



King County
Metropolitan King County Council
Budget and Fiscal Management Committee

Housing and Homelessness; Behavioral Health; Fill the Gap

Tuesday, October 11, 2022 – 9:30 a.m.

*Councilmembers: Girmay Zahilay, Chair; Claudia Balducci, Reagan Dunn, Jeanne Kohl-Welles,
Joe McDermott, Sarah Perry, Pete von Reichbauer*

April Sanders, Panel Lead

Gabbi Sawrey, Panel Clerk

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HOUSING AND HOMELESS PROGRAM

ANALYST: APRIL SANDERS

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	\$24,256,934	\$0	0.0	0.0
2023-2024 Base Budget Adjust.	\$6,326,360	\$0	0.0	0.0
2023-2024 Decision Packages	\$12,604,420	\$0	0.0	0.0
2023-2024 Proposed Budget	\$43,188,000	\$0	0.0	0.0
% Change from prior biennium	78.0%			
Dec. Pkg. as % of prior biennium	52.0%			

Major Revenue Sources: Lodging tax dollars

Base Budget Assumptions: (1) Remove one-time changes due to pandemic response; and (2) annualize supplemental changes.

DESCRIPTION

The Housing and Homeless Program appropriation unit is used for lodging tax expenditures related to Transit-Oriented Development (TOD) affordable housing and Homeless Youth programs. To simplify the administration of lodging tax dollars, four appropriation units were created to track ongoing spending, but only one (the Arts and Culture fund) is used to record revenue, as well as administrative functions.

Ordinance 18788 guides the spending of lodging tax revenues, which allocates 34.9% towards TOD affordable housing and 2.6% for homeless youth programs.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2023-2024 proposed Housing and Homeless Program appropriation unit is \$43.2 million (a 78 percent increase from the last biennium) with 0 FTEs.

The proposed budget reflects a single technical adjustment of a \$10 million increase in funding for Affordable Housing and Homeless Youth based on the latest OEFA Forecast. This funding comes from lodging tax revenue as allocated by Ordinance 18788¹.

Changes also include central rate adjustments and a base budget adjustment.

¹ <https://mkcclegisearch.kingcounty.gov/LegislationDetail.aspx?ID=3585391&GUID=4C4DA409-D946-4189-AF23-59682F4FEF44&Options=Advanced&Search=>

KEY ISSUES

No issues have been identified by staff.

RESPONSE TO COUNCIL INQUIRIES

QUESTION 1: WHAT IS THE OEFA FORECAST RELATED TO LODGING TAX DOLLARS? HOW MUCH MORE ARE WE EXPECTING FOR THE 2023/24 BIENNIUM OVER OUR CURRENT BIENNIUM?

ANSWER: The 2021-2022 Budget included an estimated \$51.6 million for lodging tax revenues, based on the August 2020 OEFA Forecast. The current estimate for 2023-2024 is \$73.9 million, a \$22.3 million increase. OEFA attributes the estimated increase in lodging tax revenue to recovery of the lodging sector coming out of the COVID-19 pandemic. The table below shows the allocation by program for each year and the total change from 2021.

Note that the allocation of lodging tax dollars was set by Council in Ordinance 18788 as follows (summarized):

- 37.5% transferred to 4Culture (referred to as the "Arts and Culture Transfer");
- 34.9% allocated to DCHS for TOD projects;
- 2.6% allocated to DCHS to support services for homeless youth; and
- 25% allocated to tourism or to support TOD projects or services for homeless youth. This 25% allocation is broken down as follows:
 - Debt service on the original Building for Culture Program bonds;
 - After allocation revenues for debt service, the remaining of the 25% is allocated as follows:
 - 43.8% to the Washington State MLB Public Facilities District;
 - \$1 million dollars each year to programs that promote tourism to attract tourists to all parts of the county; and
 - All remaining revenues allocated to DCHS to support TOD projects or services for homeless youth.

OEFA Forecast	2020 August Forecast			2022 August Forecast			Change
	2021	2022	2021-2022 Total	2023	2024	2023-2024 Total	
OEFA Forecast	\$20.2 M	\$31.4 M	\$51.6 M	\$36.1 M	\$37.8 M	\$73.9 M	\$22.3 M
Tourism (25%)	\$5.0 M	\$7.8 M	\$12.9 M	\$9.0 M	\$9.4 M	\$18.5 M	\$5.6 M
Seattle PFD	\$1.2 M	\$2.5 M	\$3.7 M	\$3.0 M	\$3.2 M	\$6.1 M	\$2.4 M
B4Culutre Debt Service	\$2.2 M	\$2.2 M	\$4.5 M	\$2.2 M	\$2.2 M	\$4.5 M	\$0.0 M
Tourism Promotion	\$1.0 M	\$1.0 M	\$2.0 M	\$1.0 M	\$1.0 M	\$2.0 M	\$0.0 M
Transferred to Housing	\$0.6 M	\$2.2 M	\$2.7 M	\$2.8 M	\$3.1 M	\$5.9 M	\$3.1 M
Arts and Culture	\$7.6 M	\$11.8 M	\$19.3 M	\$13.5 M	\$14.2 M	\$27.7 M	\$8.4 M

Transfer (37.5%)							
Homeless Youth (2.6%)	\$0.5 M	\$0.8 M	\$1.3 M	\$0.9 M	\$1.0 M	\$1.9 M	\$0.6 M
Housing (34.9%)	\$7.0 M	\$11.0 M	\$18.0 M	\$12.6 M	\$13.2 M	\$25.8 M	\$7.8 M
Transferred from Tourism	\$0.6 M	\$2.2 M	\$2.7 M	\$2.8 M	\$3.1 M	\$5.9 M	\$3.1 M
Total Housing	\$7.6 M	\$13.1 M	\$20.7 M	\$15.4 M	\$16.2 M	\$31.7 M	\$10.9 M
Existing Debt Service	\$4.1 M	\$14.6 M	\$18.7 M	\$13.2 M	\$13.2 M	\$26.4 M	\$7.7 M
Proposed Debt Service	\$0.0 M	\$0.0 M	\$0.0 M	\$0.0 M	\$0.0 M	\$0.0 M	\$0.0 M
Housing balance	\$3.5 M	-\$1.5 M	\$2.0 M	\$2.2 M	\$3.1 M	\$5.3 M	\$3.3 M

QUESTION 2: FOR THE HOUSING AND HOMELESS PROGRAM IN PARTICULAR, SUMMARIZE WHICH PROJECTS HAVE FUNDING COMMITTED AND WHICH DOLLARS ARE UNALLOCATED IN THIS APPROPRIATION UNIT.

ANSWER: Note that this appropriation unit houses the lodging tax revenues related to TOD housing and homeless youth services. The bulk of this unit pays for debt service. Below is a breakdown of the Executive's proposed use of the \$43.2 million in the proposed budget, which includes the \$10 million proposed technical adjustment):

- Of the \$43.2 million, \$39.8 million would be allocated to TOD Housing for:
 - \$31.8 million for debt service;
 - \$4.8 million for programs in DCHS; and
 - \$3.2 million contingency.
- Of the \$43.2 million, \$3.4 million would be allocated for homeless youth services (note, the Executive indicates that these dollars are spent by contracting with community organizations):
 - \$3.2 million for programs in DCHS; and
 - \$1.2 million contingency.

HOUSING AND COMMUNITY DEVELOPMENT

ANALYST: APRIL SANDERS

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	\$885,764,063	\$927,533,174	62.2	0.0
2023-2024 Base Budget Adjust.	(\$225,744,392)	(\$331,918,406)	0.0	0.0
2023-2024 Decision Packages	(\$96,202,399)	(\$14,569,688)	12.5	0.0
2023-2024 Proposed Budget	\$563,818,000	\$581,046,000	74.7	0.0
% Change from prior biennium	(36.5%)			
Dec. Pkg. as % of prior biennium	(10.9%)			

Major Revenue Sources: Recording fees, state, federal, interfund transfers, TOD bond, HtH bond, Hotel/Motel sales tax, short-term hotel tax, SHB 1406, CLFR-ARPA grants, state COVID-19 grants.

Base Budget Assumptions: (1) Remove one-time charges, including EPRAP dollars and other moneys related to pandemic response; (2) annualize supplemental changes; and (3) update personnel rates.

DESCRIPTION

The Housing and Community Development (HCD) fund provides a mechanism for King County to administer several federal, state, and local funding sources that support homelessness prevention, housing repair, low-income and special needs housing development, and community development.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2023-2024 proposed Housing and Community Development fund is \$563.8 million (a 0.36 percent decrease from the last biennium) with 74.7 FTEs (12.5 more than the last biennium, including several FTE transfers).

A summary of the requests for new and transferring FTEs can be found below:

**Table 1.
Proposed FTE Changes**

Number of FTEs	Purpose	Costs	Other
5.0	Administer the rental assistance program funded by House Bill 1277	\$1,413,807	Revenue-backed
4.5	Capital Program Staffing	\$1,214,507	Revenue-backed
2.0	Finance Staffing	\$515,727	Revenue-backed
1.0	BSK Capital Grants Lead	\$352,884	Revenue-backed
1.0	True Blood Program Position ¹	\$276,523	Technical adjustment
(1)	Director of Operations and Emergency Response	(\$501,092)	Transfer to DCHS Admin fund
1.0	Finance Manager	\$398,702	Transfer from the BSK fund
(1.0)	Special Project Manager	(\$376,296)	Transfer to HtH fund

Notable decision packages in this appropriation unit include:

- \$45 million bond for Transit-Oriented Development (TOD) in 2023, backed by lodging tax revenue (See Issue 1);
- \$70.5 million in ongoing document recording fees from the State Department of Commerce for rental assistance and supportive housing operations, maintenance and services (See Issue 2);
- \$1.45 million in one-time General fund revenue to support planning, policy and operational functions that support enterprise-wide work related to housing; and
- \$38.5 million reappropriation of Coronavirus Local Fiscal Recovery (CLFR) funding (summarized in Table 2 below).

**Table 2.
Proposed CLFR Reappropriations**

Downtown Campus 24/7 Onsite Crisis Response	\$1,201,435
Temporary Leased Sobering Center Operations	\$1,913,792
Enhanced Shelter	\$20,400,000
Outreach	\$2,000,000
Provider Co-Mentorship and Consultation	\$340,000
Encampment Health and Hygiene	\$485,516
Benefit Access	\$210,000
Family Shelter	\$325,000
Tiny House Villages	\$2,556,220
RV Support	\$3,059,646
Shelter Deintensification	\$5,992,949

¹ Note that this position was added in the 2021-2022 second omnibus but not reflected in the proforma base budget.

The proposed budget includes a net zero budget for the King County Regional Homelessness Authority, which will reflect 2021-2022 appropriation levels with base budget adjustments (See Issue 3).

Several technical adjustments are included in the proposed budget, including removing \$313 million in one-time Health through Housing bond proceeds, reappropriating \$9 million in Climate Equity Award dollars, most of which has been awarded to various projects, and updating revenue and expenditure authority for remaining TOD bond proceeds, House Bill 1406 funding, and short-term lodging taxes. Other technical adjustments include central rate adjustments and vacancy rate adjustments. The central rate adjustment includes a large increase from the base due to inclusion of SoDo lease payments and the city of Seattle's annual \$5 million contribution.

KEY ISSUES

ISSUE 1 – 2023 TOD BONDS AND ER 1

The proposed budget would issue \$45 million in TOD bonds in 2023 backed by lodging tax revenue and the expenditures would be guided by the proposed Expenditure Restriction ER1.

ER 1 would require that \$45 million of general obligation bond proceeds be expended solely for the "preservation, acquisition or development of affordable workforce housing [...] within one-half mile of a transit station". The funding would then be allocated as follows:

- 1) Up to \$20 million to complete funding for sites located on surplus Sound Transit or Metro Transit Department property that can start construction before 2025. Sites include, but are not limited to:
 - a. City of Burien/Metro joint redevelopment project up to \$7 million; and
 - b. Northgate Project (BRIDGE Housing/Community Roots Housing) up to \$7.6 million.
- 2) Up to \$7.5 million for Access to Our Community to provide housing in south King County that serves immigrant and refugees previously at risk of displacement.
- 3) Up to \$15 million at transit areas with previous county appropriations, such as:
 - a. North King County park and rides;
 - b. Kent/Des Moines light rail; and
 - c. Eastside light rail or I-405 bus rapid transit.
- 4) Remaining moneys would be expended through a competitive process based on the speed and amount of housing that will be developed, encouraging partnership with community-based organizations that create access to affordable housing in areas facing displacement pressures.

If any identified project or location is found to be infeasible, unduly delayed, achievable with less moneys, or if another project can create affordable housing faster, dollars could be reallocated with advanced Council notice. The Executive would transmit a notification letter to council and could move forward unless Council passes a motion rejecting the contemplated change within 30 days of transmittal.

ISSUE 2 – DOCUMENT RECORDING FEES

The proposed budget would allocate \$20.5 million from new document recording fees from the State Department of Commerce for rental assistance. These dollars would be administered through the Housing, Homelessness and Community Development Division (HHCDD) and the Adult Services Division (ASD). Executive staff state that In HHCDD homelessness prevention and housing stability projects, implemented by non-profit providers, will be expanded to include more partners providing case management and to serve additional households. ASD will build on the Eviction Prevention and Rent Assistance Program (EPRAP) and look to continue existing partner relationships into the future.

An additional \$30 million would be appropriated for operations, maintenance, and services for existing and new supportive housing sites. This proposal is dependent on state document recording fees that are expected to be contracted but will not be finalized until early to mid-2023. DCHS continues to work with the Department of Commerce to finalize an estimate in the meantime.

ISSUE 3 – KCRHA FUNDING

The proposed budget includes a net zero budget for the King County Regional Homelessness Authority, which will reflect 2021-2022 appropriation levels with base budget adjustments. The base budget for the KCRHA is \$89 million over the 2023-2024 biennium. This includes \$28 million in state Housing and Essential Needs (HEN)² program dollars that DCHS would transfer to the KCRHA.

Council staff have requested additional information on what is included in the base budget. Analysis is ongoing.

The proposed \$89 million 2023-2024 budget for the KCRHA is laid out in the chart below. No general fund dollars currently go to, or are proposed to go to, the KCRHA. Instead, DCHS is transferring homelessness contracts, plus the proposed \$28 million in HEN funding.

² [Housing and Essential Needs \(HEN\) Referral Program | DSHS \(wa.gov\)](#)

Source	Grant	Sum of 2023	Sum of 2024	Total
Federal	Community Development Block Grant (CDBG)	\$ 358,029	\$ 358,029	\$ 716,058
	Emergency Solutions Grants (ESG)	\$ 180,000	\$ 180,000	\$ 360,000
	Emergency Solutions Grants – CARES Act Funding (ESG CV)	\$ 1,972,718	\$ -	\$ 1,972,718
Federal Total		\$ 2,510,747	\$ 538,029	\$ 3,048,776
State	State Consolidated Homeless Grant/State Emergency Solutions Grant (State CHG/ESG)	\$ 3,961,166	\$ 3,961,166	\$ 7,922,332
	Housing and Essential Needs Grant (HEN)	\$ 23,547,820	\$ 23,547,820	\$ 47,095,641
	State Shelter Grant	\$ 2,159,765	\$ -	\$ 2,159,765
State Total		\$ 29,668,751	\$ 27,508,986	\$ 57,177,738
Local	Document Recording Fee (DRF)	\$ 11,894,641	\$ 11,894,641	\$ 23,789,282
	Local Contribution	\$ 200,000	\$ 200,000	\$ 400,000
	Regional Affordable Housing Program (RAHP)	\$ 715,000	\$ 715,000	\$ 1,430,000
	Veterans, Senior & Human Services Levy (VSHSL)	\$ 2,802,349	\$ -	\$ 2,802,349
Local Total		\$ 15,611,990	\$ 12,809,641	\$ 28,421,631
KC	In Kind (Rent)	\$ 422,502	\$ 422,502	\$ 845,004
Grand Total		\$ 48,213,990	\$ 41,279,158	\$ 89,493,148

In addition to the items identified in the table above, DCHS is currently directly managing the roll-out of CLFR funded homelessness initiatives. The capital and leasing components will be retained by DCHS. However, once homelessness programs are up and running, operations of most of these programs will be transferred to the KCRHA. The Executive estimates approximately \$16.1 million of CLFR funded homeless programs will be transferred to the KCRHA for operations.

Components the Executive does not intend to transfer to the KCRHA for administration are:

- Sobering Center program
- Behavioral Health Crisis Enhanced Shelter
- Capital and lease components of CLFR funded homeless programs

Below is a summary table with detail on the CLFR portions the Executive anticipates transferring to the KCRHA:

<u>CLFR Program Name (Decision Package #)</u>	<u>Estimated Transfer Amount to KCRHA for Administration *</u>	<u>Notes</u>
Enhanced Shelter (DS_072)	\$10M	Consists of Various projects - The BH Crisis Enhanced Shelter will stay with DCHS. For other projects (Sodo Hub, 4 th & Jefferson, St. Charles, and Micro-Modular Community), the Capital costs and leasing will stay with KC. Operating funds transferring to KCRHA total approximately \$10 million
Homeless Response Outreach (DS_073)	\$2M	Will be connected with SODO Hub and likely transfer to KCRHA for administration.
Family Shelter (DS_077)	\$325K	Will transfer to KCRHA for administration
Tiny House Village (DS_078)	\$2.5M	Will transfer to KCRHA for administration

RV Support (DS_079)	\$1.3M	Capital and leasing costs will stay with KC, with operating transferring to KCRHA. Dollars transferring to KCRHA total approximately \$1,315,000
Total	\$16.125M	

RESPONSE TO COUNCIL INQUIRIES

QUESTION 1: PLEASE PROVIDE MORE INFORMATION ON PROPOSED KCRHA FUNDING.

ANSWER: Please see the text in red under "Issue 3".

QUESTION 2: FOR TOD PROJECTS, WHAT COUNTS AS A “TRANSIT STATION” WHEN WE SAY PROJECTS SHOULD BE ½ MILE FROM A TRANSIT STATION? DOES THAT INCLUDE BUS STOPS, PARK AND RIDES, TRANSIT HUBS?

ANSWER: DCHS states that they intend to use a broad definition, including the prioritization established in the 2016 TOD Allocation Plan. All of these options would be eligible.

For King County TOD projects, “transit station” is defined in RCW 9.91.025 as: "municipal transit station" means all facilities, structures, lands, interest in lands, air rights over lands, and rights of way of all kinds that are owned, leased, held, or used by a municipality as defined in RCW 35.58.272, or a regional transit authority authorized by chapter 81.112 RCW for the purpose of providing public transportation services, including, but not limited to, park and ride lots, transit centers and tunnels, and bus shelters."

Further, RCW 67.28.180, the state authorizing statute for lodging taxes requires revenues to be used for contracts, loans, or grants to nonprofit organizations or public housing authorities for affordable workforce housing within one-half mile of a transit station, as described under RCW 9.91.025 or for housing, facilities, or services for homeless youth.

Based on these RCWs and County priorities, King County’s 2016 TOD Allocation Plan states that, “Under the terms of the state legislation, the housing must be within one-half mile of a “transit station,” and that “transit oriented affordable housing investment should be prioritized in high capacity transit areas, defined as locations within one-half mile of any Light Rail, RapidRide, Bus Rapid transit (BRT), Sounder or Sound Transit Express bus station, or a key transfer point for varying transportation modes.” This definition allows for investment at bus stops that are key transfer points. DCHS intends to continue using this language.

QUESTION 3: COUNCILMEMBERS BROUGHT UP A POSSIBLE INEQUITY IN THE ER1 LANGUAGE REGARDING PRIORITIZING SPENDING FOR PROJECTS THAT CAN GO TO CONSTRUCTION THE FASTEST (READY-TO-GO PROJECTS TEND TO FAVOR LARGER DEVELOPERS). BELOW IS THE EXECUTIVE'S RESPONSE TO THIS POSSIBLE INEQUITY.

ANSWER: Response from PSB:

"The TOD proposal aims to prioritize equitable outcomes by quickly addressing the region's urgent housing crisis. This strategy is intended to complement other investments. The TOD proposal prioritizes projects that can move faster and address the urgent housing need, while short-term lodging and state sales tax credit investments are prioritized for equitable affordable housing developed by and in collaboration with communities facing displacement pressures that may need pre-development funds and may take longer for the housing to come online.

As bond funds, this appropriation would bring forward future revenue generated over time in order to expedite construction and build homes sooner when land near transit stations is more available and affordable. In past TOD bond fund allocations, dollars have been pre-committed to projects or regions that have not yet been ready for construction leaving dollars in the HCD fund while construction prices have risen, and land becomes scarcer. Given that this is a long-term revenue source, it will generate additional funding for future projects, and DCHS is committed to continuing to work with community-based and community-driven proposals to bring them to fruition."

QUESTION 4: DOES DCHS HAVE ANY PLANS TO BREAK DOWN SILOS IN THE HOUSING SPACE, PARTICULARLY FOR TOD PROJECTS BUT FOR HOUSING PROJECTS IN GENERAL, IN ORDER TO GET MORE COMMUNITY INPUT FROM INDIVIDUALS AND COMMUNITY ORGANIZATIONS EARLY ON?

ANSWER: Response from PSB in progress.

GENERAL FUND TRANSFER TO DCHS

ANALYST: MIRANDA LESKINEN

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	\$72,660,618	\$0	0.0	0.0
2023-2024 Base Budget	(\$41,547,018)	\$0	0.0	0.0
2023-2024 Decision Packages	\$541,321	\$0	0.0	0.0
2023-2024 Proposed Budget	\$31,655,000	\$0	0.0	0.0
% Change from prior biennium	(56.4%)			
Dec. Pkg. as % of prior biennium	0.7%			

Major Revenue Sources: General Fund

Base Budget Assumptions: (1) Removal of one-time changes from 2021-2022 revised budget, (2) Annualize supplemental ongoing changes; (3) Updated personnel rates.

DESCRIPTION

Transfers to DCHS support several programs in Housing, Community Services, Employment and Education Resources and Developmental Disabilities and Early Childhood supports.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2023-2024 proposed GF transfer to DCHS is approximately \$31.6 million, which is a 56.4 percent decrease from the 2021-2022 biennium, and would be distributed into the following funds as follows:

- Transfer to Housing and Community Development Fund: \$3.2 million
- Transfer to Employment and Education Resources Fund: \$14.9 million
- Transfer to Community Services Operating Fund: \$11.8 million
- Transfer to Developmental Disabilities Fund: \$1.6 million

Notable proposed decision packages in the GF transfer to DCHS include:

- \$2 million (corresponding decision package in the CSO Fund) added (funded through transfer from marijuana excise tax revenues) for legal financial obligation relief and records expungement.
- \$1.5 million (corresponding decision package in the HCD Fund) added in one-time General Fund support (partially recovered through GF overhead charges) to support planning, policy and operational functions that support enterprise-wide work related to housing.
- Elimination of the transfer to DCHS's Behavioral Health Fund and moving currently funded programs and services to other flexible behavioral health resources.

- \$0.66 million (corresponding decision packages in the EER and DAJD Funds) added to support 2 TLT positions and one-time non-labor expenditures to end the use of the CFJC for youth incarceration.

KEY ISSUES

Staff have not identified any issues with this budget.

RESPONSE TO WEEK 1 COUNCIL INQUIRIES

QUESTION 1: PLEASE PROVIDE ADDITIONAL INFORMATION ON THE POSITION DUTIES FOR THE TWO TLTs FOR EER.

ANSWER: This decision package requests authority and funding for two TLT's, one TLT is already filled and is represented by the TLT being removed from DAJD in DAJD's TA_008 decision package and being added to DCHS in EER's TA_008 decision package. Both TLTs are Special Project Manager II's; Community Partner Co-Leads on Ending Secure Youth Detention. One co-lead will be more externally focused while the other will be more internally focused. Job duties will include:

- Keep up to date with emerging local and national trends and insights and provide advice with regards to identifying promising community-based alternatives to secure juvenile detention.
- Build community partnerships with organizations working with young people involved in the criminal legal system, support community partnerships to inform the project's recommendations, and establish and manage relationships with community leaders and partners in King County.
- Work with Advisory Committee and co-lead to conduct analysis of various options to inform recommendations regarding alternative systems of support and accountability to youth detention in the Children and Family Justice Center.
- Lead community-centered partnership strategy, design activities to reach impacted populations, including young people and families with involvement in the criminal legal system, and partner with community organizations to implement activities with impacted populations.
- Establish measures of success, acceptance criteria, and methods to track, control, and report community partnership and engagement strategy; determine financial and performance indicators and use evaluation of findings to redirect and inform the project.
- Prepare reports, correspondence, long range plan, and/or presentations. Compile reports related to project completions, revisions or changes and compare information with project schedules.
- Respond to County Council requests, and other internal and public-facing communications.
- Prepare and/or coordinate with appropriate staff Requests for Proposals and Requests for Qualifications including RFP evaluations, selection, negotiate scope, schedule, and budget; develop, negotiate and review contracts associated with the project; and manage contractor

relationships. Prepare project scope for Requests for Qualifications and Requests for Proposals to solicit service.

- Run briefings and presentations, translating challenging and complex concepts, data, and information for diverse audiences, both orally and in writing.
- Act as liaison and resource to community partners working to support young people involved in the criminal legal system.
- Act as liaison and resource to inform or determine the most effective way of meeting the project needs of management and staff in DAJD.
- With communications team, manage communications on a regular and timely basis, ensuring that all project participants and community partners are informed of project status, problems, and required actions.
- Identify potential problem areas, take corrective actions, advise others of required actions.
- Exercise excellent collaborative and communication skills to act as a liaison with various committees, community partners, and public and political officials, including those officials with special responsibilities or interests related to this effort. Utilize similar skills to liaise with designated city, county, state and federal agencies.

PUGET SOUND TAXPAYER ACCOUNTABILITY ACCOUNT

ANALYST: MIRANDA LESKINEN

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	\$31,294,620	\$28,450,000	7.0	0.0
2023-2024 Base Budget	\$2,089,122	\$4,790,000	0.0	0.0
2023-2024 Decision Packages	(\$17,728,211)	(\$13,670,000)	0.0	0.0
2023-2024 Proposed Budget	\$15,656,000	\$19,570,000	7.0	0.0
% Change from prior biennium	(50%)			
Dec. Pkg. as % of prior biennium	(57%)			

Major Revenue Sources: State revenue from the state Puget Sound Taxpayers Accountability Act Fund.

Base Budget Assumptions: Allocations proposed to align with Motion 15492 and funded solely by state revenue.

DESCRIPTION

The Puget Sound Taxpayers Accountability Account (PSTAA) is funding solely supported by state moneys associated with a sales tax offset assessed on Sound Transit 3 projects. PSTAA funds are to be distributed to King, Pierce, and Snohomish counties proportionately based on the population of each county that lives within Sound Transit's jurisdictional boundaries. An April 2020 forecast by Sound Transit estimated that the County will receive \$318 million in funding between 2019 and 2035 to be invested in early learning facilities, the King County Promise (post-secondary educational support), and community-based support for K-12 learnings. The Council adopted Motion 15492 in August of 2019 that allocates funding over the life of the fund and approved an implementation plan (Motion 15673) in September of 2020 that further governs how the funds will be used. As noted in the implementation plan, PSTAA revenues are subject to change due to COVID-19 impacts on Sound Transit construction.

SUMMARY OF PROPOSED BUDGET AND CHANGES

Motion 15492 requires that up to 7 percent of proceeds over the life of the account be used for evaluation and administrative costs. Of that, up to 10 percent of each year's evaluation and administration moneys will be used to provide for technical assistance and capacity building for small organizations, partnerships and groups to provide services to include providing or funding legal, accounting, human resources and leadership development services and support.

The remaining proceeds would then be distributed over the 15-year life of the fund among the three priority areas identified in Motion 15492 as follows:

- 52% for Early Learning, including up to 7.5% for home care provider dedication.
- 38% for King County Promise, distributed as follows:
 - 45% to K-12
 - 45% to Postsecondary
 - 10% to Community Based Organizations
- 10% for K-12 Community Based Organizations (identified as Love and Liberation in the implementation plan)

The 2023-2024 proposed PSTAA budget is \$15.6 million, which is a 50 percent decrease from the 2021-2022 biennium. The proposed budget includes a technical adjustment to align revenues and expenditures for the 2023-2024 biennium based on the most recent Sound Transit revenue projections from September 2021. As noted in the transmitted fund financial plan, outyear expenditures are budgeted at 75 percent of revenues to bank reserves, and the fund would maintain its rate stabilization reserve up to 25 percent of budgeted revenues (in addition to maintaining its rainy-day reserve¹), to address the revenue volatility issue. As indicated by Executive staff, the PSTAA program team will continue to work closely with DCHS finance and PSB analysts to review updated forecast reports from Sound Transit.

Table 1 below, provided by Executive staff, includes a summary of proposed PSTAA program expenditure reductions for 2023-2024.

Table 1. Summary of Proposed PSTAA Expenditure Reductions for 2023-2024

PSTAA Cost Center	2023-24 Projected Budget	FY2023 Reduction	FY2024 Reduction	2023-24 Adjusted Budget	% Reduction the percentage reduction from 2023-24 Projected Budget	New Allocation the resulting percentage of the 2023 Adjusted Budget	Ordinance Allocation Ordinance allocation are to be met over the life of the Implementation Plan's term
Administration	\$2,875,000	\$0	\$0	\$3,353,030	0%	21% of the <u>total adjusted budget</u>	7%
Early Learning Facilities	\$14,438,000	\$4,233,250	\$4,456,250	\$5,748,500	60%	47% of the budget <u>remaining</u> after Administration	52%
King County Promise	\$10,550,000	\$3,057,000	\$3,330,000	\$4,193,000	60%	34% of the budget <u>remaining</u> after Administration	38%
Love & Liberation	\$2,777,000	\$0	\$416,000	\$2,361,000	15%	19% of the budget <u>remaining</u> after Administration	10%
Total	\$30,640,000	\$7,290,250	\$8,172,250	\$15,655,530			

Executive staff further indicates that there has been progress with each of PSTAA's three programmatic investments and all are being implemented. The decrease in projected revenue has impacted DCHS' ability to implement in exact accordance with the timeline laid out in the PSTAA Implementation Plan. However, DCHS is working closely with partners to revise timelines and will update Council accordingly.

¹ The Rainy Day Reserve equals approximately 60 days of expenditures.

KEY ISSUES

ISSUE 1 – REVENUE MONITORING

Given the current revenue volatility for this fund, Council may desire to track the progress of PSTAA revenue projections and investments throughout the biennium.

RESPONSE TO WEEK 1 COUNCIL INQUIRIES

QUESTION 1: Could you please describe/walk through proposed expenditure reductions on a program/project level?

ANSWER:

1. **Early Learning Facilities**

Strategy Background

The ELF funding category invests in two distinct focus areas:

- The General Child Care Facilities Fund (GCCFF): This fund will support investment in early learning or early intervention programs. It will provide resources to renovate existing, non-home-based facilities. Additionally, it will invest in partnerships that result in the construction of new facilities. Under this fund, PSTAA dollars will be used for renovation, expansion, purchase, long-term lease, or new construction, including associated activities such as planning, feasibility and pre-design work.
- The Family Child Care Facilities Fund (FCCFF): This fund will support maintenance, repairs, and renovations of family child care homes. Under this fund, repairs and renovations that enable providers to attain Early Achievers designation, or another type of national accreditation, will be encouraged.

Program Impacts due to 2023-2024 budget

- **General Child Care Facilities Fund (GCCFF):** Enterprise Community Partners, INC. Is the contracted partner who will manage and disperse these funds for the next five years. Enterprise is finalizing an RFP in partnership with King County to release an RFP this Fall. The RFP will focus on grants to early learning facilities in need of pre-development for new construction or bridge funds to get current early learning facilities construction projects over the finish line. We anticipate the program will be on track with providing technical and capacity building assistance to early learning facilities developers and providers. The impact to this fund will be limited awards going out to early learning facilities seeking funding for their projects.
- **Family Child Care Facilities Fund (FCCCFF):** Currently, a total of 129 applicants have applied for funding under the FCCFF. A review team comprised of King County staff, CYAB members and community volunteers are currently in the process of reviewing these applications. We anticipate awarding those who have the highest need of repairs in terms of health and safety as well as

maintaining and keeping spaces open for low-income families. The impact to this fund will be limited awards going out to family child care providers who have applied and are seeking funding for their family child care homes. Awards for the 2022 RFP are anticipated to go out by the end of this year.

2. **College, Career, and Technical Education/King County Promise**

Strategy Background

This funding category supports King County Promise (KCP), a public-private partnership designed to provide students who have been historically underserved by education systems with robust, individual supports that increase their readiness to access college and complete postsecondary credentials. Puget Sound Educational Service District (PSESD) was selected and contracted as the KCP System Supporting Organization (SSO) for 2021-25. The SSO role includes co-developing and overseeing the overall implementation of the KCP strategy, providing direct supports to KCP-funded partners, leading systems-level improvements, and leading fundraising and sustainability efforts for the initiative. In July 2022, two Promise Partnerships were selected and contracted to launch King County Promise for school years 2022-2023 and 2023-2024, with the potential to renew for two more school years:

Program Impacts due to 2023-2024 budget

In response to the budget reduction for this strategy, DCHS and the SSO have been working to revise the KCP launch strategy within the guidelines of the PSTAA implementation plan.

- **Two Promise Partnerships in KCP Phase 1:** According to the PSTAA Implementation Plan, initial investments to two to four Promise Partnerships (8-12 organizations, schools, and colleges) were estimated to happen between quarter one 2021 and quarter four 2022. DCHS was able to release the Promise Partnerships- Phase 1 RFP in Q1 of 2022 and recently completed selection and contract negotiations in Q3 of 2022. Due to PSTAA budget reductions, there was a limited amount of funding available- which resulted in two Promise Partnerships (7 organizations, schools, and colleges) being awarded contracts. As originally planned, Promise Partnerships will be funded to launch the KCP model for school years 2022-23 and 2023-24. Phase 1 has a programming budget of \$3.2 million. This amounts to a maximum of \$1.6 million per Partnership or \$800K per school year. Additionally, contract timelines have shifted to ensure partners have two school years to implement the program, instead of two calendar years (as directed in the PSTAA implementation plan). Promise Partners will be invited to renew for Phase 2.
- **Reduction to SSO budget:** Given the reduction in the number of Promise Partnerships being funded in the initial phases of KCP, DCHS has been working closely with the SSO to right-size their budget to reflect current scope of work. The original projected number of Promise Partnerships the SSO would be supporting during the contract period (2021-25) has been reduced from a range of 2-8 partnerships during the Exhibit Period to 2-4 partnerships. Currently DCHS is working with the SSO to amend the current contract to reduce the contract amount. Negotiations are also underway to update the SSO's fundraising

requirements to reflect the delay in working with Promise partners. The savings from this contract will be repurposed to the programming budget for Promise Partnerships for Phase 2 of implementation, slated to start in Q3 of 2024.

- **Planning underway for KCP Phase 2:** According to the PSTAA Implementation Plan, Phase 2 investments were expected for the first half of 2023. Given the timeline of Phase 1, Phase 2 has shifted to start in Q3 of 2024. As outlined in the plan, DCHS plans to invite Phase 1 partnerships to continue and scale their work. Plans are underway to assess whether DCHS will be able to increase investments for Phase 2 as expected in the PSTAA Implementation Plan. With the budget reduction in fiscal biennium 2023-24 and the budget projection for 2025-26, current budget projections are just enough to sustain the Phase 1 partnerships into Phase 2. DCHS is working with the SSO to assess whether current SSO fundraising efforts can support Phase 2 with new investments.

3. **Community-based Supports/Love & Liberation**

Strategy Background

This funding category supports a three-year pilot project called Love & Liberation (L&L). L&L is a racial justice initiative focused on self-liberation and system change. It aims to improve academic/life outcomes for youth of color, ages 10-19. This work is undertaken by the Racial Equity Coalition (REC), a collaborative of 14 Black, Indigenous, and Community of Color partner nonprofits that have organized themselves around their common vision of addressing the lack of equity support services in the education system. DCHS contracts with United Way of King County (UWKC) to serve as the facilitator for Love & Liberation. In this role, UWKC issues subcontracts to REC organizations to implement L&L and provides facilitation, capacity building support, and additional funds to the coalition.

Program Impacts due to 2023-2024 budget

Although this strategy will see a 15 percent reduction to the programming budget for the fiscal biennium 2023-2024, it will not impact the current contract or committed funds for the pilot. The L&L pilot is contracted from 3/31/2021-12/31/2023. Planning and recommendations for post-pilot 2024 and beyond are in progress.

MIDD

ANALYST: SAM PORTER

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	\$155,849,090	\$140,172,329	18.0	0.0
2023-2024 Base Budget Adjust.	\$7,748,743	\$4,778,421	0.0	0.0
2023-2024 Decision Packages	\$20,399,652	\$40,035,021	5.0	0.0
2023-2024 Proposed Budget	\$183,998,000	\$184,986,000	0.0	0.0
% Change from prior biennium	18.0%			
Dec. Pkg. as % of prior biennium	13.0%			

Major Revenue Sources: Mental Illness and Drug Dependency sales tax

Base Budget Assumptions: MIDD initiatives are proposed to receive economic adjustments of 3.58% in 2023, and 2.94% in 2024.

DESCRIPTION

The Mental Illness and Drug Dependency (MIDD) fund is comprised of sales tax revenue dedicated by state law to supporting new or expanded behavioral health (substance use disorder and mental health) treatment programs and services, and for the operation of therapeutic court programs and services. The King County Council renewed the MIDD sales tax in 2016.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The MIDD appropriation unit in the proposed budget includes \$7.7 million of base budget adjustments and \$20.4 million of decision packages. The decision packages include \$1 million of one-time funding for expansion of the Familiar Faces Vital program **(\$507,000)** and a youth support services program to provide outreach and engagement in both school-based and school-linked settings **(\$500,000)**. \$1.1 million and 3 FTEs would support financial and contract management and the MIDD Advisory Committee (MIDD AC) for the next round of MIDD initiatives. The proposed budget for MIDD includes a decrease of \$4.5 million of ongoing transfer from the MIDD Fund to the Behavioral Health Fund and \$2 million in reserves set aside for future use of the west wing of the King County Jail in Seattle. **According to executive staff, this funding is reserved while additional analysis and planning are underway to explore possible uses of this wing of the facility.**

Additional changes in the proposed budget include:

- \$7.3 million to apply inflationary economic adjustments for MIDD initiatives.

- \$2.7 million to Recovery and Reentry Strategies:
 - Supported employment and jail reentry system of care
- \$3.4 million and 1 FTE to Prevention and Intervention Strategies:
 - Juvenile justice youth behavioral health assessments; school-based screening, brief intervention, and referral to treatment (SBIRT); mental health first aid; sexual assault behavioral health services, domestic violence and behavioral health services and system coordination; and community-based outpatient care. This proposal includes one position to support the SBIRT expansion.
- \$8.1 million and 1 FTE to Crisis Diversion Strategies:
 - Adult crisis diversion center, respite beds and mobile behavioral health crisis team; multipronged opioid strategies; and co-responder models (expanding RADAR, the north sound navigator program to other unincorporated areas of King County). This proposal includes one position to be a subject matter expert for MIDD juvenile justice initiatives. **Of this allocation, \$6.34 million would go toward multipronged opioid strategies, divided between, and discussed in more detail in the Jail Health Services and Public Health Fund budgets.**
- (\$2.3 million) to System Improvement Strategies
 - This allocation aligns funding with programming needs in system improvement strategies and continues the expansion of rural behavioral health grants **with \$400,000** and a one-time reduction **of \$4 million** for quality coordinated outpatient care. **The emerging issues strategy would be funded under this allocation with \$1.3 million. A workgroup of MIDD AC members convened to develop the emerging issues strategy opted to create an open RFP inviting community respondents to identify emerging issues. This RFP was issued on September 15, 2022, with letters of interest due September 30, and proposals due November 18, 2022. According to DCHS, "successful proposals will include a well-defined and researched assessment of the emerging behavioral health issue, show current gaps and their burden, and articulate any resulting health inequities. They will also identify existing MIDD initiatives that may be aligned."**¹

Under technical adjustments, the MIDD fund would make a \$1.37 million decrease to adjust budgets for annualizations, ending time-limited expansions and align the budget with expected costs and \$5 million to pay for time-limited expansions of the following programs:

- **\$110,000 to Administration and Evaluation**
- **\$800,000 to the Involuntary Treatment Triage Pilot**
- **\$334,000 to the Zero Suicide Initiative Pilot**

¹ Cultivating Connections: New Funding Opportunity: \$1.3M for Emerging Issues in Behavioral Health DCHS Blog, <https://dchsblog.com/2022/09/15/new-funding-opportunity-1-3m-for-emerging-issues-in-behavioral-health/>

- \$3 million to Community Behavioral Health Treatment for people not served by Medicaid
- \$754,000 to Community Driven Behavioral Health Grants

The MIDD Fund is projecting an ending undesignated fund balance of approximately \$3.4 million at the end of 2024, with \$19.3 million of total reserves and no reserve shortfall. The ending undesignated fund balance in the 2025-2026 biennium is projected to be less than \$1 million.

The MIDD AC reviewed the Agency Proposed budget at their July meeting and the Executive Proposed in August and September.

KEY ISSUES

ISSUE 1 – ONGOING TRANSFER OF \$15.5 MILLION OF MIDD REVENUE TO THE BEHAVIORAL HEALTH FUND

The proposed budget includes a decrease of the transfer of MIDD revenue to the Behavioral Health Fund from \$20 million to \$15.5 million. This transfer of MIDD revenue began in the previous biennium and was intended to backfill the revenue gap in the Behavioral Health Fund and provide support for programs separate from those outlined in the MIDD Service Implementation Plan. According to executive staff, while Medicaid revenues are not projected to have a revenue gap in 2023-2024 non-Medicaid revenue is projecting a gap that is intended to be backfilled by the MIDD and HTH transfers. The continued transfer and use of MIDD money to support the Behavioral Health Fund is a policy choice for the Council to consider.

RESPONSE TO COUNCIL INQUIRIES

QUESTION 1: PLEASE PROVIDE MORE INFORMATION ON THE THREE POSITIONS INCLUDED FOR ADMINISTRATION AND EVALUATION (DS_003) AND WHAT IS INCLUDED IN THE BASE BUDGET FOR ADMIN AND EVALUATION.

ANSWER: According to executive staff, the three positions proposed for administration and evaluation include one contract management Project/Program Manager II (PPM II) and two financial administration Business and Finance Officers (BFO I and BFO III). The PPM II would convert a TLT PPM II position to career service to support expanded contract management for SI-01/Community Driven Behavioral Health Grants and SI-02/Rural Behavioral Health Grants. A full time PPM II is required to support the large number of contracts these two MIDD initiatives oversee (currently more than 20), enabling existing staff involved with these programs to focus on system-level strategic work. The PPM II

will also provide some administrative support to the MIDD Advisory Committee, the soon to be launched Community Owned Behavioral Health Collaborative, and the King County Rural Behavioral Health Collaborative.

One of the two fiscal positions proposes to convert a TLT BFO I to career service. This position would be responsible for invoice processing for contracted partners, and is needed due to the fund's growth, the number of additional strategies, and the increased complexity and scope of the strategies since the original plan. The BFO I position would be the only MIDD funded BFO I in DCHS. The other fiscal position would be a new BFO III to partner with and back up the existing BFO IV, who is the only other dedicated fiscal position funded with MIDD in DCHS. The existing BFO IV is responsible for all interfund transfers, financial forecasting, high level MIDD financial management, strategy, and reporting. Given the amount of attention and partner engagement with this fund, in addition to the financial volatility of a sales tax-based fund, it is prudent for the county to ensure adequate financial capacity and resiliency (e.g., ensure all knowledge is not consolidated in a single individual). Adding this new position would improve DCHS' ability to provide the county, Council, and Advisory Committee with comprehensive MIDD financials to inform strategic decision making.

The MIDD base budget includes 18 FTEs who administer MIDD programming. Twelve of these positions support MIDD's central activities including fiscal, communications, community engagement, and MIDD Advisory Committee functions, or provide oversight of multiple MIDD initiatives. Six positions manage individual larger programs and are included within those initiatives' budgets.

QUESTION 2: PLEASE PROVIDE MORE INFORMATION ABOUT THE ECONOMIC ADJUSTMENT INCLUDED IN MIDD DS_004 FOR MIDD INITIATIVES AND THE RATIONALE FOR PERCENTAGES EACH INITIATIVE RECEIVED.

ANSWER: According to executive staff, economic adjustments were calculated based upon baseline budgets using inflation factors provided by the King County Office of Economic and Financial Analysis (OEFA). The specific factors used are the annual Seattle CPI-U inflationary factors for 2023 and 2024 as published in the March 2022 OEFA forecast. This use of OEFA forecasts is consistent with the MIDD fund's ongoing practice since its 2017 renewal of providing economic adjustments as described in its approved service improvement plan. All MIDD initiatives are proposed to receive economic adjustments of 3.58 percent in 2023, and an additional 2.94 percent in 2024, regardless of whether the initiative is County-operated or contracted.

QUESTION 3: PLEASE PROVIDE MORE INFORMATION ABOUT WHAT THE \$1 MILLION FOR VITAL UNDER DS_001 IS BUYING.

ANSWER: The \$1 million appropriation under DS_001 for MIDD Special Projects would be allocated to the Familiar Faces Vital program for \$507,000 and school-based and school-linked youth support service programs for \$500,000. According to materials received by council staff, "the Familiar Faces Intensive Care Management Team, also known as Vital, is a strategy previously launched by the Familiar Faces Initiative to implement a multi-pronged intervention for a population with complex needs and frequent criminal legal system contact. Vital provides behavioral health treatment integrated with other services for people with high needs and jail involvement. Vital involves a collaborative of service partners including criminal legal liaisons. Vital has demonstrated outcomes of improved housing stability and reduced jail and emergency department utilization." The agency proposal for this allocation was intended to increase the capacity of Vital from 60 participants to 80.

Council staff are awaiting additional information from executive staff on this question.

PROSECUTING ATTORNEY'S OFFICE MIDD

ANALYST: SAM PORTER

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	\$2,521,518	\$0	9.6	0.0
2023-2024 Base Budget Adjust.	(\$5,716)	\$0	0.0	0.0
2023-2024 Decision Packages	\$208,760	\$0	1.0	0.0
2023-2024 Proposed Budget	\$2,725,000	\$0	10.6	0.0
% Change from prior biennium	8.0%			
Dec. Pkg. as % of prior biennium	8.2%			

Major Revenue Sources: Mental Illness and Drug Dependency sales tax

Base Budget Assumptions: Remove 2021-2022 one-time changes including those related to pandemic response, annualize supplemental changes, update personnel rates. Personnel budgets reflect projected 2023-2024 salary and benefit rates, current position classifications, and step/merit increases.

DESCRIPTION

The Prosecuting Attorney's Office (PAO) MIDD appropriation unit is where the PAO's therapeutic court-related costs are budgeted. The PAO participates in the Regional Mental Health Court/Regional Veterans Court, Adult Drug Court, Juvenile Drug Court, and Community Court.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed 2023-2024 budget would increase funding to the PAO MIDD appropriation unit by approximately \$203,000 and 1 FTE. This increase is due to one decision package to add an attorney to support the Drug Diversion Court case work.

Council policy staff requested additional information from Executive staff regarding the effects of the Blake Decision on Drug Court workload. State v. Blake is the 2021 Washington State Supreme Court decision that ruled the felony drug possession law unconstitutional. According to Executive staff, while Blake has resulted in fewer direct filed cases there has been an increase in transfer requests due to program eligibility expansion that occurred in September 2021 and March 2022. Executive staff stated: "While the number of Drug Court cases has declined, PAO still requires two attorneys due to the calendar schedule and increasing numbers of transfer requests into Drug Court vs. direct file cases. Superior Court is scheduling only slightly fewer calendars, which are typically full days in court. Attorneys need to be present for all calendars and they cannot do other case work such as review and filing while they're in court. This requires two

attorneys to fully cover calendars. Cases can be direct filed into Drug Court if they unambiguously meet eligibility criteria. There are now fewer direct filed cases, partly due to the Blake decision. Cases can also be requested for transfer by defense attorneys if they may be eligible. Transfer requests are more time-consuming for PAO staff. As eligibility criteria has expanded, there are more transfer requests."

KEY ISSUES

Staff have not identified any key issues.

BEHAVIORAL HEALTH

ANALYST: SAM PORTER

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	\$714,031,283	\$720,547,035	155.1	0.0
2023-2024 Base Budget Adjust.	(\$63,239,077)	(\$62,226,975)	(0.0)	0.0
2023-2024 Decision Packages	\$99,418,987	\$97,700,729	21.0	0.0
2023-2024 Proposed Budget	\$750,211,194	\$756,020,789	176.1	0.0
% Change from prior biennium	0.50%			
Dec. Pkg. as % of prior biennium	1.05%			

Major Revenue Sources: Medicaid, state non-Medicaid money for crisis behavioral health, federal block grant, interfund transfers from the MIDD and Health Through Housing taxes. This updated staff report includes federal block grant funding as a major revenue source for the Behavioral Health Fund and corrects the characterization of state non-Medicaid money as being for crisis behavioral health services, not just involuntary psychiatric services.

Base Budget Assumptions: Remove 2021-2022 one-time changes including those related to pandemic response, annualize supplemental changes, update personnel rates. Personnel budgets reflect projected 2023-2024 salary and benefit rates, current position classifications, and step/merit increases.

DESCRIPTION

The Behavioral Health Fund supports the Behavioral Health and Recovery Division (BHRD), in the Department of Community and Human Services (DCHS). BHRD provides oversight and management of the publicly funded mental health and substance use disorder (behavioral health) service system for eligible county residents. Since 2016, the behavioral health system in Washington has gone through a state-mandated transformation culminating in what is known as fully integrated managed care (FIMC) for the Medicaid healthcare system. The goal of FIMC is whole person coordinated care for both physical and behavioral health¹. As such, BHRD now contracts with five Managed Care Organizations (MCOs) that operate in the county to administer the King County Integrated Care Network (KCICN).

The KCICN is the Medicaid-funded network of integrated physical and behavioral health providers. BHRD continues to serve as the Behavioral Health Administrative Services Organization (BHASO) to administer the state-funded crisis behavioral health system, including the Involuntary Treatment Act Court and other non-Medicaid-funded behavioral

¹ The term "behavioral health" encompasses both mental illness and substance use disorders.

health services. BHRD also manages programs funded through the Mental Illness & Drug Dependency (MIDD) 1/10th of 1 cent sales tax.²

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Executive's proposed Behavioral Health Fund budget would result in net expenditures of \$36.2 million after base budget adjustments. The first primary change in the Behavioral Health Fund budget is \$36.4 million funded by an increase in both the Medicaid and non-Medicaid service rates as provided by the state legislature. This amount would be passed through as a provider rate increase.

Almost \$24.8 million of CLFR dollars would be reappropriated to the following programs:

- \$1.88 million to expand culturally appropriate behavioral health services for communities disproportionately impacted by the pandemic,
- \$2.38 million to offer and enhance mobile behavioral health response for Health through Housing facilities,
- \$3.56 million to support mobile behavioral health response for permanent supportive housing facilities,
- \$3.77 million to expand rural behavioral health services,
- \$3.8 million to support a permanent location of the King County Sobering Center,
- \$2.85 million to support youth suicide prevention services,
- \$4.87 million to stabilize the community behavioral health system focusing on workforce issues,
- \$954,000 to expand community-based, peer support services, and
- \$671,000 to develop intergenerational programs addressing youth and senior social isolation.

Both Metro and Sound Transit have revenue backed behavioral health crisis response pilot programs. Metro is funding \$1.3 million to provide behavioral health crisis response to people experiencing crises while using Metro services and facilities at the Aurora Village Transit Center and Burien Transit Center. The joint DCHS/Metro team will provide de-escalation, outreach, and connection to services. Similarly, Sound Transit is providing \$892,000 to support a pilot program to provide peer support and treatment referral for individuals in behavioral health crisis while using the light rail stations at Westlake, University Street, Pioneer Square, and the ID/Chinatown.

Ten million dollars of state funding **for capital** and \$1.5 million of local dollars in the proposed budget would be used to stand up a behavioral health crisis stabilization service in north King County to provide immediate care for people experiencing a mental health or substance use crisis. **If these funds exceed what north King County cities need to**

² The various MIDD funds have separate decision packages and are discussed elsewhere in this staff report.

establish these crisis stabilization services, any remaining balance may be used to preserve or improve existing crisis stabilization centers elsewhere in King County. Relatedly, the state has provided almost \$4 million of funding to support three behavioral health response teams in King County. These teams would collaborate with regional partners and follow up with individuals after an acute crisis episode for up to three months with the intention to establish longer-term treatment and support services.

The proposed budget would add eight new positions in Crisis and Commitment Services (CCS) funded with \$2.34 million of state non-Medicaid dollars. CCS is comprised of Designated Crisis Responders (DCR) and supervisors who conduct involuntary psychotic admissions under the State's Involuntary Treatment Act. This allocation would fund seven DCRs and one DCR supervisor. CCS currently has 46-full time, and 5-part time DCR's. There are Statutory timelines DCR's must meet when responding to emergency rooms for evaluation (6 hours for walk-ins; 12 hours if a law enforcement officer is involved in the admission). According to executive staff, CCS has generally been able to comply with these timelines, but they struggle with timely response to community requests. Community response times have increased yearly since 2015 when they were 74.9 hours to be evaluated. Currently, the average response time is 284 hours. The state-funded non-Medicaid side of the BHRD funding structure, the BHASO, received an increase in funding this year to provide economic adjustments of 7% to align with Medicaid increases and respond to increasing needs. CCS was identified by the legislature as a priority to receive this funding.

The proposed budget includes \$16.7 million to update behavioral health program budgets for rate increases and expansions. Changes include a rate increase in the mental health residential treatment program, a new geriatric step-down facility and intensive residential treatment program, rate increase for King County's program for assertive community treatment (or PACT) program, and rate updates/expansion of the New Journeys program, which provides early intervention for youth with first episode psychosis.

The proposed budget includes 14 FTEs described under administrative services changes. These positions are summarized in the table and described below. The positions that are conversions from TLT to FTE are indicated where applicable.

- 1 Legislative Policy Manager to manage behavioral health legislative and policy areas within BHRD. This dedicated position will enhance BHRD's ability to promote King County behavioral health priorities, analyze and respond to legislative, budget, and policy proposals and inquiries from the state and the County Council.
- 2 support positions for the provider relations team.
- 2 Integrated Managed Care Project positions, one coordinator and one specialist. These are TLT conversions that would provide ongoing support for integrated

managed care work, including project management of major initiatives and support for the work of KCICN committees and workgroups.

- 1 Functional Analyst position converted from TLT to FTE to provide IT helpdesk support and technical assistance for internal BHRD staff and external network providers.
- 1 Trueblood Program Manager converted from TLT to FTE to support ongoing Trueblood settlement work involving services to individuals who experience mental illness and require legal competency restoration services.
- 1 Peer Bridger converted from TLT to FTE to provide peer bridger support for clients discharging from Western State Hospital and other long-term placements and community hospitals.
- 3 positions supporting Utilization Management (UM). Two of these are conversions from TLT to FTE. The UM team performs continuing stay reviews to ensure enrolled clients continue to meet medical necessity criteria for inpatient services. Continuing stay reviews are a new contractual requirement as of 2021.
- 1 BHRD KCICN Data Analyst to provide data and evaluation support for the KCICN.
- 2 FTEs to support BHRD crisis systems and services that performs oversight of all behavioral health administrative services (BH-ASO) work. These positions would support leadership with implementation, coordination, and oversight.

Proposed New FTE and Associated Costs and Revenue

Positions (FTE & Cost)	FTE	Cost	Revenue Source	TLT Conversion
Legislative Policy Manager	1.0	\$308,000	Medicaid	No
Provider Relations Team Support	2.0	\$544,000	Medicaid & Non-Medicaid	No
Integrated Managed Care Coordinator & Specialist	2	\$106,000	Medicaid	2
Integrated Managed Care Data Analyst	1	\$277,000	Medicaid & Non-Medicaid	No
Functional Analyst	1	(\$2,400)	Medicaid & Non-Medicaid	1
Trueblood Program Manager	1	(\$2,400)	HCA ³	1

³ Washington State Health Care Authority

Positions (FTE & Cost)	FTE	Cost	Revenue Source	TLT Conversion
Peer Bridger	1	(\$2,200)	HCA	1
Hospital Utilization Management	3	\$259,000	Medicaid	2
Crisis System and Services Support	2	\$554,000	BH-ASO & Revenue Transfers	No

There are several technical adjustments to the proposed budget including:

- A decrease of almost \$3 million to align the budget with expected expenditures including updates to interfund transfers and overhead costs.
- \$1.23 million to reconcile expenditures to match estimated Involuntary Treatment Act (ITA) court costs in legal systems agencies.
- A decrease of \$5.8 million to eliminate the transfer of General Fund revenue to support the Behavioral Health Fund.
- A decrease of \$4.5 million of MIDD to the transfer from the BH Fund. If adopted, the ongoing transfer from the MIDD to the BH Fund would be \$15.5 million.
- A decrease of \$5 million to reduce the transfer from the Health Through Housing (HTH) fund discussed in more detail in the HTH Fund. If adopted, this transfer would continue to be 9% in line with sub-strategy 3 of the HTH implementation plan.

The Behavioral Health Fund is projecting an ending undesignated fund balance of \$45.7 million at the end of 2024, with \$30.3 million of total reserves and no reserve shortfall. This is primarily attributed to a substantial increase in Medicaid and state non-Medicaid revenue coming to this fund.

KEY ISSUES

No issues were identified by council staff.

RESPONSE TO COUNCIL INQUIRIES

QUESTION 1: HOW WILL THE COUNTY WORK WITH COMMUNITIES TO ASSURE CULTURALLY APPROPRIATE BEHAVIORAL HEALTH SERVICES UNDER DS_060 ARE APPROPRIATE FOR KING COUNTY RESIDENTS DISPROPORTIONATELY IMPACTED BY THE COVID-19 PANDEMIC?

ANSWER: According to a June 29, 2022, DCHS blog post⁴, "in 2021, King County held focus groups and interviewed dozens of subject matter experts to identify the components of culturally

⁴ DCHS Blog – Cultivating Connections: Reminder: Request for Proposal – Up to \$2M for Culturally Appropriate Behavioral Health Services, <https://dchsblog.com/2022/06/29/reminder-request-for-proposal-up-to-2m-for-culturally-appropriate-behavioral-health-services-closes-july-7/>

appropriate behavioral health care, as well as how that care can be improved. Respondents identified four key components:

1. Service providers reflect and understand the cultural background of those they serve.
2. Services are creative and flexible. They are offered, unconditionally, in a manner, timeframe, language, and setting that is meaningful and appropriate to the recipient; and regardless of the recipient's immigration or benefits status, ability to meet pre-determined eligibility criteria, or other factors that impose barriers to necessary treatment.
3. Data is disaggregated, detailed, and interpreted to show who is and is not being served, how and by whom they are being served, and how they are responding to treatment.
4. Services incorporate and strengthen communities, families, schools, support networks, and other systems."

According to executive staff, the review panel for this RFP carefully considered proposals with an emphasis on how the proposal responded to a community-identified need. As awards have not yet been made and programs have not yet started, evaluations are not yet available. Awardees will be asked for outcomes and demographics in their monthly reports, as well as quarterly narrative reports that will allow the agency to highlight the impact their work has had in the community. Agencies operating these services will be expected to solicit feedback from people engaged in agency programs on an ongoing basis, including qualitative feedback, and to include that information in their quarterly reporting to DCHS.

QUESTION 2: PLEASE PROVIDE SPECIFICS ABOUT WHAT EXPANDED BEHAVIORAL HEALTH SERVICES IN RURAL KING COUNTY UNDER DS_065 IS SPECIFICALLY DOING.

ANSWER: According to Executive staff, DCHS has contracted with both REACH and Peer Washington to provide peer outreach services that will increase access to and availability of behavioral health services, make connections to medical care, and provide for other support needs for individuals referred into the MIDD-funded service through the state-funded recovery navigator program. REACH will be covering the rural area of Vashon/Maury Island, and Peer Washington will be covering rural parts of Algona, Greater Maple Valley/Cedar River Area, and Southeast King County. Both intend to start services during Q4 of 2022 and are currently working on hiring for these positions. By bringing services to rural residents in their communities via mobile and/or outreach and engagement services in rural community locations, these providers will address rural barriers such as transportation cost and access. They will also increase rapport and engagement with rural residents who may qualify for or be enrolled in behavioral health services by enhancing coordination and providing access to telehealth options housed at rural social service agencies or community-based organizations.

To fund programming in other rural areas such as Bear Creek/Sammamish, Four Creeks/Tiger Mountain, and Snoqualmie Valley/NE King County, DCHS will reprocore the remaining funds. Additional information about the overall strategy for these rural behavioral health funds can be found in the Executive's letter to the Council dated May 28, 2021.⁵

⁵ <https://mkcclegisearch.kingcounty.gov/LegislationDetail.aspx?ID=4970227&GUID=F517A68A-BCA9-42E5-9A77-4492D16DA019&Options=Advanced&Search=>

QUESTION 3: IF THE \$10 MILLION OF STATE FUNDING ALLOCATED FOR THE KING COUNTY CRISIS CARE CENTER EXPANSION IN NORTH KING COUNTY UNDER DS_015 CANNOT BE USED WHERE WILL THAT FUNDING GO? PLEASE PROVIDE MORE DETAIL ABOUT WHAT PLANNING, IF ANY, IS GOING ON TO SPEND REMAINING FUND BALANCE IF THERE IS ANY REMAINING.

ANSWER: The decision package for this appropriation states that, if "these funds exceed what north King County cities require and can utilize for crisis stabilization services, funds may also be used to preserve or improve existing crisis stabilization centers within King County." According to Executive staff, planning efforts with the north King County cities must still be completed and approved by the state Department of Commerce before initiating the current project, so it is too early to know if there will be remaining funds from this allocation. This allocation is for capital and are statutorily intended to increase capacity of voluntary behavioral health crisis care through "construction and equipment costs associated with the establishment of the facilities." Operating costs associated with the treatment of patients using these funds is explicitly prohibited for the state funds. The \$1.5 million of behavioral health funds allocated in DS_017 are more flexible. If these funds are approved and exceed the North King County project's needs, they would be used for other similar purposes in King County, consistent with the Council's adopted budget language.

QUESTION 4: PLEASE PROVIDE INFORMATION ABOUT HOW THE BEHAVIORAL RESPONSE TEAMS FUNDED UNDER DS_016 WILL SHARE INFORMATION.

ANSWER: According to executive staff, when Behavioral Health Response Teams (BHRT) need client level information, Crisis Connections is called to access information in the Extended Client Lookup System (ECLS). Crisis Connections will be able to provide information regarding the behavioral health service history of a client, such as the current provider agency, the name/contact information of the primary clinician, history of voluntary and involuntary hospitalizations, and use of other crisis services. Information about services BHRT provides will also be shared with the King County data system and available to Crisis Connections and other providers as needed.

HARBORVIEW MEI 2000 BOND PROJECTS

ANALYST: SAM PORTER

	2023-2024 Proposed	2025-2026 Projected	2027-2028 Projected
Revenues	\$27,592,644	\$0	\$0
Expenditures	\$27,592,644	\$0	\$0

Major Revenue Sources: HMC/MEI 2000 Bond fund balance, LTGO bonds.

DESCRIPTION

Harborview Medical Center (HMC) is a 413-bed hospital and trauma center serving as the only Level 1 trauma center for Washington, Alaska, Montana, and Idaho. The hospital is owned by King County, governed by a 13-member County-appointed Board of Trustees, and operated by the University of Washington. In 2000, Council passed Ordinance 13947 which placed a \$193 million bond on the November ballot that was adopted by voters. Proceeds spent on demolition of seismically unsound buildings, construction of replacement buildings, seismic renovations and retrofitting and street improvements.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed budget would allocate \$27.6 million to the HMC/MEI 2000 Projects budget and make technical changes closing out four bond projects. Of this allocation, \$25 million would be LTGO bonds to construct four outpatient operating rooms in the Ninth and Jefferson Building and the remainder would be backed by fund balance from the 2000 bond. Of the remaining 2000 bond revenue, \$1.39 million of the allocation for this budget would pay the election costs of the 2020 HMC levy, \$350,000 would be allocated to the single patient room expansion project funded through the 2021 and 2022 HMC Capital Improvement Project budgets, and \$1.2 million would support additional planning work to inform the 2020 bond projects. According to Executive staff this amount would be used to produce a more detailed and updated analysis of HMC operational costs and lines of business to maximize revenue and capacity to inform the pre-design phase of the bond funded construction projects.

KEY ISSUES

ISSUE 1 – PROPOSED EXPENDITURE TO PAY 2020 HMC BOND ELECTION COSTS

The proposed budget allocates approximately \$1.39 million to reimburse King County Elections for costs associated with the November 2020 election. Ordinance 19117¹ placed the 2020 bond on the November 4, 2020, ballot and included elections costs as eligible expenses under Section 1, C, as other costs incurred in connection with the improvements identified in Attachment A to the Ordinance. Executive staff have stated that the allocation of \$1,386,750 can be removed from the HMC/MEI 2000 Bond Fund (3791). Executive staff stated that the payment to the Elections Department can be made directly from property tax collections and as such no additional appropriation is needed to the HMC 2020 Bond Fund (3750).

A technical amendment will be needed to address this issue.

ISSUE 2 – PROPOSED EXPENDITURE TO PAY 2020 HMC BOND PLANNING

The proposed budget would allocate \$1.2 million to provide more detailed planning support for the facility design development of the 2020 bond. Ordinance 13896² placed the 2000 HMC/MEI bond on the September 2000 ballot and states that if all authorized projects have been accomplished or were found to be impractical "the county may apply the bond proceeds or any portion thereof to the payment of principal of and interest on the Bonds or to other capital improvements, as the council, by ordinance and in its discretion, shall determine." Executive staff indicate that all improvements have been completed or were deemed impractical, and the bonds have been paid off. Therefore, remaining proceeds from the 2000 HMC/MEI bond may be expended on capital improvements at the council's discretion.

It is a policy choice for the council to consider whether to use remaining 2000 HMC/MEI bonds on 2020 HMC Bond planning as proposed in the budget. Planning for the 2020 HMC bond is an eligible expense under the HMC 2020 Bond. Additionally, the allocation of \$1,386,750 described in Issue 1 may also be expended on capital improvements at the council's discretion. Executive staff also indicate that the \$350,000 proposed to be expended on the single patient room expansion is also a policy choice.

¹ <https://mkcclegisearch.kingcounty.gov/LegislationDetail.aspx?ID=4420195&GUID=EC4B4B66-6924-4FDC-BBDF-A8708840BC8D&Options=Advanced&Search=>

² <https://mkcclegisearch.kingcounty.gov/LegislationDetail.aspx?ID=549615&GUID=1A71DBEC-94F3-401F-9E43-59EF1A0F7ECF&Options=Advanced&Search=>

HARBORVIEW 2020 BOND CAPITAL PROGRAM

ANALYST: SAM PORTER

	2023-2024 Proposed	2025-2026 Projected	2027-2028 Projected
Revenues	\$54,200,000	\$0	\$0
Expenditures	\$54,200,000	\$0	\$0
Major Revenue Sources: HMC 2020 Bond revenue			

DESCRIPTION

Harborview Medical Center (HMC) is a 413-bed hospital and trauma center that serves as the only Level 1 trauma center serving Washington, Alaska, Montana, and Idaho. The hospital is owned by King County, governed by a 13-member County-appointed Board of Trustees, and operated by the University of Washington. In 2020, voters approved a 20-year, \$1.74 billion capital improvement bond for health and safety improvements of Harborview Medical Center.¹ The primary components of the bond are increasing bed capacity with a new bed tower, consolidating all behavioral health services and the Behavioral Health Institute in a new behavioral health building, renovate existing hospital space including the ITA Court, gamma knife, tuberculosis and STD clinics; make seismic upgrades to Harborview Hall, the center tower, and the Pioneer Square clinic; and demolish the East Clinic building and various site improvements to the campus.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed budget would allocate \$52.4 million of 2020 bond revenue to eight projects in the planning phase. The projects and associated expenditure are as follows:

- \$10.3 million for the construction of a patient bed tower of single patient rooms and improved emergency room facilities,
- \$1.6 million for the consolidation of behavioral health services in one building,
- \$1.6 million for the renovation of Harborview Hall to create respite bed capacity,
- \$100,000 for seismic structural stability of the Pioneer Square Clinic,
- \$1.6 million for the Center Tower seismic retrofit,
- \$11.7 million to purchase the Washington Department of Transportation owned land between HMC and I-5 to site a new access road for the bond project,
- \$7.3 million for renovations to the Ninth and Jefferson Building, and the East and West Hospitals,
- \$20 million for an emergent needs project budget.

¹ The bond was placed on the ballot through Council Ordinance 19117.

KEY ISSUES

ISSUE 1 – \$20 MILLION EMERGENT NEEDS PROJECT BUDGET

Emergent need project budgets are standard contingencies for capital projects to administratively supplement existing project budget when existing project budget is not sufficient to respond to a project cost not anticipated in the development of the biennial budget. The current threshold for emergent needs budgets in KCC 4A.100.080 is five percent of the total proposed capital fund amount or \$20 million, **whichever is less**. However, Proposed Ordinance 2022-0375 was transmitted with the budget and would temporarily raise thresholds for emergent need to twenty percent of the budget or \$50 million, whichever is less. If Proposed Ordinance 2022-0375 is adopted in its current form, then the emergent needs project budget for the HMC 2020 bond project would be **\$10.4 million**. If it is not adopted, then the emergent needs project budget needs to be **\$2.6 million**. **Executive staff provided more detailed information after the first panel briefing that the emergent needs budget is based on total appropriation for the biennium (\$17.5 million is the proposed carryover budget plus the \$34.2 million for projects in the proposed budget) which is why the amounts above in red are updated from the first staff report. A technical amendment will be needed to decrease the emergent needs budget for this appropriation to be in line with thresholds in King County Code. If Proposed Ordinance 2022-0375 is adopted the amendment would decrease this appropriation by \$9.6 million. If Proposed Ordinance 2022-0375 is **not** adopted the amendment would decrease this appropriation by \$17.4 million.**

OFFICE OF ECONOMIC OPPORTUNITY AND CREATIVE ECONOMY

ANALYST: ANDREW KIM

	Expenditures	Revenues	FTEs	TLTs
2021-2022 Revised Budget	\$0	\$0	0.0	0.0
2023-2024 Base Budget Adjust.	\$0	\$0	0.0	0.0
2023-2024 Decision Packages	\$ 2,209,351	\$0	3.0	0.0
2023-2024 Proposed Budget	\$2,210,000	\$0	3.0	0.0
% Change from prior biennium	100.0%			
Dec. Pkg. as % of prior biennium	100.0%			

Major Revenue Sources: General Fund

Base Budget Assumptions: None

DESCRIPTION

The 2023-2024 Proposed Biennial Budget would establish a new Office of Economic Opportunity and Creative Economy (OEOCE) under the Office of the Executive. The Office of Economic Opportunity and Creative Economy would bring the existing Director of Creative Economy and Recovery and the existing Director of the Economic Development & Recovery positions into a single office. Executive staff state that the proposed mission of the office is to revitalize economic growth throughout our region by fortifying community partnerships and resources.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2023-2024 Proposed Biennial Budget would appropriate about \$2.2 million and 3.0 FTEs to the OEOCE. Proposed Ordinance 2022-0394, which was transmitted along with the 2023-2024 Proposed Budget, would amend King County Code to establish the OEOCE. The following table provides a breakdown of the \$2.2 million proposed appropriation. The proposed appropriation would be fully paid by the General Fund.

No.	Appropriation Description	2021-2022 Biennium Funding Notes	Amount
1	Director of Creative Economy (1.0 FTE) – Responsible for policy and programs related to creative economy, including Harbor Island Studios (sound stage), Regional Film Initiative, and supports the music and nightlife industries in King County.	Currently a fully funded FTE in PSB. 23-24 Budget would transfer this position from PSB to OEOCE.	\$450,000

No.	Appropriation Description	2021-2022 Biennium Funding Notes	Amount
2	Director of Economic Development (1.0 FTE) – Responsible for policy and programs related to economic development including leading an inter-departmental working group, regional workforce development, working with the King County Aerospace Alliance, and regional business development and marketing.	Currently a temporary position in Executive Office funded using existing appropriation authority. 23-24 Budget would transfer funding from Executive Office to OEOCE and add this position as a new FTE.	\$450,000
3	Project / Program Manager (1.0 FTE) – Provides administrative and program support to the office.	Not funded in the 21-22 Budget.	\$280,000
4	Economic Opportunity Support to external economic development organizations	Currently budgeted under the Membership and Dues appropriation unit. 23-24 Budget would transfer budget from Membership and Dues to OEOCE.	\$500,000
5	Supplies, Advertising, Consultant Services	Not funded in the 21-22 Budget	\$490,000
6	Internal Service Rate Charges	No funded in the 21-22 Budget.	\$25,000
			\$2.2 million

Executive staff state that the work of the OEOCE would go beyond pandemic recovery and establish a formal structure to execute on an overarching economic/workforce development and recovery strategy and convene and help coordinate the disparate economic and workforce development roles and activities across departments. Executive staff also state that the OEOCE would establish a centralized hub, which in addition to developing strategy, will serve as a forum to share information, identify gaps, minimize duplication of efforts, and track county-wide progress.

Executive staff state that some of the creative economy initiatives include:

- Streamlining the film permitting process throughout county departments;
- Opening Harbor Island Studios (sound stages) to increase film production and job creation, and generating new revenue streams;
- Establishing a more formal Creative Economy Advisory Board or Commission;
- Conducting a Regional Music Ecosystem Study (already funded in part by Washington State Department of Commerce);
- Policy development to support the creative economy leveraging existing resources; and

- Conducting job fairs, career days, networking events, and social media information sharing.

Lastly, executive staff state that the OEOCE programs would have a deliberate focus on historically marginalized communities in the county and the jobs, employers, and organizations of focus must serve the communities most impacted by the pandemic.

KEY ISSUES

ISSUE 1 – ESTABLISHING THE OFFICE OF ECONOMIC OPPORTUNITY AND CREATIVE ECONOMY

The Office of Economic Opportunity and Creative Economy would be fully paid by the General Fund. Approximately \$800,000 of the \$2.2 million of the proposed appropriation were not included in the 2021-2022 Budget and therefore would be new ongoing General Fund spending.