidate list will be set in early 2023. The funding would also support a new local road chip seal program which would be crewed by the multi-benefit maintenance crew discussed in the Roads operating budget.

Bridge Replacement Projects – $7,800,000. The Executive's proposed budget includes approximately $7.8 million in new appropriation authority for three bridge replacement projects including:

- $777,700 in REET 1 funds to complete design and right-of-way acquisition for the Baring Bridge project;[7]

[7] Project 1135045

- $1,790,730 in REET 1 funds for right-of-way acquisition and construction for the Boise X Connection Bridge project;[8] and
- $5,198,000 in Federal Local Bridge Program grant and REET 1 funds for design and right-of-way acquisition for the North Fork Bridge project.[9]

Quick Response Program – $7,200,000. The Executive's proposed budget includes approximately $7.2 million in new appropriation authority for the countywide quick response program. This program allows Roads to respond to emerging needs of the public and the roadway system that require immediate attention. The needs include emergency repairs associated with storm damage or other infrastructure deterioration or damage, unanticipated pedestrian or vehicle needs, or other emerging issues. According to Executive staff, the authority includes approximately $2.6 million in Federal Highway Administration Emergency Response funding which Roads received for two repair projects resulting from winter storms in 2020 and $1.6 million in local matching funds. The remaining $3 million is a combination of Roads funds and budgeted fund balance.

Intersection Improvement Projects – $4,600,000. The Executive's proposed budget includes approximately $4.6 million in new appropriation authority for five intersection improvement projects including:

- $400,000 in REET 1 funds to continue final design and start right-of-way acquisition on the Issaquah-Hobart Road SE at SE May Valley Road improvement project;[10]
- $418,000 in County Road fund monies to support unplanned consultant costs to complete the right-of-way plan and cover increased right-of-way acquisition costs for the S 360th Street at Military Road S Roundabout project;[11]
- $400,000 in fund balance to start final design on the NE Woodinville-Duvall Road at West Snoqualmie Valley Road NE improvement project;[12]
- $250,000 in REET 1 funds for right-of-way acquisition and construction for the Rainier Avenue S and S Lakeridge Drive improvement project;[13] and
- $3,102,000 in Highway Safety Improvement Program grant and County Road fund monies for project design and right-of-way acquisition for the S 360th Street and 28th Avenue S improvement project.[14]

Flood Control District Program – $3,000,000. The Executive's proposed budget includes $3 million in new appropriation authority for the countywide flood control district program. For this program, Roads partners with King County Flood Control District staff to identify projects to address locations where recurring flood events have impacted or have the potential to impact local communities.

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[8] Project 1138913
[9] Project 1143969
[10] Project 1129598
[11] Project 1131235
[12] Project 1134080
[13] Project 1139146
[14] Project 1143972

Pedestrian Safety Projects – $3,000,000. The Executive's proposed budget includes approximately $3 million in new appropriation authority for three pedestrian safety projects including:

- $500,000 of Washington State Department of Transportation funding to construct traffic calming measures on SW 10th Avenue SW between SW 108th Street and SW 116th Street, and enhance the regional trail crossing and access to the Steve Cox Memorial Park on SW 102nd Street at 13th Avenue SW in White Center;[15]
- $1,140,000 of Washington State Department of Transportation Safe Routes to Schools grant and REET 1 funds for design of the Highline School District improvement project;[16] and
- $1,318,000 of County Road fund and Washington State Department of Transportation Safe Routes to School grant funds to design and construct approximately 615 feet of sidewalk on the north side of S 298th Street between Camelot Elementary School at 4041 S 298th Street and 36th Place S.[17]

Facility Projects – $2,400,000. The Executive's proposed budget includes approximately $2.4 million in new appropriation authority for two Roads facility projects including:

- $800,000 in sale of land proceeds to evaluate alternatives to refurbish, reconstruct, or relocate the Division 2 Regional Maintenance Shop currently located in Fall City, and implement the project;[18] and
- $1,580,000 in sale of land proceeds to Evaluate alternatives to refurbish, reconstruct, expand, or relocate the Division 5 Maintenance Regional Shop on Vashon Island, and implement the project.[19]

Bridge Priority Maintenance – $2,300,000. The Executive's proposed budget includes approximately $2.3 million in new appropriation authority for the Countywide Bridge Priority Maintenance Program. This program finances high priority preservation and maintenance projects to keep the aging bridge inventory serviceable and safe for the traveling public. Projects may include load upgrades, scour mitigation, re-deck, bridge rail repairs or retrofits, superstructure and substructure repairs, painting, bridge washing, urgent repairs such as flood damage repairs, and vehicle damage repairs, etc.

KEY ISSUES

ISSUE 1 – ROADS FUNDING

[15] Project 1143976
[16] Project 1143977
[17] Project 1143978
[18] Project 1143974
[19] Project 1143975

RSD is supported by revenue from three primary sources: a dedicated property tax on unincorporated properties,[20] the state gas tax, and grant funding. The property tax contributes most of the Roads-specific revenue. Over the years, the combined impact of municipal annexations, state limitations on available revenue options, lingering effects of the Great Recession, implementation of the state's Growth Management Act, voter initiatives, and aging infrastructure has resulted in a structural decline in the County's capacity to maintain and improve its road and bridge network. Using just the effects of the Great Recession as an example, average assessed residential value in unincorporated King County fell by almost 40 percent between 2010 and 2013; sharply reducing roads levy funding, which has yet to fully recover.

In August of 2015, the Bridges and Roads Task Force (Task Force) was established to assess Roads' constrained finances and explore funding solutions to address the county's deteriorating road network. In January of 2016, the Task Force published its final report that identified a funding gap of $250 million to $400 million a year. Based on state property and gas tax data, Executive staff estimate that Roads will see average revenues of just over $100 million annually over the next ten years – less than half of the estimated $220 million needed annually to moderate the decline of the system and to minimize risk.

The financial situation for Roads' Capital Improvement Program is particularly strained. With existing revenues, current estimates from Executive staff show that dedicated funding for capital projects will be exhausted in 2028. At that time, the capital program would rely on non-dedicated revenue sources from the Surface Water Management Fee, Flood Control District, REET 1, and grants. All of these are sources that Roads must compete with other county agencies for, are not specifically prioritized to meet the greatest needs of the users of the county road system, and must be treated as one-time, rather than ongoing, sources of funds.

The Roads 2023-2024 Line of Business Report highlights the number of ways Roads has approached their funding challenge including: cutting costs, finding efficiencies, identifying new ways to do business, and engaging internal and external stakeholders, regional partners, and elected officials in discussions about the solutions to the structural funding gap. New federal infrastructure funding provides additional grant opportunities for Roads and the Executive has proposed additional grant program staff to assist in preparing competitive applications. However, Roads staff state that their cost-cutting efforts, combined with even sizeable grant opportunities, are not sufficient to address the current and growing volume of unmet road and bridge needs in King County.

Over 2020 and 2021, the Council considered legislation which would have proposed voter propositions authorizing a six-year permanent levy lid lift to support the maintenance and preservation of the King County roads system.[21] The 2021 proposal

[20] RCW 36.82.040
[21] Proposed Ordinances 2020-0110 & 2021-0206

was estimated to generate approximately $178 to $236 million in additional annual revenue over the six-year levy period above what would be generated under the current levy rate. However, as the result of the COVID-19 pandemic and its uncertain impact on the economy, neither proposal moved forward.

With no new revenue options available, the Executive’s 2023-2024 proposed budget continues the recent trend of allocating Surface Water Management fee and REET 1 funding to support Roads capital projects. Under the Executive’s proposed budget, the Roads capital program will receive approximately $9.8 million in SWM fee revenues and $13.9 million in REET 1 funds; a respective increase of 23 percent and 132 percent over that of the 2021-2022 Executive purposed budget.

YOUTH AND AMATEUR SPORTS FUND

ANALYST: SHERRIE HSU

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	$19,198,044	$12,319,344	3.0	0.0
2023-2024 Base Budget Adjust.	($10,721,758)	($4,177,500)	0.0	0.0
2023-2024 Decision Packages	4,577,380	6,079,399	0.0	0.0
2023-2024 Proposed Budget	**$13,054,000**	**$14,212,000**	**3.0**	**0.0**
% Change from prior biennium	(32%)			
Dec. Pkg. as % of prior biennium	24%			

Major Revenue Sources: Rental Car Sales Tax

Base Budget Assumptions: (1) 4.0% GWI for 2023; (2) 4.0% GWI for 2024; (3) Remove one-time expenditures including those related to pandemic response.

DESCRIPTION

The Youth and Amateur Sports Fund (YASF) provides funding for youth or amateur sport activities or facilities through a combination of councilmanic and competitive grant programs.

The YASF was created in late 2016. Prior to that time, state law[1] had required that 75% of the County's car rental tax revenues be dedicated to repayment of the Kingdome debt, with the remaining 25% to be used for the Youth Sports Facilities Grant Program. When the Kingdome debt was retired, the County was able to devote its car rental tax revenues entirely to youth and amateur sports activities and facilities.

As part of the 2017-2018 biennial budget Ordinance,[2] the Council created the YASF, which included the former Youth Sports Facilities Program and several new councilmanic and competitive grant programs for youth and amateur sports activities and facilities. As a part of the 2019-2020 biennial budget Ordinance,[3] the Council set money aside in the competitive grants category for Sports and Activity Access grants and Local Sports and Activities grants.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Executive's proposed budget includes the following proposed appropriations:

[1] RCW 82.14.049
[2] Ordinance 18409
[3] Ordinance 18835

- **$4.6 million reappropriated from Coronavirus Local Fiscal Relief (CLFR) money to the Youth Sports Program,** to continue the Play Equity Coalition-led grant award process for youth and amateur sports organizations. This would be entirely revenue-backed from the unspent 2021-2022 one-time federal funding. The Youth Sports Program invests in programs and capital projects that increase physical activity opportunities for youth.

- **$402,000 for the Get Active, Stay Active (GASA) program** to restore the standard two-year allocation of $1.8 million.[4] GASA is a two-year grant awarded by council district offices for organizations that provide youth and amateur sports and fitness programs.[5] GASA is funded by a 1 percent car rental sales tax in the county. The 2021-2022 budget allocation was lower due to a lack of available money from the car rental sales tax.[6] Car rental sales tax revenue is forecasted to increase 26 percent in 2023-2024 compared with 2021-2022.[7] With the proposed 2023-2024 appropriation, the total GASA grants would be restored to the amount as in the 2019-2020 biennium.

KEY ISSUES

Staff have not identified any key issues for this budget.

[4] $200,000 per Council district

[5] Ordinance 19210

[6] The Final Adopted 2021-2022 Budget allocation was $1.53 million to GASA; this was revised through the COVID 7 supplemental to $1.89 million ($210,000 per Council district), some of which was supported by federal revenue.

[7] $9.4 million in the 2023-2024 biennium compared with $7.4 million in the 2021-2022 biennium.

PARKS AND RECREATION

ANALYST: SHERRIE HSU

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	$112,710,706	$99,534,060	288.1	(1.0)
2023-2024 Base Budget Adjust.	$4,340,240	$4,182,166	(3.1)	1.0
2023-2024 Decision Packages	$22,278,836	$25,912,298	41.3	15.0
2023-2024 Proposed Budget	**$139,330,000**	**$129,629,000**	**326.3**	**15.5**
% Change from prior biennium	24%			
Dec. Pkg. as % of prior biennium	20%			

Major Revenue Sources: Parks, Recreation, Trails, and Open Space Levy; Business Revenue

Base Budget Assumptions: (1) 4.0% GWI for 2023; (2) 4.0% GWI for 2024; (3) Remove one-time expenditures including those related to pandemic response

DESCRIPTION

The mission of the Parks and Recreation Division (Parks) of the Department of Natural Resources and parks (DNRP) is to steward, enhance, and acquire parks to inspire healthy communities. Operation and maintenance of King County's parks and open space system is supported through a combination of voter-approved levies[1] and business revenue from user fees, special events, sponsorships, and partnerships.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Executive's proposed 2023-2024 Parks and Recreation operating budget includes a $139 million expenditure request with an estimated $129 million in revenues. Around 93 percent of revenues are expected to come from the Parks Levy.[2] Of proposed expenditures, 96 percent would be for Parks Operations and Maintenance, 3 percent for Targeted Equity Grants, and the remainder for the WSU Cooperative/W-H, King County Search and Rescue, and COVID 9 grants. The staffing requests would support parks operations and maintenance, capital commitments, grant disbursement, forestry program support, seasonal specialist support, and budget authority for the fish passage restoration program.

[1] The current levy, approved by voters in 2019, is a six-year property tax levy in place through 2025. The levy is discussed further in the staff report on the Parks, Recreation, Trails, and Open Space Levy appropriation unit.

[2] According to the proposed Financial Plan, $120.6 million in Parks Levy revenue would be allocated to Parks Operating Fund in 2023-2024.

Key Decision Package adjustments proposed for the 2023-2024 biennium include the following items:

- **$4.0 million for Parks Operations and Maintenance Workforce staffing** by converting 10.0 TLT to FTE and adding 5.0 FTE. The positions would be:
  - Convert 1.0 TLT and add 3.0 FTEs for the oversight of Parks financial affairs that provides for long-term financial stability and responsible stewardship.
  - Convert 1.0 TLT position for foundational human resource needs, execution of the Strategic Workforce Plan's Workforce Pathways initiative, and ESJ HR initiatives.
  - Convert 4.0 Park Specialist II positions for continued growth of the parks system due to increased maintenance from open space acquisitions, owned in fee and easements. Added vehicles are consistent with Fleet's current rates and will be adjusted to adhere with electrification policies.
  - Convert 2.0 TLT Project/Program Managers for ongoing work in support of records management, public disclosure requests, and the development, implementation, and post-go-live needs for technological applications used across the workforce. Significant projects include replacement of the levy grants management system and the volunteer program management software solutions.
  - Convert 2.0 TLT Customer Service Specialist positions to support business activities at Marymoor Park including programming, revenue collection, and special events.
  - Add 1.0 FTE for land management needs, evaluation of public special use permits, encroachment processes, and enforcement support.
  - Add 1.0 FTE for the Aquatic Center for management of ongoing corrective and preventive maintenance work, fiscal oversight, facility user agreements, and staff supervision.

- **$2.9 million for Parks Capital Improvements project delivery** by converting 7.0 TLT positions to FTE and adding 2.0 FTE for technical and contracts support. These would be fully funded by the CIP in Parks Capital Fund 3160 and 3581. The positions would be:
  - Convert 7.0 TLT positions who are currently managing projects, including Eastrail I-90, providing support for construction and engineering contracting, and technical asset management data maintenance and reporting.
  - Add 2.0 new FTE for a Project Control Officer and PPM IV.

- **$1.4 million for management and disbursement of levy grant investments** by converting 5.0 TLT to FTE positions. This work is currently supported by temporary positions.

- **$668,000 and 1.3 FTE to support Teen Program Expansion at Skyway Park.** Summer programming would include a summer sack lunch program, sports camp program, community outreach efforts. This includes the addition of 1.0 FTE and transition of a 0.33 part-to full-time FTE to assist with community assessment, program development, neighborhood outreach, safety assessment, youth registrations, and program administration.

- **$1.8 million and 7.0 FTE to expand the Forestry Program** to accelerate forest restoration on County-owned land in support of Strategic Climate Action Plan initiatives, accomplish 3 Million Trees targets, and implement wildfire risk reduction strategies.

- **$1.9 million to add budget authority to the 6.0 FTEs that were approved in the 2021-2022 3rd omnibus for fish passage restoration program staffing.** The FTE authority was added in the 3rd omnibus to accelerate the hiring process so these FTE could start as close to adoption of the 2023-2024 budget as possible. According to Executive staff, official recruitment for the positions is scheduled to begin in mid-October and offers will ultimately be aligned with funding authority in the 2023-2024 proposed budget. The forecasted recruitment process is on track for the positions to be hired at the beginning of 2023, in alignment with project start dates.

- **$4.8 million to add 13.0 TLT to support Parks Operations.** According to Executive staff, Parks have not been able to fully assess the service levels of upkeep and maintenance standards due to staffing capacity. These positions would allow Parks to develop and implement the maintenance modes. This request is based on August 2022 OEFA forecast of available funding. The positions are requested as TLT due to uncertainty of future forecasts.

- **$1.5 million to convert 4.0 TLT seasonal parks specialist positions to FTE** for parks specialist positions for year-round operations and maintenance. According to Executive staff, this would allow investment in additional and long-term resources to address operations and maintenance needs.

- **$277,000 to add 1.0 FTE Human Resources Staffing support for Parks Operations.** According to Executive staff, the Parks Human Resources team is minimally staffed to accomplish recruitments timely for the onboarding of seasonal staff, which is approximately 200 seasonal positions in addition to year-round staffing needs. This position would respond to that need.

- **$200,000 to expand the parks encampment clean-up program.** This would be used to hire an outside contractor to remove debris left from the removal of unauthorized camps to enable property restoration efforts. This would be revenue-backed by 2020-2025 Parks Levy to keep pace with the additional park acres and regional trail miles acquired and developed and ensure lands are clean, safe, and welcoming to the public. In the 2021-2022 budget, Parks received a $300,000 appropriation for a pilot program to contract with a clean-up vendor to remove garbage and other hazardous debris left behind from the removal of unauthorized camps.

Executive staff provided the following additional details for the program in response to Council staff questions:

- Status. Parks has not fully executed the pilot program. This work has been impacted by several factors including public health restrictions due to the pandemic. Parks will determine the success of the program through monitoring the frequency of the camps/campers repopulating the site after clean-up, partnership with labor representatives to manage the assignment and completion of the work by an outside vendor, and program evaluations that considers the vendor's performance and responsiveness, an ongoing inventory of camps, and the budgetary impacts of the program.

- Locations. In 2021, two encampment clean-up projects were completed. The locations were Auburn Narrows Natural Area and Eastrail. Auburn Narrows Natural Area was selected based on established maintenance and upkeep standards for county property ownership and Parks' partnership with the City of Auburn. This area had significant litter and trash left from an abandoned camp. This location in the parks system has significant ecological assets and environmentally sensitive areas that Parks had to take action to protect from damage. The Eastrail project was selected based on the notice to proceed for the capital construction project. The camp was removed to ensure the safety of both County staff and the contractor performing work at the site as well as potential campers who would have been impacted by construction. Both projects were unoccupied camps.

- Definitions. Parks operate this program using the Unauthorized Encampment Removal Standard Operating Procedure that was developed for the pilot program. "Abandoned/unoccupied" means when a reasonable person would not have allowed the property to be unattended for the length of time the property has been at a site. An "occupied" encampment means there are currently individuals camping at the encampment site in the park area. In instances where it is difficult to determine whether a camp is occupied, Parks follows King County Code Title 7, which defines camping as "erecting a tent or shelter or arranging bedding or both for the purpose of, or in such a way as will permit remaining overnight, or parking a trailer, camper or other vehicle for the purpose of remaining overnight."

- Costs. The 2022 inventory includes 27 unoccupied camps and 37 occupied camps. The $200,000 budget request includes costs for clean-up ($4,000-$6,000 per camp) and KCSO support and property restoration following clean-up ($500-600 per camp). Contracted clean-up includes surveying the site, collecting debris, dismantling tents etc. removing trash and disposing of all debris. The vendor would supply labor, materials, tools, heavy machinery and equipment, vehicles, personal protective equipment, portable bathroom facilities, dumpsters, and other supplies to remove tons of debris, litter, and waste. After the contracted clean-up, Parks staff would conduct site checks to determine if the location is immediately publicly accessible, or if it requires further evaluation on Parks' behalf. Outcomes of further evaluation may include: necessary property restoration, extended location closure, or additional coordination with non-County entities.

- **$173,000 to develop a Personal Locator Beacon Lending Program.** This was requested by Council in Motion 16157. The budget request would cover the cost of a consultant or partner to complete the implementation plan, equipment, and a part-time staff member to implement the pilot in accordance with Motion 16157.

- **$500,000 to reappropriate unspent 2021-2022 one-time federal funding to continue the Youth Sports Tourism grant award process.** This would be revenue-backed by the federal Coronavirus Local Fiscal Recovery (CLFR) funding.

KEY ISSUES

Staff have not identified any key issues for this budget.

PARKS, RECREATION, TRAILS, AND OPEN SPACE LEVY

ANALYST: SHERRIE HSU

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	$255,246,794	$253,414,198	0.0	0.0
2023-2024 Base Budget Adjust.	($5,402,216)	($11,333,296)	0.0	0.0
2023-2024 Decision Packages	$58,818,025	$43,797,696	0.0	0.0
2023-2024 Proposed Budget	**$308,663,000**	**$308,546,000**	**0.0**	**0.0**
% Change from prior biennium	21%			
Dec. Pkg. as % of prior biennium	23%			

Major Revenue Sources: Parks, Recreation, Trails, and Open Space Levy

Base Budget Assumptions: N/A

DESCRIPTION

In August 2019, King County voters approved the 2020-2025 King County Parks, Recreation, Trails, and Open Space Levy. The revenue generated by the levy provides more than 80 percent of the division's operating revenues and most of the division's capital funding. The voter-approved levy[1] required proceeds to be distributed as follows:

- Up to $8 million of the levy proceeds for a capital construction project at the Seattle Aquarium;
- Up to $44 million of the levy proceeds to for pool maintenance, capital improvements and construction;
- Up to $22 million of the levy proceeds for integrated floodplain management;
- 47 percent of the remaining proceeds for acquisition of open space, continued development of regional and other public trails, other capital improvement projects and major maintenance of the county's open space system, and community partnerships and grants;
- 40 percent of the remaining proceeds for King County's park system operations and maintenance, with no more than $10 million of this amount being used for targeted equity grants;
- 8 percent of the remaining proceeds for distribution to the towns and cities of King County for their town or city parks system operations and capital improvement projects; and
- 5 percent of the remaining proceeds for environmental education, maintenance and conservation programs at the Woodland Park Zoo.

[1] Ordinance 18890

Following passage of the levy, the Council amended K.C.C 4A.200.480 to require proceeds from the 2020-2025 levy to be deposited in this subfund.[2] Moneys deposited to this fund are then distributed as required by the levy ordinance. As a result, this fund acts as a pass-through only.

SUMMARY OF PROPOSED BUDGET AND CHANGES

At the time of levy passage, the 2020-2025 Parks Levy was expected to generate $810 million in gross proceeds over six years. According to the August 2022 OEFA forecast, the levy is expected to generate around $851 million, which is around a 5.4 percent increase over the original expected amount.[3] The levy is expected to generate approximately $308.7 million in the proposed 2023-2024 budget to support the same amount in expenditures.

There is one decision package item in the Executive's proposed 2023-2024 budget, which is to update expenditure accounts to distribute $58.8 million in 2021-2022 proceeds and the estimated 2022 fund balance from the levy. According to the 2023-2024 Financial Plan, the $308.7 million in expected 2023-2024 proceeds would be allocated as follows:

- $2.0 million to Seattle Aquarium
- $16.0 million to Public Pools Capital Grants
- $8.2 million to Open Space River Corridors Grants
- $120.6 million to Parks Operating Fund
- $125.2 million to Parks Capital Fund
- $22.6 million to cities within the County
- $14.1 million to Woodland Park Zoo

2022 Parks Levy Reallocation Report. On September 30, 2022, the Executive transmitted the 2022 Parks Levy Moneys Reallocation Report, as required by Motion 15378 if the Executive anticipates requesting reallocation of moneys for projects or programs listed in Attachment C to Motion 15378.[4]

According to Executive staff, the parks levy project budgets align with allocations required by the Parks Levy Ordinance 18890. The reallocation would be within one funding category identified in the levy and would not affect the percentage allocations approved by voters.

Details about the projects and the reallocation request can be found in the staff report for the Parks Capital Fund.[5]

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[2] Ordinance 19024
[3] The levy generated $115.7 million in 2020, $253.6 million in 2021-2022, and is expected to generate $308.7 million in the proposed 2023-2024 budget. Looking ahead, the levy is expected to generate $167 million in 2025-2026 (the levy is set to expire in 2025 unless renewed by voters and Council).
[4] 2022-RPT0139 Annual Parks Levy Moneys Reallocation Report, transmitted September 30, 2022
[5] Fund 3581

KEY ISSUES

Staff have not identified any key issues for this budget.

CONSERVATION FUTURES

ANALYST: SHERRIE HSU

	2023-2024 Proposed	2025-2026 Projected	2027-2028 Projected
Revenues	$71,206,500	$98,291,474	$100,361,598
Expenditures	$71,206,500	$98,291,474	$100,361,598

Major Revenue Sources: Conservation Futures Tax Levy, Bond Proceeds

DESCRIPTION

The Conservation Futures Tax (CFT) levy dedicates a portion of property taxes to purchase open space in King County. CFT moneys are collected countywide as a dedicated portion of the annual property levy and are, by state law, available only for the acquisition of open space and resource lands.[1]

State law sets the maximum rate for the CFT at 6.25 cents per $1,000 of assessed valuation. King County's CFT rate was originally set at that level, but due to a state-imposed limit on annual property tax growth, the tax rate has eroded over time and in 2022 is being collected at approximately 3.12 cents per $1,000.[2] In June 2022, the Council passed Ordinance 19458, which will place on the November 2022 general election ballot a proposition to raise the CFT rate back to 6.25 cents per $1,000 of assessed valuation. If approved by voters, this would more than double annual CFT revenue.

Per County Code,[3] the Conservation Futures Advisory Committee conducts an annual review of applications for CFT funding and makes recommendations for the Executive and Council to consider as part of the budget. These project recommendations are supported by CFT annual money, CFT bonding, and the Parks Levy.

SUMMARY OF PROPOSED BUDGET AND CHANGES

For 2023, the CFT Advisory Committee recommended funding for 36 projects with approximately $36.8 million in CFT and $14.9 million in Parks Levy funding, for $51.7 million total combined. The Committee's recommendations were transmitted to the Executive in mid-2022, and were presented to the Transportation, Environment, and Economy committee on September 15, 2022.[4]

The Executive's proposed budget includes funding for all projects in the amounts recommended by the CFT Advisory Committee.

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[1] RCW 84.34.240
[2] According to executive staff.
[3] K.C.C. 26.12
[4] 2022-RPT0103

Table 1 – Proposed 2023 CFT Grand Awards

Agency/ Location	Project Name	Match Waiver Recommended	Total CFT Recommended	Council District
Burien	Lakeview Park Acquisition	Yes	$1,844,250	8
Federal Way	Hylebos Creek Conservation Property Acquisitions	No	$1,500,000	7
GROW Northwest (in Shoreline)	Ching Community Gardens	Yes	$1,232,000	1
Issaquah	Weymouth Acquisition - Issaquah Creek Waterways		$530,000	3
Kent	Clark Lake Park - Ruth Acquisition	-	$2,000,000	5
SeaTac	Bow Lake Springs Wetland Park	Yes	$630,000	5
Seattle	Bitter Lake Playfield Addition	Yes	$2,400,000	4
Seattle	Cheasty Greenspace - Mt. Baker	-	$500,000	2
Seattle	Taylor Creek Headwaters	-	$100,000	2
Seattle	Willow Creek Natural Area	-	$125,000	1
Shoreline	192nd Hemlock Open Space Acquisition	Yes	$2,003,500	1
Shoreline	Rotary Park Acquisition I	-	$3,281,421	1
Washington Farmland Trust (in Tukwila)	Deutsch Urban Farm	-	$538,000	2
KC-WRIA 7	Middle Fork Snoqualmie Natural Area Additions	-	$415,000	3
KC-WRIA 7	Mitchell Hill Forest	-	$687,500	3
KC-WRIA 7	Three Forks Natural Area Additions	-	$400,000	3
KC-WRIA 8	Bear Creek Conservation Paradise Lake	-	$800,000	3
KC-WRIA 8	Cascade Mountains Gateway Project	-	$230,000	3
KC-WRIA 8	East Fork Issaquah Creek Restoration	-	$600,000	3
KC-WRIA 8	Evans Creek Conservation Corridor and Agricultural Easements	-	$770,000	3
KC-WRIA 8	Evans Creek Nelson (Gunshy) Acquisition	-	$3,000,000	3
KC-WRIA 9	Black Diamond Open Space	-	$1,430,000	9
KC-WRIA 9	Green River Gorge - Deep Lake	-	$1,500,000	9
KC-WRIA 9	Green River/Newaukum Creek	-	$2,310,613	9

KC-WRIA 9	Keevie Lake	-	$290,000	9
KC-WRIA 9	North Green River Acquisitions	-	$610,625	7
KC-WRIA 9	Skyway - West Hill Urban Additions - KCHA	Yes	$1,125,000	2
KC-WRIA 9	Soos Creek	-	$1,200,000	5,9
KC-WRIA 9	Soos Creek Park / Molasses Creek	-	$297,000	9
KC-WRIA 9	Sweeney Pond	-	$1,050,000	9
KC-Vashon	Island Center Forest Additions	-	$200,000	8
KC-Vashon	Manzanita Natural Area Additions	-	$0	8
KC-Vashon	Neill Point Natural Area – Morningside Farm	-	$395,000	8
KC-Vashon	Vashon Creeks and Estuaries	-	$359,000	8
KC-Vashon	Vashon Marine Shoreline		$1,966,000	8
KC-Farm	May Creek Farmland		$500,000	9
Total			**$36,819,909**	

The proposal also includes the following administration items identified in Table 2.

Table 2 – CFT Administration Items

Administration	
Finance Fund Charges	$52,000
CFT Program Support	$367,000
Land Conservation Initiative Program Support	$313,000
2024 Master Bond (for projects to be recommended for 2024)	$25,000,000
2024 Master (placeholder for projects to be recommended for 2024)	$7,500,000
2023-2024 TOTAL	**33,232,000**

KEY ISSUES

Staff have not identified any key issues.

PARKS RECREATION AND OPEN SPACE AND PARKS CAPITAL

ANALYST: SHERRIE HSU

PARKS RECREATION AND OPEN SPACE (3160)

	2023-2024 Proposed	2025-2026 Projected	2027-2028 Projected
Revenues	$20,139,087	$17,694,427	$15,463,314
Expenditures	$20,139,087	$17,694,427	$15,463,314

Major Revenue Sources: REET 1 and 2, Grants, Bond Proceeds

PARKS CAPITAL (3581)

	2023-2024 Proposed	2025-2026 Projected	2027-2028 Projected
Revenues	$166,867,415	$142,456,838	$10,237,871
Expenditures	$166,867,415	$142,456,838	$10,237,871

Major Revenue Sources: Parks, Recreation, Open Space, and Trails Levy, REET 1 and 2, Grants

DESCRIPTION

The Parks Capital Improvement Program supports the acquisition, construction, and rehabilitation of open space, parks, trails, and recreational facilities. It is supported by proceeds from the voter-approved Parks, Recreation, Trails, and Open Space Levy (Parks Levy), as well as Real Estate Excise Taxes (REET) and grants.

The Parks, Recreation, and Open Space Fund (3160) provides for capital planning efforts, acquisition evaluations, budget development, and facility rehabilitations. Revenue sources are grants, REET, and bond proceeds.

The Parks Capital Fund (3581) provides revenues to be used for open space and trail acquisition, development projects, major maintenance, community partnerships and grants, and three of the new parks levy grant programs – Open Space - River Corridors, Parks Capital and Open Space, and Aquatic Facilities. Revenue sources are the Parks, Recreation, Open Space and Trails Levy; REET 1 and 2; and grants.

<u>SUMMARY OF PROPOSED BUDGET AND CHANGES</u>

Parks, Recreation, and Open Space Fund (3160). The Executive's proposed 2023-2024 budget includes a $20.1 million appropriation to this fund. Key projects proposed for this fund during 2023-2024 include:

- <u>Cleanup of Maury Island Natural Area.</u> $2.0 million for the continued mandated cleanup of contaminated soils and remediation of gravel mining operations at the Maury Island Natural Area, to be completed in coordination with the Washington State Department of Ecology. Projects in this biennium include 1) Restoration of 4 more acres of invasive vegetation with native vegetation, 2) Design for remediation of gravel mining remnants, and 3) ongoing plant establishment for 3 acres planted in 2022. Outyear estimates assume an additional phase of revegetation of three acres along with plant establishment monitoring.

- <u>Fish Passage Restoration Program.</u> $3 million to create a new program dedicated to removing barriers to fish passage by repairing or replacing fish passable culverts. According to Executive staff, this would enable Parks to meet legal obligations and would be managed in partnership with the Clean Water Healthy Habitat and Fish Passage initiatives. This money would support design of four culverts, construction of three culverts, and program management.[1]

- <u>Marymoor Park Expansion Acquisition, Parking, and Infrastructure Improvements.</u> $4.5 million to expand Marymoor Park by acquiring the 20-acre Bellevue Field, which has three baseball fields and is located within the park boundary and operated by Parks through a use agreement with Bellevue; and $6.0 million to improve existing parking infrastructure at the northeast parking lot in Marymoor Park, which is currently gravel and grass.

- <u>Infrastructure Rehab.</u> $5.6 million for emerging time critical capital construction or major maintenance needs, ADA accessibility, and other recommendations identified in Major Maintenance Reserve Studies to optimize the life cycle of park assets.

- <u>Grant Contingency.</u> $470,000 to ensure adequate balance is available to cover pending grant applications.

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[1] According to Executive staff, DNRP and DLS have drafted a proposed 10-year fish passage work plan that would restore salmon access to at least 50% of the habitat that is currently blocked by county barriers. The work plan foundation is about 40 fish passage restoration projects at the highest priority county barriers. In addition to the habitat-priority projects, the work plan also includes 22 barrier remedy projects needed to address infrastructure or safety concerns and which also have meaningful benefits for fish passage. The first investments for the 10-year fish passage program are being deliberated as part of the 2023-2024 agency and executive budget process. The 2023-2024 budget includes funding for fish passage work in Parks, WLRD, and Roads.

Parks Capital (3581). The Executive's proposed 2023-2024 budget includes a $166.9 million appropriation to this fund in the 2023-2024 biennium. Projects include open space purchases, construction and major maintenance of regional parks and facilities, trail development, and grants, as stipulated by the Parks Levy.

According to Executive staff, the parks levy project budgets align with voter-approved percentage allocations required by the Parks Levy Ordinance 18890. Motion 15378 requests the Executive to transmit a reallocation report by September 30th if a reallocation request is anticipated. The Executive transmitted a 2022 Parks Levy Reallocation Report on September 30, 2022. The report includes proposed reallocations of money within the Regional and Other Public Trails funding category, which would not impact the voter-approved percentage allocations of the levy. These proposed changes are discussed further below.

Key projects proposed for this fund during 2023-2024 include:

<u>Open Space Acquisitions</u>**.** The Parks Capital Fund supports open space acquisitions, including those recommended for grant awards by the Conservation Futures Advisory Committee.

The Conservation Futures Advisory Committee reviews and makes recommendations for projects to be supported by both the Parks Levy and the Conservation Futures Tax (CFT). Depending on project eligibility, some projects are recommended for CFT funding, some projects are recommended for Parks Levy funding, and some projects are recommended to receive funding from both sources. Although this is a biennial budget, King County Code outlines an annual process for applications, review, and recommendations from this committee.[2] As a result, the proposed 2023-2024 budget includes a list of proposed projects for 2023 only.

The Advisory Committee provides recommendations to the Executive and then transmits them for Council review. For 2023, the Committee recommended Parks Levy funding for projects totaling $14.9 million, as shown in Table 1. Executive staff have confirmed that these project recommendations align with the Committee's recommendations.

Table 1 – Proposed Parks Levy Open Space Grant Awards

Agency/ Location	Project Name	Parks Levy Recommended	Council District
KC-WRIA 7	Middle Fork Snoqualmie Natural Area Additions	$415,000	3
KC-WRIA 7	Mitchell Hill Forest	$687,500	3
KC-WRIA 8	Bear Creek Conservation Paradise Lake	$800,000	3
KC-WRIA 8	Cascade Mountains Gateway Project	$255,000	3

[2] K.C.C. 26.12

KC-WRIA 8	East Fork Issaquah Creek Restoration	$600,000	3
KC-WRIA 8	Evans Creek Conservation Corridor and Agricultural Easements	$770,000	3
KC-WRIA 8	Evans Creek Nelson (Gunshy) Acquisition	$1,250,000	3
KC-WRIA 9	Black Diamond Open Space	$1,460,000	9
KC-WRIA 9	Green River Gorge - Deep Lake	$500,000	9
KC-WRIA 9	Green River/Newaukum Creek	$2,310,613	9
KC-WRIA 9	Keevie Lake	$95,000	9
KC-WRIA 9	North Green River Acquisitions	$610,625	7
KC-WRIA 9	Soos Creek	$1,200,000	5,9
KC-WRIA 9	Soos Creek Park / Molasses Creek	$297,000	9
KC-WRIA 9	Sweeney Pond	$1,050,000	9
KC-Vashon	Island Center Forest Additions	$200,000	8
KC-Vashon	Manzanita Natural Area Additions	$15,000	8
KC-Vashon	Neill Point Natural Area – Morningside Farm	$395,000	8
KC-Vashon	Vashon Creeks and Estuaries	$359,000	8
KC-Vashon	Vashon Marine Shoreline	$1,596,000	8
Total		**$14,865,738**	

- Parks Regional Open Space Initiative: $15.7 million appropriation of Parks Levy revenue to allow the CFT Advisory Committee to make its 2024 recommendations. This would be disappropriated in the 2023-2024 2nd Omnibus and transferred to individual acquisitions.
- Parks Open Space Stewardship: $7.0 million to support efforts to steward newly acquired open space and natural lands including the Youth Conservation Corps, demolitions, maintenance shop improvements, Parks' share of the Land Conservation Initiative program management, and proposed new forest restoration positions in partnership with the Water and Land Division.

Trail Development. The Parks Capital fund also supports development of trails, trailheads, and mobility connections, as well as ongoing maintenance of trails and trailheads as part of the regional trails system. Major proposed trail investments are shown in Table 2.

Table 2 – Proposed Major Trail Investments

Project	2023-2024	Description
Soos Creek Trail segment	$3,293,560	Remainder of the six-year Parks Levy allocation, which would support completing final design and construction of the Soos Creek Trail segment from SE 192nd St to SE 186th St.
Green to Cedar Rivers Trail	$3,700,000	Final design and any acquisitions necessary for the Interim Trail South project. In accordance with a

Project	2023-2024	Description
		Council proviso in the 2020 budget, the proposed trail development project would complete the G2C South Segment.
Trailhead Development and Access	$1,499,217	Design and construction of a new trailhead on Rattlesnake Mountain near North Bend and planning for expanding the trailhead at Frog Holler Forest on Vashon Island, both of which are levy commitments.
Regional Trail Bridge and Trestle Program	$1,700,000	Inspections, load ratings, and repairs on bridges within Parks' regional trial bridge inventory.
Parks Interurban Trail South Improvement	$4,632,771	For asphalt spot repairs, access controls, signage, and striping along the Interurban Trail in the cities of Pacific, Algona, Auburn, Kent, and Tukwila to meet levy commitments.
Backcountry Trail Rehabilitation	$3,000,000	To support levy commitments at Cougar Mountain Regional Wildland Park, Green River Natural Area, Island Center Forest, Tolt MacDonald Park, and Taylor Mountain Forest as well as Moss Lake Natural Area.
Public Trails Pass Through	$5,804,478	To work with city partners to develop regional and public trails within city limits. The four projects are Interurban Trail to Burke-Gilman Connector ($7,500,000), Kirkland Green Loop Trail ($2,500,000), Green River Trail Missing Link ($1,500,000), and Interurban Trail Connection – Milton ($150,000). A fifth project (City of Woodinville - $50,000) was added in the 21-22 budget (Section 129, ER 5).
Capital Improvements for Existing Regional Trails Program	$5,500,051	This would combine three legacy programs, Regional Trail Surface Improvement, Landscape Mitigation Monitoring, and RTS Standards and Safety, to support mitigation monitoring and landscape maintenance of recently completed trail segments on Lake to Sound, Foothills, and East Lake Sammamish Trails; surface, ADA, standards, and safety improvements on existing trails including the Cedar River, Burke Gilman, Sammamish River, and other trails; and future planning of the regional trails system to meet levy commitments.
Eastrail Parent Project	$9,052,245	To construct 16 miles of paved shared use path connecting Renton, Bellevue, Kirkland, Woodinville,

Project	2023-2024	Description
		and Redmond. The trail would also connect existing regional trails including the I-90 Trail, SR 520 Trail, Sammamish River Trail, Cedar River Trail, and Lake to Sound trail. The program includes rehabilitation of several major structures including the Wilburton Trestle, a new crossing over NE 8th St. in Bellevue, a bridge over the Wilburton "Gap" by WSDOT which includes partial funding support by King County, and renovation of a steel railroad bridge over I-90.

Capital Improvements and Major Maintenance Renovations. The budget proposal includes capital improvements and maintenance at the King County Aquatic Center, Skyway Park, utility systems, docks, ballfields, sport courts, and play areas around the County. Major capital improvements and maintenance renovations are shown in Table 3.

Table 3 – Proposed Capital Improvements and Major Maintenance Renovations

Project	2023-2024	Description
Aquatic Center	$3,200,000	Replacement of aging recreation pool HVAC and Water Heating System; LED Lighting in the main natatorium; Network and IT updates; reapplying protective coating to surfaces inside the building; and replacement of the banquet hall roof.
Ballfield and Sport Court Rehabilitation Program	$3,118,501	For levy commitments at Petrovitsky Park including design of drainage repair at two fields and construction at one field at Baseball Fields 3 and 4 and Big Finn Hill Park including ballfield fence repairs and replacement at Fields 1-4.
Ballfield Turf Replacement Program	$8,400,000	Synthetic turf replacement at Petrovitsky Park Soccer Fields 1 & 2; Ravensdale Park Fields 1 & 4; Preston Park Field 3; and Redmond Ridge Park Fields 1 & 3 to meet levy commitments.
Dockton Moorage Renovation Phase 2	$2,480,000	Infrastructure improvements at Dockton Park. Phase 2 will replace the existing breakwater; install new finger piers to replace the finger piers previously removed; and replace existing creosote-treated pilings supporting the pier and finger piers with galvanized and epoxy-coated steel pilings.
Marymoor Stormwater Facility	$1,000,000	For channel improvements including widening an existing drainage channel, replacing two undersized culverts, and adding bioinfiltration soil and plantings, thereby treating stormwater runoff prior to outfall into the Sammamish River.

Project	2023-2024	Description
Play Area Rehabilitation Program	$1,000,000	To support rehabilitation of play areas at Boulevard Lane Park and Maplewood Park, both of which are levy commitments.
Preston Snoqualmie Bridge Replacement	$2,100,000	Replace 195-feet long decommissioned timber railroad trestle structure with a new freestanding bridge. The bridge was heavily damaged during a winter landslide in 2021-2022.
Skyway Park	$1,500,000	Installations of two Portland Loo restrooms and improved fencing and safety netting for the northern ballfield to fulfill a levy commitment.

State Legislature Move Ahead Washington transportation package. These two projects would be revenue-backed by the Move Ahead Washington transportation package passed by the State Legislature in 2022. These are shown in Table 4.

Table 4 – Proposed Projects with State Legislature Transportation Package

Project	2023-2024	Description
Eastrail Renton Extension	$6,000,000	To continue the corridor south of the current terminus at Mile Post 5 to the entrance of Gene Coulon Park in Renton. This appropriation would support planning, preliminary design, and acquisition of property rights from Burlington Northern Santa Fe railroad. The total cost needed for this project would be $32 million. Future anticipated budget requests would be $10 million in 2025-2026 (design) and $16 million in 2027-2028 (construction).
Eastrail I-90 Steel Bridge	$12,000,000	To support rehabilitation of the former railroad steel bridge crossing I-90 just west of I-405 connecting Renton and points south of I-90 into Bellevue and the rest of the Eastrail. This appropriation would support project management, consultant design, and a portion of construction. The total cost needed for this project would be $60 million. Future anticipated budget requests would be $5 million in 2025-2026 (design) and $50 million in 2027-2028 (construction).

Grant programs. The 2020-2025 Parks Levy established four new grant programs, three of which are housed within the Parks Capital fund. Additionally, the Community Partnerships and Grants program, which had previously been housed within the Parks and Recreation operating fund, is housed within Parks Capital as of 2020. Table 5 shows proposed appropriations for each of the four programs for the 2023-2024 biennium.

Table 5 – Parks Levy Grant Programs

Grant Program	2023-2024 Proposed	Program Description
Parks Cities Capital and Acquisition Grant	$9,242,287	Grants for cities, towns, and park districts to acquire open space or build park or recreation-related capital facilities. 22 applications were received, and grants have been awarded.
Open Space – River Corridors	$7,524,000	Grants for a wide range of entities to undertake multi-benefit projects in riparian corridors. 17 applications were received, and grants have been awarded.
Aquatic Facilities	$13,461,196	Grants for public entities to build new or improve existing aquatic facilities such as pools. 18 applications were received, and grants have been awarded.
Community Partnerships and Grants	$3,537,947	Grants for community-based organizations to plan, design, permit, and construct recreation facilities for public benefit. These projects are developed with local community partners, such as sports associations and recreation clubs, and have been awarded on a rolling basis.

Levy Reallocation. The proposed budget includes two projects that would reallocate Parks Levy funding, shown in Table 6.

Table 6 – Proposed Parks Levy Reallocations

Project	2023-2024	Description
Lake to Sound Trail Burien	$8,600,000	To support a multi-jurisdiction, multiple segment trail that extends 16 miles from the Cedar River at Lake Washington in Renton to Des Moines Beach Park on Puget Sound. As detailed in the 2022 Parks Levy Reallocation Report, $5 million of this request is a reallocation from the Lake to Sound Renton and Tukwila segments (Segments D and E) to fill a funding gap

Project	2023-2024	Description
		in Burien segment (Segment C) caused by pandemic project delays and sharp construction inflation. The reallocation aligns proceeds with project readiness and efforts by the City of Renton and will support final design for Segments D, E, and F.
Green River Trail Extension	$9,193,341	For final design and necessary steps to advertise the project for construction by end of 2024. As detailed in the 2022 Levy Reallocation Report, $3.5 million of this request is a reallocation from the Lake to Sound Renton and Tukwila segments.

KEY ISSUES

ISSUE 1 – EXECUTIVE PROPOSED REALLOCATIONS WITHIN CAPITAL FUND

Attachment C to Motion 15378 established a spending plan for moneys from the 2020-2025 Parks Levy. The motion requests the Executive to transmit a reallocation report by September 30th if a reallocation request is anticipated. The Executive transmitted a 2022 Parks Levy Reallocation Report on September 30, 2022, which proposes spending in variance to Attachment C to the Levy Motion. The report includes proposed reallocations of money within the Regional and Other Public Trails funding category, as described in Table 6, which would not impact the voter-approved percentage allocations of the levy.

Within the Regional and Oher Public Trails System Portfolio, DNRP proposes reallocating $8.5M from the Lake to Sound Trail Renton and Tukwila segments, with $5 million going to the Lake to Sound Burien Segment and $3.5M going to the Green River Trail North Extension.

According to the report, operationalizing the Lake to Sound Burien Segment and the Green River Trail North Extension projects would significantly increase recreation access and mobility to King County residents and are on track to be completed by 2024. The projects require additional funding for construction due to cost increases, supply chain issues, and inflation.

The report also states that Lake to Sound Segments D, E, and F (Renton and Tukwila) are continuing to advance to the final design phase during this levy period. It states that construction of these segments is heavily dependent on acquiring property rights for trail rights-of-way in coordination with Burlington Northern Santa Fe railroad, the City of Renton, and WSDOT.

Staff analysis is ongoing.

REAL ESTATE EXCISE TAX (REET)

ANALYST: SHERRIE HSU

REET 1

	2023-2024 Proposed	2025-2026 Projected	2027-2028 Projected
Revenues	$23,970,000	$21,148,000	$20,251,000
Expenditures	$23,970,000	$21,148,000	$20,251,000

Major Revenue Sources: Real Estate Excise Tax

REET 2

	2023-2024 Proposed	2025-2026 Projected	2027-2028 Projected
Revenues	$24,017,000	$22,148,000	$20,251,000
Expenditures	$24,017,000	$22,148,000	$20,251,000

Major Revenue Sources: Real Estate Excise Tax

DESCRIPTION

King County levies two Real Estate Excise Taxes (REET) on sellers of real property in unincorporated King County. Each tax is 0.25% 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, or for housing relocation assistance.[1] The King County Code specifies that these proceeds may only be used "for capital needs of the unincorporated area of the county."[2]

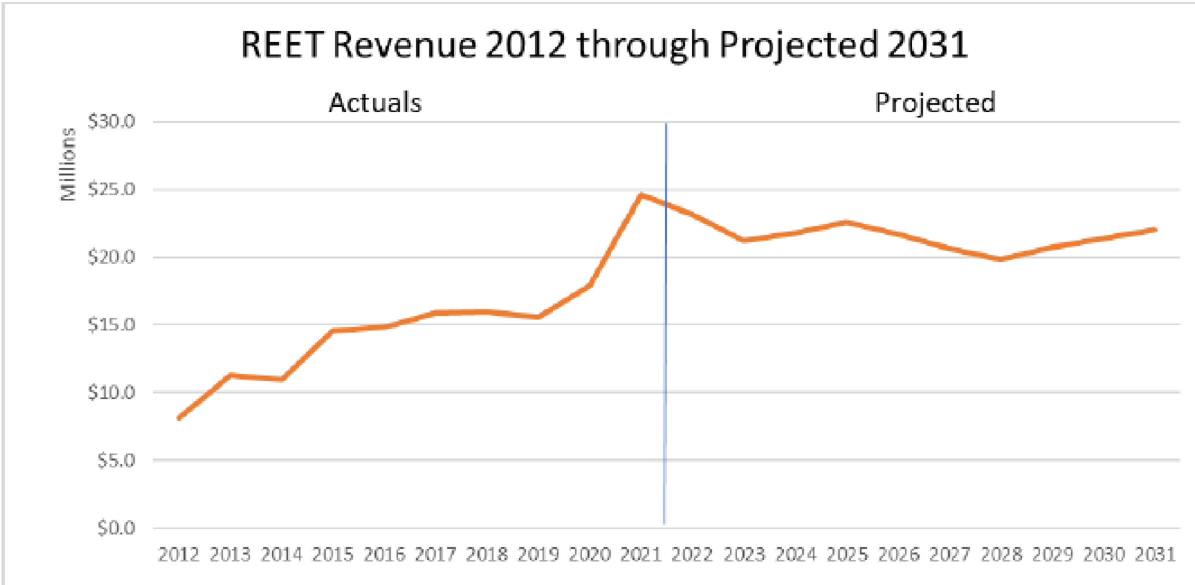
REET 2 is permitted by State law to be used for limited types of capital projects identified in the capital facilities plan element of the Comprehensive Plan, including, through the end of 2025, capital facilities for those experiencing homelessness or for affordable housing projects.[3] King County Code requires that REET 2 only be used for the "planning, construction, reconstruction, repair, rehabilitation or improvement of parks located in or providing a benefit and open to residents of the unincorporated area of King County."[4]

Figure 1 below shows actual and projected REET revenues from 2012 through 2031. According to the Executive's proposed budget, the strong real estate market continued to benefit REET revenue through 2021, and despite current estimates projecting a softening

[1] RCW 82.46.010
[2] K.C.C. 4A.200.580
[3] RCW 82.46.035
[4] K.C.C. 4A.200.590.E

in revenues through 2031 driven by slowing demand and higher interest rates, the County expects to collect $21.2 million in 2023, $21.8 million in 2014, and between $20 to $23 million per year through 2031.

Figure 1: REET Revenue 2012 through Projected 2031



Source: Executive Proposed 2023-2024 Budget

<u>SUMMARY OF PROPOSED BUDGET AND CHANGES</u>

In the 2023-2024 Executive proposed budget, REET would support Roads Division and Parks Division capital projects through transfers to the Parks and Roads Divisions and debt service. The debt service would support existing debt; no new debt is proposed to be funded by REET.

REET 1 proceeds are proposed to be used for the following in the 2023-2024 budget:

- $801,000 for debt service. This would support a $3.5 million bond to finance the Upper Tokul Creek Bridge Replacement in 2022 (Roads), and a $1.9 million bond to finance the 277th St Bridge Replacement in 2021 (Roads).
- A total of $13.9 million transferred to the Roads Major Maintenance Fund and the Roads Construction Fund[5] to support capital projects in unincorporated areas.[6]
- A total of $13.9 million transferred to the Parks Capital Fund and Parks, Recreation, and Open Space Fund[7] to support Parks capital projects in unincorporated areas.[8]

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[5] Funds 3855 and 3865, respectively.
[6] See the separate staff report section on the Roads Capital fund for more information on specific projects – both those proposed to receive a direct transfer and those for which REET is proposed for debt service.
[7] Funds 3581 and 3160, respectively.
[8] See the separate staff report section on the Parks Capital fund for more information on specific projects.

REET 2 proceeds are proposed to be used for two purposes:

- $3.0 million for debt service. This would be a technical adjustment to allocate REET revenue to pay for debt service of existing bonds, specifically an $18.9 million bond to finance the Parks Central Maintenance Facility in 2020.
- $25.5 million transferred to the Parks Capital Fund and Parks, Recreation, and Open Space Fund[9] to support Parks capital projects.[10]

KEY ISSUES

Staff have not identified any issues for this budget.

[9] Funds 3581 and 3160, respectively.
[10] See the separate staff report section on the Parks Capital fund for more information on specific projects.

SOLID WASTE LANDFILL POST-CLOSURE MAINTENANCE FUND

ANALYST: TERRA ROSE

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	$4,266,112	$3,138,706	1.0	0.0
2023-2024 Base Budget Adjust.	$49,779	$0	0.0	0.0
2023-2024 Decision Packages	$39,899	$1,273,775	0.0	0.0
2023-2024 Proposed Budget	**$4,356,000**	**$4,413,000**	**1.0**	**0.0**
% Change from prior biennium	2.1%			
Dec. Pkg. as % of prior biennium	0.9%			

Major Revenue Sources: Disposal fees

Base Budget Assumptions: (1) Remove 2021-2022 one-time changes; (2) annualize supplemental changes; and (3) update personnel rates

DESCRIPTION

The Solid Waste Division is responsible with the maintenance and monitoring of seven closed landfills located in King County. All closed landfills with the exception of the Vashon-Maury Island landfill have met the obligatory number of years of post-closure care determined by state law. Despite having exceeded the required monitoring period at most sites, the state Department of Ecology has not yet authorized the County to terminate maintenance and monitoring. The Solid Waste Post-Closure Maintenance Operating fund pays for routine maintenance and monitoring of engineering control systems (e.g., soil cover, landfill gas control and treatment, groundwater monitoring wells) already installed at the closed landfills. The Solid Waste Construction capital fund pays for planning, design, and construction of *new* systems at the closed landfills.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Solid Waste Post-Closure Landfill Maintenance budget is proposed to increase by 2.1 percent relative to the 2021-2022 Revised Budget. Budget materials indicate that this increase is largely driven by central rate adjustments.

KEY ISSUES

Staff have not identified any issues for this budget.

SOLID WASTE OPERATING

ANALYST: TERRA ROSE

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	$316,133,860	$301,971,444	452.4	8.5
2023-2024 Base Budget Adjust.	$27,190,766	$4,885,978	0.0	(5.5)
2023-2024 Decision Packages	$16,401,439	$44,458,886	13.0	1.0
2023-2024 Proposed Budget	**$359,727,000**	**$351,317,000**	**465.4**	**9.5**
% Change from prior biennium	13.8%			
Dec. Pkg. as % of prior biennium	5.2%			

Major Revenue Sources: Disposal fees

Base Budget Assumptions: (1) 4.0% GWI for 2023 and 2024; (2) Removal of one-time reductions in transfers to the Landfill Reserve Fund and the Capital Equipment Recovery Fund.

DESCRIPTION

The Solid Waste Operating Fund is an enterprise fund that pays for operating activities for the King County Solid Waste Division (SWD). SWD provides waste transfer and disposal services for 37 partner cities with interlocal agreements and the unincorporated area, and operates eight transfer stations, two drop boxes, and the Cedar Hills Regional Landfill. SWD also manages a variety of waste reduction and recycling programs targeted at residents and businesses.

The SWD operating budget is supported by a variety of disposal fees that are approved by the Council. A new fee schedule for 2023 and 2024 was approved by the Council earlier this year.[1] Executive staff anticipate increasing fees by approximately 9.6 percent each year between 2025 and 2028.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2023-2024 Executive proposed operating budget for SWD would increase by approximately 13.8 percent and a net of 13 FTEs would be added, relative to the 2021-2022 Revised Budget.

According to the budget materials, most of the increase is driven by the additional costs associated with the proposed new positions and central rate adjustments. The proposed positions to be added, including position descriptors and a brief justification from Executive staff, is provided in the following table. As noted in the table, three Local

[1] Ordinance 19497

Hazardous Waste Management Program FTEs that are currently housed in SWD would be moved to the Water and Land Resources Division (WLRD) as part of an effort to consolidate some LHWMP staff from SWD and the Environmental Health Division of Public Health in one County agency. This proposal is described further in the LHWMP staff report.

Position Title	Executive Justification	# of FTEs
Human Resources Supervisor	This position would focus on supervisory tasks and would allow the current recruitment lead to move back to being a primary recruiter. Executive staff indicate it would add value, leadership, and growth capacity to a large, high volume HR team. Executive staff indicate that approximately 138 employees of their more than 400 employees are currently eligible to retire or will be within five years.	1.0
Labor Relations Representative	Needed to accommodate the steady and high volume of labor relations work. Executive staff indicate there are 13 bargaining units covered under 9 separate contracts.	1.0
Training Coordinator	This position would work with managers, supervisors, and sections to identify gaps and training needs; develop training programs/plans/curriculum or identify external resources. Executive staff indicate this position will support SWD's goal of being an "employer of choice" and minimizing risk.	1.0
Landfill Gas Operator	Needed to respond to increased workload from new state law regarding methane emission standards and reporting for landfills.	1.0
ESJ Facilitator	These positions would develop and implement ESJ plans and reviews, conduct community outreach, and facilitate ESJ-related meetings. According to Executive staff, there is no existing staff capacity to support this work, so some of the work is being done by consultants or not at all.	2.0

Position Title	Executive Justification	# of FTEs
Green Building and SCAP Support Project Program Manager	Needed to help implement the priority actions of the updated Green Building Ordinance adopted by the Council earlier this year and the SCAP, as well as provide technical assistance to the Zero Energy/Living Building Challenge-certified projects.	1.0
Construction & Demolition (C&D) Diversion Project Program Manager	Needed to help improve C&D performance countywide and for internal County capital projects. In 2020, the county averaged a 70% diversion rate when the SCAP goal for 2022 is 80%. The position would be funded through C&D disposal fee revenues.	1.0
Re+ Implementation Project Program Manager	Would support the implementation of the Re+ initiative and allow staff currently leading this work to be able to shift their effort to updating the Comprehensive Solid Waste Management Plan.	1.0
Capital Construction Inspection and Quality Assurance Engineer	Will ensure contractor and consultant construction managers are performing per design, specifications, and contract agreements. Executive staff indicate this position would provide oversight to keep projects on schedule.	1.0
Asset Management Engineer	These positions would manage maintenance and repair for SWD assets at the transfer stations and drop boxes. Executive staff indicate this body of work is currently staffed by unbudgeted TLTs.	2.0
Supervisory Control and Data Acquisition (SCADA) IT Staff	This position would manage the Division's SCADA software and equipment and, according to Executive staff, is needed as a liaison between KCIT and SWD.	1.0
Capital Project Manager (TLT conversion)	Workload for this TLT is expected to continue beyond the allowable duration and an FTE is needed to support intensive capital portfolio in coming years.	1.0
Administrator (TLT conversion)	This TLT position provided technical writing support utilized by all work units. Executive staff indicate that ongoing technical writing support is needed.	1.0

Position Title	Executive Justification	# of FTEs
Local Hazardous Waste Management Program (LHWMP) Staff	Reflects approved Management Coordination Committee budget for LHWMP	1.0
Local Hazardous Waste Management Program (LHWMP) Staff	Proposed budget would move 3.0 LHWMP FTEs currently housed in SWD to the Water and Land Resources Division	(3.0)
	Net Change	13.0

KEY ISSUES

ISSUE 1 – PROJECT MANAGEMENT OFFICE STAFFING CHALLENGES

SWD is in the middle of an intensive capital construction period of approximately $770 million in infrastructure projects between now and 2028. These include construction of two recycling and transfer stations, landfill expansion projects that require construction of new permanent staffing facilities, and electrification efforts, among others described in staff reports for the solid waste capital funds. The Executive is proposing in this budget to add two new projects to the portfolio – a co-digestion pre-processing facility and the potential redevelopment of the Renton Transfer Station. Additionally, the six-year fee model for the most recent fee increase ordinance adopted by Council assumed that in a future biennium that SWD would add another new facility, a mixed waste processing facility that takes municipal solid waste and further separates materials following curbside collection. Further, planning for the next disposal method following the ultimate closure of the Cedar Hills landfill will also need to be undertaken in the near-term and which may also require capital construction.

On September 23, 2022, the King County Auditor issued a management letter that indicated that "Increased risk, cost, and potential for service disruptions are likely with King County Solid Waste Division's (SWD) permanent support facilities project at the Cedar Hills Regional Landfill."[2] The letter indicates that staffing challenges at SWD place projects at risk of cost and schedule overruns, noting that as of July 2022, nearly half of the positions within SWD's Project Management Office, the office responsible for managing capital projects, are vacant. According to the letter, these staffing challenges place all SWD projects at risk of being delivered late or at increased cost because staff workload may not allow sufficient time to adhere to project management best practices given that project managers are assigned to multiple large capital projects.

Council staff have requested an update on the Project Management Office vacancy rate and efforts to fill the vacant positions and the capital project-related personnel proposed to be added by this budget.

[2] https://kingcounty.gov/depts/auditor/auditor-reports/cpo/swd-cedar-hills.aspx

LOCAL HAZARDOUS WASTE

ANALYST: TERRA ROSE

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	$42,567,460	$35,070,130	0.0	0.0
2023-2024 Base Budget Adjust.	($650,000)	$1,437,496	0.0	0.0
2023-2024 Decision Packages	$1,968,232	$1,406,032	0.0	0.0
2023-2024 Proposed Budget	**$43,886,000**	**$37,914,000**	**000.0**	**000.0**
% Change from prior biennium	3.1%			
Dec. Pkg. as % of prior biennium	4.6%			

Major Revenue Sources: Surcharge on solid waste and wastewater disposal services

Base Budget Assumptions: Removal of a one-time grant program

DESCRIPTION

The Local Hazardous Waste Management Program (LHWMP) provides services to the 2.1 million residents and 60,000 businesses in the county. LHWMP provides a range of residential and business services to reduce exposure to toxic materials. Services include collection and disposal, technical assistance, incentives, prevention programs, and policy initiatives. LHWMP is a regional partnership guided by a multi-jurisdictional Management Coordination Committee (MCC), with representation from participating county agencies and cities. The MCC was established by the King County Board of Health based on the Board's authority contained in state law.[1] The MCC is charged with recommending LHWMP's management plan and budget, and recommending contracts with the City of Seattle, suburban cities, sewer district, or other governments or entities located entirely or partially within the county to implement the plan.

LHWMP is funded through surcharges on solid waste and wastewater services, which are set by the King County Board of Health.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The LHWMP budget is proposed to increase by a net of $1.3 million, or 3.1 percent, relative to the 2021-2022 Revised Budget. Budget materials indicate that this increase is attributable to the approximately $2.0 million of additional expenditure authority which would maintain program services at 2021-2022 levels while accounting for increases in the costs of program partners, less a one-time grant program of $650,000.

[1] RCW 70.05.060 and 70.95.160

According to Executive staff, this fund is essentially a pass-through in which revenues are collected and transferred to the partner agencies – the Water and Land Resources Division (WLRD), the Solid Waste Division (SWD), Environmental Health (EH), and Seattle Public Utilities (SPU). While this appropriation unit has no FTE authority due to being a pass-through fund, of note is a partial LHWMP staff consolidation that would be effectuated through changes in other appropriation units. The Executive proposed 2023-2024 budget would move a portion of LHWMP employees from EH (5.0 FTE) and SWD (3.0 FTE) into WLRD as a new section to provide more streamlined management. Specifically, Executive staff indicate this change is anticipated to result in centralized and streamlined support systems in human resources, finance, supervision of staff, and management oversight, as well as less confusion for staff. According to Executive staff, this proposal does not change the vision, services, work program, recently adopted Comprehensive Plan, or mission of LHWMP. Additionally, collection, residential services, research, and other services will continue to be provided by SPU, EH, and SWD. Executive staff indicate that they have engaged with MCC, the Sound Cities Association, County staff, and labor unions on this proposal.

Proposed Ordinance 2022-0378, which was transmitted with the proposed budget, would move the management of this fund from Public Health to the Department of Natural Resources and Parks.

KEY ISSUES

Staff have not identified any issues for this budget.

SOLID WASTE CAPITAL EQUIPMENT RECOVERY FUND

ANALYST: TERRA ROSE

	2023-2024 Proposed	2025-2026 Projected	2027-2028 Projected
Revenues	$10,000,000	$14,000,000	$13,000,000
Expenditures	$10,000,000	$14,000,000	$13,000,000

Major Revenue Sources: Transfer from Solid Waste Operating Fund (disposal fees)

DESCRIPTION

The Solid Waste Capital Improvement Program is comprised of three funds: the Solid Waste Construction fund, the Capital Equipment Recovery fund, and the Landfill Reserve fund. The Solid Waste Capital Equipment Recovery fund, which is the subject of this staff report, is used to replace and provide for major maintenance of rolling stock (e.g., long-haul trucks and trailers) and stationary compactors. New equipment is purchased from the Operating fund, but after the initial purchase, replacements are funded out of the Capital Equipment Recovery fund.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Executive proposed budget would appropriate approximately $10 million for the maintenance and replacement of rolling stock (e.g., long-haul trucks and trailers) and stationary compactors. This represents an increase of approximately $2.8 million relative to the 2021-2022 budget, which proposed drawing down the fund balance to accommodate the lower transfer amount than the 2019-2020 biennium.

KEY ISSUES

Staff have not identified any issues for this budget.

SOLID WASTE CONSTRUCTION CAPITAL FUND

ANALYST: TERRA ROSE

	2023-2024 Proposed	2025-2026 Projected	2027-2028 Projected
Revenues	$176,013,913	$50,416,994	$123,753,074
Expenditures	$176,013,913	$50,416,994	$123,753,074

Major Revenue Sources: Bond proceeds, transfer from solid waste operating fund (disposal fees)

DESCRIPTION

The Solid Waste Capital Improvement Program is comprised of three funds: the Solid Waste Construction fund, the Capital Equipment Recovery fund, and the Landfill Reserve fund. The Solid Waste Construction fund, which is the subject of this staff report, is used to finance the new construction and major maintenance of division transfer facilities and some closed landfill projects. Projects in this fund are financed through bond proceeds and transfers of disposal fee revenue from the Solid Waste Operating fund.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed budget would appropriate approximately $176.0 million for projects related to recycling and transfer stations, projects at the closed landfills under the custodial care of the County, and new projects related to electrification and a co-digestion pre-processing facility. This is an increase of approximately $77.6 million relative to the 2021-2022 adopted budget. Proposed expenditures worth note are described below.

South County Recycling and Transfer Station (SCRTS): $75.6M. This previously approved project will, when complete, replace the 1960s-era Algona Transfer Station with a new transfer station expected to offer new recycling services and waste compaction to reduce hauling trips, and to be enclosed to contain noise, odor, and dust. This project is consistent with the direction in the Comprehensive Solid Waste Management Plan.[1]

According to budget materials, this appropriation would support the project through construction and project close-out, which is delayed by approximately two years and is now expected to open in 2026. The new estimate at completion has increased from $144.0 million estimated in the 2021-2022 budget materials to approximately $201.0 million. Executive staff attribute the increase in costs to several sources: COVID-19 impacts, higher salaries, and supply chain issues ($4M); inflation ($7M); additional project elements identified moving from 60 percent to 90 percent design ($25M);

[1] Ordinance 18893

extended construction duration ($10M); higher contractor mark-ups ($10M); and increases in art and ESJ contributions ($2.5M).

Northeast Recycling and Transfer Station (NERTS): $7.7M This previously approved project would construct a new recycling and transfer station in Northeast King County at a site to be determined to replace the 1960s-era Houghton Transfer Station located in Kirkland, consistent with the direction in the adopted Comprehensive Solid Waste Management Plan.[2] The new station is expected to offer additional recycling services, waste compaction, and be enclosed to contain noise, odor, and dust.

Budget materials indicate that this appropriation would support the planning and preliminary design phases of the project. SWD engaged in a siting review process with cities and community representatives and have narrowed the potential sites to two in Kirkland and one in Woodinville. Executive staff stated earlier this year that they expect to issue the final Environmental Impact Statement (EIS) and site selection by mid-2024. The station is anticipated to be complete and open in 2029. The estimated total cost at completion is approximately $178.9 million.

Cedar Hills Regional Landfill Facilities Relocation: $31.8M. This previously approved project would relocate existing administrative and maintenance facilities that are in the southeast portion of the Cedar Hills landfill to develop new disposal capacity. Budget materials indicate that some facilities will be moved to another location within the Cedar Hills boundary, such as in the buffer, and others will be moved offsite. The Final EIS for landfill development was issued in March 2022 with three facility relocation alternatives that are currently being evaluated.

This appropriation would support final design of the permanent facilities and the beginning of the implementation phase. Executive staff indicate that SWD is moving forward with designing a permanent facility in the southern buffer of the landfill. For this to occur, it is anticipated a Special Use Permit will be needed, with action by the Hearing Examiner and Council estimated in late 2023 and early 2024. Executive staff also note that staff are expected to be relocated to interim facilities during construction of the permanent facilities beginning in 2023, and budget materials indicate that they may be in these interim facilities for up to five years.

The estimated total cost at completion of the permanent facilities provided in the budget materials is approximately $96.7 million. However, Executive staff noted during deliberations on the solid waste fee ordinance earlier this year that the actual costs for this project will potentially be higher when more accurate estimates are available at 30 percent design.

On September 23, 2022, the King County Auditor issued a management letter that indicated that "Increased risk, cost, and potential for service disruptions are likely with King County Solid Waste Division's (SWD) permanent support facilities project at the

[2] Ordinance 18893

Cedar Hills Regional Landfill."[3] The letter goes on to note that SWD is unlikely to deliver the permanent support facilities on the current schedule, and delays may increase project costs and could cause disruptions to waste disposal. Among other issues, the letter cites staffing challenges and notes that as of July 2022, nearly half of the positions within SWD's Project Management Office, which is responsible for managing capital projects, are vacant. According to Executive staff, if permanent facilities are not constructed in time, lease extensions at the one rental interim facility may be needed and employees at other county-owned interim facilities may also need to stay at those locations longer. Executive staff indicate that plans for what to do if Area 9 is not complete by the time other areas are filled are ongoing.

The letter makes eight recommendations that the Auditor says are to address unresolved challenges and improve transparency of the project schedule and costs. SWD concurred with all eight recommendations in their agency response.

Electric Vehicle Infrastructure: $9.0M Executive staff indicate that this appropriation is for a new project that would do two things: (1) develop an electrification infrastructure plan that would cover the full transition to electrification for SWD in the coming biennia; and (2) design and construct the infrastructure necessary for electrification of the Division's transfer of waste from the transfer stations to the landfill by Class 8 tractors (e.g., capital improvements to increase electric power load). Budget materials indicate that vehicle electrification will help meet the goal in the Strategic Climate Action Plan for the Division to be carbon neutral by 2025 by eliminating approximately 11,000 MTCO2e.

According to Executive staff, the replacement of Class 8 vehicles is not included in this appropriation, nor is the design and construction of infrastructure to support fleet vehicle electrification. No additional appropriations for this scope of work are expected according to budget materials.

Maintenance and Monitoring Projects for Closed Landfills: $21.1M The proposed budget includes a series of project appropriations related to installing or modifying environmental control systems, landfill covers, and other maintenance and monitoring systems at closed landfills. Executive staff previously indicated that closed landfill projects are geared towards moving landfills out of post-closure care and that once this occurs, the routine activities funded by the Landfill Post-Closure Maintenance fund can be stopped and the properties can be considered for secondary beneficial use.

KEY ISSUES

ISSUE 1 – RENTON TRANSFER STATION REDEVELOPMENT: $3.2M

The proposed budget would appropriate $3.2 million for a new capital project to identify, design, and implement new uses of the Renton Recycling and Transfer Station that are

[3] https://kingcounty.gov/depts/auditor/auditor-reports/cpo/swd-cedar-hills.aspx

more aligned with County goals for waste diversion and recycling. Council staff has identified this project as a key issue due to the Council's historical interest in potential service changes at transfer stations.

The proposed appropriation would support the planning and preliminary design of modernizing the station or redevelopment into a different type of resource recovery facility. Executive staff note that preliminary possible options could include:

- modernizing the station for expanded recycling and compaction;
- redeveloping the site to host a food waste slurry preprocessing plant for anaerobic or co-digestion, salvaged lumber warehouse, mattress recycling facility, an EcoPark;[4] or
- co-locating more than one of the recycling facilities listed in the previous bullet.

According to Executive staff, the Renton station was constructed in the 1960s and is a top load station without compaction and limited recycling services (e.g., facility does not accept yard/wood waste, scrap metal, etc.). Once NERTS and SCRTS are complete, the Renton station will be the oldest and only remaining transfer station from the 1960s not currently planned for replacement with a more modern facility. They further state that redeveloping this site for other reuse, recycling, and waste diversion purposes is consistent with a more circular economy, would reduce the number of truck trips to transport waste to Cedar Hills due to diverting garbage from the Renton station to stations with compactors, and improve safety by designing out current risks of a top load station. However, Executive staff also indicate that the costs associated with redevelopment would put upward pressure on fees during a time of already high growth in the capital program and would require self-haulers and commercial waste haulers to travel further to dispose of locally collected waste. This may, according to Executive staff, increase the curbside bills of residents living closest to the station.

The adopted 2019 Comprehensive Solid Waste Management Plan[5] included recommended action 2-t, which stated: "Although approved for closure under the Solid Waste Transfer and Waste Management Plan, reserve the option to retain the Renton station until the new urban transfer facilities have been completed and the impact of closure has been fully evaluated."[6] Executive staff cite the opening of the Bow Lake and the Factoria Recycling and Transfer Stations and note that the tons from the Renton station could be absorbed by these stations. Council staff have inquired about the analysis conducted by SWD supporting this statement and why SWD does not plan to wait until the SCRTS and NERTS projects are complete to evaluate the potential closure.

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[4] Executive staff indicate that EcoParks often co-locate a variety of waste reduction and recycling facilities that can be mutually beneficial to each other. For example, part of the site could be a recycling depot for bulky items and tools and another part of the site takes these materials and repairs/refurbishes them for use.
[5] Ordinance 18893
[6] Att A Page 123

Executive staff expect to engage with the City of Renton, the King County Council, waste haulers that use the station, County staff, and other County agencies near the station in the next month or so. Executive staff also expect to engage community members and gather community input to inform the decision for the site. According to Executive staff, a decision for the use of the site would be expected to be made in 2024 and a capital budget request would be submitted to the Council to support the completion of the design and implementation. It is currently unclear what other Council action may or may not be necessary to close the Renton station, redevelop the site's purpose, or cease acceptance of certain types of waste like garbage.

Council staff analysis is ongoing.

ISSUE 2 – CO-DIGESTION PRE-PROCESSING FACILITY: $11.1M

The proposed budget would appropriate approximately $11.1 million for a new capital project to site and build a structure that could house a pre-processing facility where commercial food waste is turned into a slurry. Executive staff indicate that this slurry can then be taken to an anaerobic digestor or co-digested with other organic material where methane is then captured and converted to a renewable energy product. Executive staff anticipate that they expect a third party would rent the space at this structure to operate a digester and the Division would receive rental income. Council staff has identified this project as a key issue due to potential unknowns surrounding the project, including third party interest, the potential challenges in siting an additional solid waste facility in King County, and unclear benefits to ratepayers.

According to Executive staff, HB 1799 passed by the Washington State Legislature this year mandated commercial food waste be collected as a separate stream beginning in 2024. Executive staff anticipate that approximately 50,000 tons of food waste in King County is currently disposed that could be diverted, which includes businesses that will be subject to the new state collection requirement. Executive staff indicate that in 2021, data showed that regional processing capacity for organic materials was close to 80 percent. They further state that while there is capacity now to compost the projected commercial food waste for the next few years, more capacity will be needed when the permitted capacity for composting will be reached by the early 2030s. Budget materials indicate that the proposed facility would help expand the regional organics management opportunities.

The proposed appropriation would support the planning and design phases of the project and potentially some implementation. Budget materials indicate that the appropriation request is scaled for the purpose of moving quickly on developing a structure to house a co-digestion pre-processing facility due to the new state law requiring organics diversion and the approaching County goal of zero waste of resources by 2030. The current estimated total cost at completion is approximately $19.6 million. The materials also state that a location for this facility has not been identified yet and so an additional appropriation may be necessary.

Council staff have requested additional information about the business case for this project, specifically on what has been done to gauge the existence of third-party interest in leasing this future space, why urgency is warranted when organics processing capacity is not expected to be reached until at least 2030, and what sort of siting process is expected given potential challenges in siting an additional solid waste facility. Additionally, Council staff have inquired how this capital project specifically benefits feepayers as it would be supported by revenues from garbage disposal fees and not fees paid for organics collection and disposal.

The Executive's proposed 2023-2024 budget also includes a related appropriation in the Wastewater Treatment Division capital budget of approximately $2.0 million to design and construct organics processing infrastructure for co-digestion of wastewater solids and food waste at the South Treatment Plant in Renton. Council staff has inquired about the relationship between the two projects.

Council staff analysis is ongoing.

LANDFILL RESERVE CAPITAL FUND

ANALYST: TERRA ROSE

	2023-2024 Proposed	2025-2026 Projected	2027-2028 Projected
Revenues	$128,333,321	$74,838,886	$39,235,100
Expenditures	$128,333,321	$74,838,886	$39,235,100

Major Revenue Sources: Transfer from solid waste operating fund (disposal fees), bond proceeds

DESCRIPTION

The Solid Waste Capital Improvement Program is comprised of three funds: the Solid Waste Construction fund, the Capital Equipment Recovery fund, and the Landfill Reserve fund. The Landfill Reserve fund, which is the subject of this staff report, covers the costs of new area development at the Cedar Hills Regional Landfill, capital investments to sustain landfill infrastructure and operations, closing operating areas within the landfill, and accumulating funds for post-closure maintenance of Cedar Hills. Projects in this fund are paid for with a combination of bond proceeds and cash.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Executive proposed budget would appropriate approximately $128.3 million for capital projects at the Cedar Hills Regional Landfill, an increase of $93.2 million relative to the 2021-2022 adopted budget. Capital projects proposed in this budget can primarily be grouped into three types of projects: landfill expansion and area closure; improvements to the leachate collection and treatment system; and landfill gas collection improvements. Additional information on some of the specific projects and their appropriations are described below. The proposed budget would also appropriate $5.2 million for replacing miscellaneous aging landfill infrastructure (e.g., groundwater monitoring wells).

Landfill Area Closure and Expansion Projects: $61.6M The proposed budget would appropriate approximately $61.6 million for the series of projects listed in the following table related to closure of existing landfill areas and the expansion of the landfill as directed by the adopted Comprehensive Solid Waste Management Plan.[1]

[1] Ordinance 18893

Project #	Project Name	FY23-24 Proposed
1112415	Area 8 Closure	$18,677,199
1129848	Area 5 Top Deck Development and Closure	$13,635,250
1133923	Area 9 New Area Development	$7,908,000
1143775	Sound Wall	$7,776,946
1144290	Area 6 Top Deck	$13,635,250
	TOTAL	**$61,632,645**

A Final EIS for landfill development was issued in March 2022 that presented a no action alternative, as well as three landfill development scenarios that are expected to extend the capacity between nine and eighteen years, which would provide a potential closure date range of 2037 to 2046. Executive staff indicate that a decision on the selected alternative is expected in October 2022.

According to Executive staff, Area 8 is expected to reach capacity in May 2026 pending tonnage forecast updates and emergency waste acceptance assistance to other regional partners. Previously, Executive staff indicated that, given the remaining capacity in the existing areas of the landfill, construction of the new landfill area referred to as "Area 9" must be complete by the end of 2025 so that it is ready to accept waste in 2026. However, this project has experienced some delays and Executive staff now expect Area 9 to be open by 2028. To bridge the gap, SWD have changed the sequence of filling the existing areas and expect to fill Areas 5 and 6 as an interim step to allow another 18-24 months for Area 9 development and the necessary facility relocation. The facility relocation appropriation proposed for 2023-2024 is discussed in the Solid Waste Construction Capital Fund staff report.

Leachate Collection and Treatment System Projects: $42.4M The proposed budget would appropriate approximately $42.4 million for the series of projects listed in the following table related to making improvements in the leachate collection and treatment system. Leachate refers to the water that percolates through garbage at the landfill and requires collection and treatment before being sent to a wastewater treatment facility. Executive staff indicate that these projects are intended to get the County into compliance with state regulators and permit conditions, specifically to reduce arsenic to meet the leachate discharge permit requirements from the Wastewater Treatment Division.

Project #	Project Name	FY23-24 Proposed
1129844	Pump Station Repairs	$91,925
1138575	Impoundments and Conveyance Compliance	$10,208,640
1142443	Leachate Treatment	$15,668,360
1143777	Leachate Discharge Line Improvements	$16,537,286
	TOTAL	**$42,506,211**

Landfill Gas Collection System Projects: $14.5M The proposed budget includes an appropriation for approximately $14.5 million for the three projects listed in the table below related to the landfill gas collection system.

Project #	Project Name	FY23-24 Proposed
1133924	North Flare Station Electrical	$1,015,407
1143774	Header Replacement	$5,719,250
1143776	North Flare Station Flare Replacement	$7,776,946
	TOTAL	**$14,511,603**

KEY ISSUES

Staff have not identified any issues for this budget.

Information Technology Services Capital Fund

Analyst: Terra Rose, Leah Krekel-Zoppi

	2023-2024 Proposed	2025-2026 Projected	2027-2028 Projected
Revenues	$7,361,601	$6,643,660	$6,643,660
Expenditures	$7,361,601	$6,643,660	$6,643,660

Major Revenue Sources: Internal service charges to county agencies, General Fund

Description

The Information Technology Services Capital fund supports enterprise technology capital projects (i.e., related to the King County website) and enterprise equipment replacement (i.e., related to the County's servers or network) that are countywide in scope. The fund is managed by King County Information Technology (KCIT). Most projects in this fund are supported by internal service charges to county agencies.

Summary of Proposed Budget and Changes

The Executive proposed 2023-2024 budget would appropriate approximately $7.4 million for this fund. Of this appropriation, approximately $5.1 million would replace end-of-life network equipment, approximately $553,000 would expand the number of County sites with enhanced wireless capabilities, and approximately $1.7 million would be for the four new technology projects listed in the table below.

Project #	Project Name	FY23-24 Proposed
1143991	Payment Kiosks	$150,000
1143993	Criminal Justice Enterprise Data Hub	$150,000
1143995	Data Center Analysis & Planning	$500,000
1144333	SIRM Solution	$908,112
	NEW PROJECT TOTAL	**$1,708,112**

Proposed expenditures of note are further described below.

Payment Kiosks: $150,000 The proposed budget would appropriate $150,000 to support a planning study to implement payment kiosks throughout the County to enable an additional channel of payment for County services. Budget documentation indicates that the proposed payment kiosks are intended to decrease barriers to payments faced by those least economically advantaged and would help these residents make timely payments and avoid penalties and collections activities associated with late payments.

Executive staff indicate that they anticipate kiosks to increase payment options for some County services by including cash, improve availability of payment services, and improve self-service payment options in different languages. According to Executive staff, it has not yet been determined what County services (e.g., property tax payment, pet licensure) will accept payment at the kiosks, if all services will accept cash payment, the hours the kiosks will be available, as well as the number of kiosks and their locations. While the proposed appropriation only covers the planning study, the current assumptions are that the project would begin with a few kiosks and roll out additional kiosks later. The project staff also assume, at least at this time, that kiosks would be located in places with limited hours given security considerations (for example, at King Street Center). These and other details are anticipated to be determined during the planning study, which would be expected to be complete in Q2 2023.

Executive staff justify this project by noting that not everyone can access electronic payments for County services, citing that approximately 17.5 percent of Washington state residents are underbanked and that around 1.2 million people in King County face at least one barrier for broadband access. Council staff requested available data from community engagement that supported kiosks as being the preferred method of payment for the underbanked or those without internet access. Given that one of the goals provided by Executive staff for this project is to help residents avoid penalties and collections activities associated with late payments, Council staff also requested information on what proportion of late or non-payments for County services is due to difficulty in accessing payment options versus insufficient funds or other reasons. Executive staff indicated that prior outreach has been limited due to the project being in the proposal stage, but that as part of the planning study, KCIT will engage with a consultant to gather more detailed data about current behavior, needs, opportunities, and challenges faced by the unbanked and those with limited access to the internet.

Council staff also inquired about the potential for multi-jurisdictional payment kiosks given that an additional barrier for bill payors is having multiple bills to various government entities and having to visit numerous locations to make payment. Executive staff indicate that in KCIT's initial analysis, multi-jurisdictional payment kiosks is a potentially viable option and that preliminary conversations with City of Seattle staff signaled they were open to a conversation about a possible collaboration.

Criminal Justice Enterprise Data Hub: $150,000 The proposed budget would appropriate $150,000 for initial planning activities for a Criminal Justice data hub to provide publicly available data tracking across criminal justice agencies. Due to the siloed nature of criminal justice agencies' current data management systems and data classifications, there is no automated way for the public, policy makers, or agency managers to track criminal justice outcomes and trends across services, for example from arrest to referral to the prosecutor to booking into jail to court processing and community release. The intent of this proposed project would be to develop an enterprise-wide data hub for tracking disaggregated information related to subjects, cases, and resource allocations. The project would involve the KCSO, DAJD, Superior

Court, District Court, and the PAO. The requested appropriation would finance initial project planning only in 2023-2024, with feasibility and estimated project costs to be determined at a later time.

KEY ISSUES

Staff have not identified any issues for this budget.

KCIT SERVICES OPERATING

ANALYST: TERRA ROSE

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	$248,220,805	$220,618,995	382.0	0.0
2023-2024 Base Budget Adjust.	($1,094,129)	($4,547,065)	0.0	0.0
2023-2024 Decision Packages	$17,923,069	$46,148,300	1.0	0.0
2023-2024 Proposed Budget	**$265,050,000**	**$262,221,000**	**383.0**	**0.0**
% Change from prior biennium	6.8%			
Dec. Pkg. as % of prior biennium	7.2%			

Major Revenue Sources: Internal service charges to county agencies

Base Budget Assumptions: (1) salary and benefit adjustments; (2) one-time funding of $13.7M removed; (3) annualize supplemental budget changes.

DESCRIPTION

The King County Department of Information Technology (KCIT) provides technology services across County government. KCIT manages the County's information technology (IT) infrastructure, resources, and investments, including but not limited to, support of the County's network, IT equipment replacement (e.g., employee laptops), and the central help desk. Other services are provided for interested agencies based on their specific needs (e.g., assistance selecting or providing project management support for new or replacement software that targets unique agency needs, etc.). The KCIT budget is supported by internal service charges to County agencies.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2023-2024 proposed budget for KCIT would increase by approximately $16.8 million, or 6.8 percent relative to the 2021-2022 Revised Budget. In the proposed budget, FTEs are to remain flat.

Executive staff indicate that the total amount of the KCIT central rates, which are comprised of the internal service charges to other county agencies, is projected to increase by 23 percent relative to the 2021-2022 biennium and note that the increase is driven by several factors. These factors include increases in costs for licenses and network infrastructure replacement, as well as increased agency demand for application enhancement, legacy system support, and number of workstations, peripherals, and workstation licenses. However, there is wide variation in rates paid by County departments because departmental IT usage (on which departmental rates are based) differs. Proposed budget requests of note are described below.

- **Microsoft Enterprise Agreement: $4.4M** The proposed budget would add $4.4 million to reflect cost increases in Microsoft services and additional demand in Microsoft products. Executive staff indicate in agency-proposed budget materials that the total cost of Microsoft products in 2023-2024 is estimated to be $34.7 million. Microsoft Enterprise tools include, among other things, the Microsoft 365 software programs for all County users (e.g., Outlook, Teams) and the Dynamics platform which is expected to be used in the Jail Management System project, Assessor's Property Tax Accounting System, and multiple Department of Community and Human Services client reporting systems.
- **Operation and Maintenance Cost Increases: $2.4M** The proposed budget would add $2.4 million to reflect cost increases for the operation, support, and maintenance provided by technology vendors for a variety of tools used by the County (e.g., Cisco Network support).
- **Zoom and Other Agency-Specific Licenses: $1.9M** The proposed budget would add $1.9 million for Zoom licenses and other licenses that KCIT procures but passes through to the agencies that use the applications. Executive staff indicate that while Teams is the preferred method for meetings and calls, they understand it does not work well for public engagement needs (e.g., telemedicine, attorney-client meetings, etc.) and that continued use of Zoom is expected in some settings.
- **Network Equipment Replacement: $4.1M** The proposed budget would add $4.1 million to support replacement of network hardware (e.g., network switches, applications, and security devices). Executive staff indicate in agency-proposed budget materials that more than 90 percent of the County's hardware is at the end of its lifecycle or end of support and that it would cost an estimated $33 million to bring all equipment current. Executive staff further state that equipment replacement in the upcoming biennium will be prioritized based on operational criticality and level of security risk and that the additional appropriation requested in this budget would cover the gap between existing equipment replacement fund balance and the cost to replace the most critical hardware. According to Executive staff, risks of delaying replacement include unexpected and extended downtime resulting in inability to access needed systems and/or provide services to customers, as well as security risks because the vendor is no longer providing technical fixes and security patches.

KEY ISSUES

Staff have not identified any issues for this budget.

WASTEWATER TREATMENT OPERATING

ANALYST: MIKE REED

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	$352,317,595	$1,082,455,282	699.0	1.0
2023-2024 Base Budget Adjust.	$12,525,184	$16,229,026	0.0	(1.0)
2023-2024 Decision Packages	$18,114,652	$146,055,019	96.0	5.0
2023-2024 Proposed Budget	**$382,958,000**	**$1,244,740,000**	**795.0**	**5.0**
% Change from prior biennium	8.7%			
Dec. Pkg. as % of prior biennium	5.1%			

Major Revenue Sources: Sewer Rate, Capacity Charge

Base Budget Assumptions: (1) 4.0% GWI for 2023; (2) 4.0% GWI for 2024;

DESCRIPTION

The Wastewater Treatment Division is responsible for collecting and treating wastewater from its designated service area, and for reclaiming wastewater, recycling solids, and generating energy. Wastewater Treatment Division expenditures are organized in three budgets, including the Wastewater Operating, Water Quality Construction and Wastewater Debt Service budgets. The operating budget includes both expenditures to operate the five wastewater treatment plants and 390 miles of conveyance pipeline, and rate revenues to support operating, capital, and debt service needs. As such, revenues associated with the operating budget significantly exceed operating costs; the bulk of revenues have historically been transferred to the Water Quality Construction and Debt Service budgets, though for the 2023-2024 proposed budget, no transfer to the Water Quality Construction budget is proposed.

Operating programs are focused on the conveyance, treatment and recycling of wastewater and its treatment residuals. Wastewater is received from cities and sewer districts, who deliver it to county interceptor pipelines; generators include both households and business/industry. The West Point, South, and Brightwater treatment plants are considered regional treatment plants and receive and process the bulk of the region's wastewater; the Carnation and Vashon plants address more limited and localized wastewater processing needs. Agency services also support resource recovery efforts, including biosolids recycling, reclaimed water utilization and distribution, and natural gas/biomethane processing and reuse. The agency's Industrial Waste program issues permits, and conditions discharge of industrial waste into the sewer system, requiring pretreatment of discharges to minimize impacts on treatment facilities.

Primary revenue sources include the sewer rate, paid by all dischargers; and the capacity charge, assessed for new connections to the wastewater system. In June 2022 Council approved a rate increase of 5.75 percent for 2023; a similar rate request is projected for 2024. Sales of processing residuals such as biomethane, recycled water, and biosolids, as well as interest on revenue accounts, are other revenue sources.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed operating budget includes additional FTE support for operating units within a variety of units throughout the agency, with emphasis on support of the expanding capital program, asset management, preparation for regulations related to nutrient management, staffing new combined sewer overflow facilities, project mitigation, project planning, and similar functions required in the operation and maintenance of a large, complex utility.

The proposed budget would add 96 FTEs, many related to support for the expanding capital program. Key decision packages are summarized below.

- 31 FTE and $1,317,357 to support Project Planning and Delivery unit in the delivery of the growing capital program, with primary focus on asset management and regulatory and capacity improvement functions.
- 6 FTE and $659,456 in Community Services to support growth in the capital program, increased workload in the planning, inspection, modeling, monitoring, and mapping work group, and Executive priorities related to Equity and Social Justice, Strategic Climate Action Plan, Clean Water/Healthy Habitat, and OneDNRP.
- 3 FTE and $731,847 to staff new Combined Sewer Overflow treatment and storage facilities. Workload includes compliance monitoring and reporting, evaluation and optimization, and increased facilities maintenance.
- 2 FTE and $64,943 to support environmental planning for the capital improvement program in the Environmental Services Unit.
- 2 FTE and $125,481 for the Mitigation and Monitoring Program to support expanding capital program and operational needs including managing and maintaining restoration sites, reviewing planting and mitigation plans, managing hazard trees on WTD properties, and supporting the Clean Water/Healthy Habitat Initiative.
- 3 FTE and $48,174 for the Environmental and Community Services Section to support required permitting functions.
- 2 electrical apprentice TLT's, 2 instrumentation apprentice TLT's and $1,182,316 to develop a training program for maintenance work preparing for career-service technician positions in support of succession planning.

KEY ISSUES

ISSUE 1 – SIZE OF STAFF INCREASE

The Proposed Budget would add 96 FTEs to the existing 699 FTEs, for an increase of 13.73 percent in the size of the employee pool. This represents a large increase, at a time when there is significant competition for quality skilled technical labor. The size and timing of the increase may raise concerns about the depth of the recruitment pool; the balance between senior staff and new staff, with implications regarding the ability to allocate needed mentoring and training for new staff; the assignment of new staff to large, complex projects, with the associated opportunity for errors; the onboarding process; and the limited opportunity for large numbers of new staff to become oriented while many WTD staff are working from home. Thirty-one of these new staff will be concentrated in Project Planning and Delivery functions, a critical performance responsibility for the success of the capital program. This discussion is not intended to comment on the need for additional staff, but rather to note the human resource and operational complexity that would potentially face the agency if the Council were to approve a staff increase of this size and at this time.

ISSUE 2 – RECYCLED WATER WATER QUALITY PROGRAM MANAGER

The Proposed Budget would add a Recycled Water Quality Program Manager and expend $209,089 to "advance the use of recycled water."

However, the Recycled Water Strategic Plan notes challenges facing that program. "…Recycled water use is not as common in the Pacific Northwest as it is in water-limited areas of the United States, and there is currently not a strong demand for additional municipal water supplies. This makes it hard to establish water supply partnerships with drinking water utilities and creates political and economic hurdles because many drinking water utilities perceive recycled water as a duplicative, competing water supply."[1] This raises the question of whether it is advisable to move towards program expansion until these issues are resolved.

Staff analysis on this issue is ongoing.

[1] Recycled Water 2018-2037 Strategic Plan (kingcounty.gov) Pp 4

WASTEWATER DEBT SERVICE

ANALYST: MIKE REED

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	$909,326,842	$0	0.0	0.0
2023-2024 Base Budget Adjust.	($369,894,844)	$0	0.0	0.0
2023-2024 Decision Packages	$409,169,520	$0	0.0	0.0
2023-2024 Proposed Budget	**$948,600,000**	**$0**	**0.0**	**0.0**
% Change from prior biennium	4.3%			
Dec. Pkg. as % of prior biennium	44.9%			

Major Revenue Sources: Transfer from Wastewater Operating budget.

Base Budget Assumptions: No personnel costs are included in this budget.

DESCRIPTION

The Wastewater Treatment Division capital program is supported primarily by bonded indebtedness, in the form of general obligation, sewer revenue bonds, and variable rate bonds. Low interest loans from the State Revolving Fund and the Public Works Fund are also used to support the capital program. The Wastewater Debt Service budget is used to make required payments on bonded indebtedness and loans. Outstanding wastewater debt currently amounts to approximately $3.4 billion.

The Wastewater Debt Service budget is supported by transfers from the Wastewater Operating Budget for debt service and debt defeasance.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Proposed Water Quality Operating Fund budget provides for a transfer of $849,281,528 into the Wastewater Debt Service budget; expenditures of $948,599,518 are supported by this transfer, together with existing fund balance.

The proposed debt service budget provides for an adjustment to the 2021-2022 Revised Budget by removing one-time 2021-2022 changes including those related to pandemic response, by annualizing changes made in supplemental budgets, and by updating personnel rates; these changes amount to a reduction of $369,896,844.

Proposed decision packages include several technical adjustments, including adjusting the debt service requirement for parity debt and subordinate debt, adjusting the debt defeasance amount, and adjusting the retirement of interim debt. These technical adjustments amount to $409,169,520.

<u>KEY ISSUES</u>

Staff has identified no issues with this budget.

WATER QUALITY CONSTRUCTION

ANALYST: MIKE REED

	2023-2024 Proposed	2025-2026 Projected	2027-2028 Projected
Revenues	$702,934,316	$960,092,236	$1,183,493,158
Expenditures	$787,650,352	$975,729,910	$1,057,933,270

Major Revenue Sources: Proceeds from Bond Sales, Revolving Fund/Public Works Fund loans, Commercial Paper etc.

DESCRIPTION

The Water Quality Construction capital budget of the Wastewater Treatment Division (WTD) finances construction, maintenance, upgrade, and expansion of the wastewater system physical plant, including treatment facilities and the conveyance system. Over recent biennia, the regional system has been focused on constructing the Combined Sewer Overflow (CSO) projects required by a consent decree between King County and the federal Environmental Protection Agency and Department of Justice, and the Washington State Department of Ecology. Additionally, the agency is continuing its work on the Conveyance System Improvement project, to assure the capacity of the conveyance system interceptors to meet the demands of regional growth, and facility maintenance. However, as the system continues to age – the two larger regional plants, and hundreds of miles of interceptor pipeline were completed in the 1960s and expanded in the 1970s – the need for maintenance, repair and upgrade of facilities is becoming more urgent. WTD is accelerating its Asset Management program in response, focusing on both treatment plant and interceptor pipeline evaluation, repair, upgrade, and replacement. Meanwhile, the Washington Department of Ecology has taken a regulatory action requiring wastewater generators of nutrients—chemical elements that tend to accelerate the growth of green plants, whether terrestrial or aquatic—to limit discharges according to the terms of a state-issued permit.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Executive's proposed 2023-2024 biennial budget proposes to substantially increase capital expenditures in the coming biennium. According to the CIP Financial Position Table in the Wastewater Construction Financial Plan, the 2021-2022 estimated Total Capital Expenditure will be $514,876,472; projected expenditures for 2023-2024 if this proposed budget is approved are $787,650,352, an increase of almost 53 percent for the coming biennium. The largest increases would be targeted to address repair and upgrade of mechanical systems, response to regulatory mandates, and expansion of capacity to address growing flow volumes. In June, the Council approved a rate increase of 5.75 percent, with substantial increases projected for future biennia; much of those increases are driven by expansion of the Water Quality Construction capital budget.

The status of the Puget Sound Nutrients General Permit (PSNGP) referenced above is uncertain, while appeals of the permit requirements are being processed; the Executive is proposing to proceed with developing capacity to respond to permit requirements. The Executive's Proposed Budget includes significant expenditures for PSNGP compliance activities, and asset management projects. This budget also includes expenditures to address power supply issues at West Point Treatment Plant, responding to Council and Department of Ecology requirements resulting from a January 2021 storm-driven emergency discharge event.

The Council has expressed concern about the emergency untreated discharge event at West Point in January 2021; the proposed budget includes an Uninterruptible Power Supply project to mitigate power supply sags to respond to that issue. Members have also expressed concern about overflows at pump stations in the conveyance system; the proposed budget includes several projects to focusing on improvements to pump stations.

The Water Quality Construction budget is categorized according to major "portfolios" to delineate the primary functions that the budget addresses. The largest expenditures are for Asset Management (repair and upgrade of mechanical systems requiring rehabilitation) and Regulatory (responding to state and federal regulatory mandates or consent decrees) investments; others include Resiliency (strengthening structures to withstand flooding, seismic events or other natural disasters), Capacity Improvements (expanding pipelines and treatment facilities in anticipation of growing capacity needs), and Resource Recovery (capturing resources generated by wastewater processing such as biogas or recyclable water for productive use or sale). Selected decision packages are highlighted below:

Asset Management

- East Side Interceptor Rehabilitation: $82,884,386—Rehabilitate 4,800 feet of the Eastside Interceptor in Bellevue
- North Beach Pump Station Upgrade: $1,199,000—upgrade or replace the existing North Beach Pump Station and Force Main in Seattle, including the pump station outfall if needed.

Regulatory

- West Point Power Quality Improvements: $108,776,626—install Uninterruptible Power Supply system at West Point that will mitigate incoming voltage sags to reduce untreated discharges into Puget Sound

Capacity Improvement

- North Mercer/Enatai Interceptor Upgrade: $29,173,077—replace approximately 17,000 feet of pipeline and upgrade the North Mercer Island Pump Station.
- Sammamish Plateau Diversion: $4,260,000—install a new sewer line capable of diverting flow from Southwest Lake Sammamish area north to the Brightwater Treatment plant.

Operational Enhancements

- West Point Low Pressure Sludge Gas/Biogas Replacement: $3,134,942—This project will replace or rehabilitate the Low-Pressure Sludge Gas/Biogas piping system at the West Point Treatment Plant.

Resource Recovery

- South Plant Co-Digestion: $2,021,000—design and construct organics processing infrastructure that will provide for digestion of both wastewater solids and food waste at South Treatment Plant, in cooperation with KC Solid Waste; costs allocated according to benefits provided to each customer base

KEY ISSUES

ISSUE 1 – CRITICAL UNCERTAINTIES IN COST PROJECTIONS

While the proposed budget is based on projections of anticipated costs, it should be noted that several conditions of uncertainty may substantially impact those projections, referenced below:

- **Combined Sewer Overflow deadlines:** One of the largest groups of capital projects underway is the Combined Sewer Overflow projects, that capture and control storm-driven excess flows that are discharged untreated into regional waterways. Those projects were to be completed by 2030, according to a Consent Decree signed by King County, Washington Department of Ecology, and federal Environmental Protection Agency and Department of Justice. Discussions are underway to extend that deadline to 2040, given the cost and complexity of the projects. WTD indicates that the existing deadline could impact expenditures substantially.

- **Puget Sound Nutrients General Permit:** Ecology has taken a regulatory action requiring nutrient dischargers, including King County's three regional wastewater plants, to limit nutrient discharges according to newly issued permit requirements. Status of that permit requirement is uncertain due to permit appeals by generating jurisdictions, including King County. Several appeal actions are pending; WTD continues to proceed to meet permit requirements while appeals are processed.

- **Decennial Flow Monitoring:** Every decade, WTD undertakes a project to evaluate projected flows in its conveyance system, to develop recommendations for conveyance system expansion that will assure capacity for coming decades. A decennial flow monitoring project is currently underway; the resulting recommendations may result in substantial increases to the list of recommended conveyance system improvement projects, for which there is already a backlog. Significant additional cost implications may result.

- **Joint Ship Canal Project:** The project, managed cooperatively between WTD and Seattle Public Utilities, has been underway for several years; as of this date, King County's $176 million share of the project remains unchanged. However, the project apparently faces scheduling and budgeting challenges stemming from COVID-related staffing impacts, as well as difficulties encountered in the underground drilling process resulting from an obstructing boulder. The Joint Ship Canal project team is undertaking a significant schedule, budget, and risk analysis effort in response to these challenges, which should clarify cost and schedule status.

While the cost implications of these and similar issues remain uncertain, current cost projections may understate expenditure requirements depending on outcomes of these issues.

Staff analysis is ongoing on this issue.

ISSUE 2 –CAPITAL PROJECT COST INSTABILITY

Contracting costs for construction projects are increasing substantially, as pandemic-delayed projects accelerate and compete for contractors. According to the Mortenson Construction Cost Index[1], over the 12 months ending in Quarter 1 of 2021, construction costs increased 6.7 percent nationally and 7.1 percent in Seattle. Projected engineering costs for wastewater projects are expected to increase 29% in 2023 compared to the 2018 adopted budget. Supply chain challenges have increased the required lead time for acquiring project mechanical equipment: lead times have increased between six weeks (for blowers) to 20 weeks (for switchgear), according to WTD.

Projects currently underway have experienced significant cost increases, including:

- North Mercer/Enatai Interceptor Upgrade-- The current estimate at completion of $179.8M has increased by 19% from $150.7M forecasted during the FY21-22 Biennium.
- Lake Hills and Northwest Lake Sammamish Interceptor Upgrade--The current estimate at completion of $165.4M has increased by 39% from $119.3M forecasted during the FY21-22 Biennium.
- West Point Raw Sewage Pump Replacement-- The current estimate at completion of $216.3M increased by 23% from the $176M estimate from the FY21-22 biennium.

Staff analysis is continuing on this issue.

ISSUE 3 – SOUTH PLANT CO-DIGESTION

[1] https://www.djc.com/news/co/12140077.html?cgi=yes

The proposed budget includes $2,021,000 for the scoping phase of a co-digestion project that would cooperate with the Solid Waste Division to provide for the anaerobic digestion of food wastes and wastewater solids, with costs allocated based on the benefit provided to each respective customer base. The scoping effort would address planning and design of the project, to be located at South Treatment Plant in Renton.

Council staff are seeking information on several issues related to this project, including how this proposal relates to a proposed $11.1 million appropriation in the Solid Waste Construction Capital Fund to site and build a structure to host a co-digestion pre-processing facility.

Staff analysis is ongoing on this issue.

ISSUE 4 – INFILTRATION AND INFLOW INCENTIVE STRUCTURE

WTD builds projects to address flow capacity from local jurisdictions, paid for by sewer rates assessed system-wide. Since city and sewer district investments to control infiltration and inflow are not currently reflected in fees or charges tied to flow volumes, those jurisdictions may be discouraged from robust control efforts since they can rely on County expansion projects to convey the growing flows and pay the same rates as jurisdictions with more aggressive control efforts. The absence of volume-based fees or charges may, therefore, disincentivize local investment in infiltration and inflow control.

Staff analysis is ongoing on this issue.

HISTORIC PRESERVATION

ANALYST: MIKE REED

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	$1,218,120	$956,213	4.0	0.0
2023-2024 Base Budget Adjust.	$48,681	($9,327)	0.0	0.0
2023-2024 Decision Packages	$75,397	$312,803	1.0	0.0
2023-2024 Proposed Budget	**$1,343,000**	**$1,260,000**	**5.0**	**0.0**
% Change from prior biennium	10.1%			
Dec. Pkg. as % of prior biennium	6.1%			

Major Revenue Sources: Document Recording Fee, General Fund

Base Budget Assumptions: (1) 4.0% GWI for 2023; (2) 4.0% GWI for 2024

DESCRIPTION

The Historic Preservation Program is responsible for designating and protecting significant historic resources and archaeological sites in the unincorporated area, and in cities that have preservation services agreements with the County. Functions include the identification and documentation of historic properties, landmark nominations and protection, review of county projects for compliance with cultural resource protection laws, public information and education related to historic and cultural resources, and management of incentives programs related to historic and cultural resources. The Historic Preservation Program is funded primarily by a document recording fee surcharge, as authorized by state law.[1]

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Executive Proposed Budget proposes the addition of $365,126 in General Fund revenues for the biennium, to augment Document Recording Fee revenues. The county's Office of Economic and Financial Analysis projects various fee revenues including revenue from the Document Recording Fee. OEFA's August 2022 forecast for the Document Recording Fee projects a decline in revenue from $1,065,532 for 2021-2022, to $860,163 for 2023-2024, a 19.3 percent decline. The General Fund increment would be used to augment projected shortfalls in the Document Recording Fee, and provide revenue support for the Historic Preservation Officer. The Executive's Proposed Budget also proposes adding an archaeologist to respond to King County agency requests for cultural resource reviews associated with construction projects.

[1] RCW 36.22.170

KEY ISSUES

ISSUE 1 – REQUEST FOR GENERAL FUND SUPPORT

The Historic Preservation budget included support from the General Fund through 2010; in that year, however, General Fund support for the Historic Preservation Program ended. The Document Recording Fee, authorized by the state legislation in 2005, devoted $1 of the $5 recording fee to be used at the county's discretion "to promote historical preservation or historical programs…". In 2010, the Council established the Historical Preservation and Historical Programs (HPHP) Fund to account for these revenues. Since 2010, the Historic Preservation Program has been supported primarily by Document Recording Fee revenue deposited in the HPHP fund. In 2019, the HPHP fund experienced a negative revenue position, and Council approved a General Fund expenditure to respond to the shortfall. The 2023-2024 Proposed Budget for HPP would authorize a General Fund expenditure for Historic Preservation to augment Document Recording Fee revenue.