

**KING COUNTY**

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**Signature Report**

**November 20, 2001**

**Motion 11335**

**Proposed No.** 2001-0562.2

**Sponsors** von Reichbauer, Phillips and  
Pullen

1                   A MOTION adopting the minutes of the 2001 Labor  
2                   Summit between local labor leadership and King County  
3                   elected officials  
4  
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6                   WHEREAS, the 2001 Labor Summit between local labor leadership and  
7                   King County elected officials was held on April 9, 2001, and

8                   WHEREAS, ordinance 13000, adopted by the King County Council on  
9                   February 9, 1998, directs that the minutes of the annual labor summit be adopted by the  
10                  council.  
11

Motion 11335

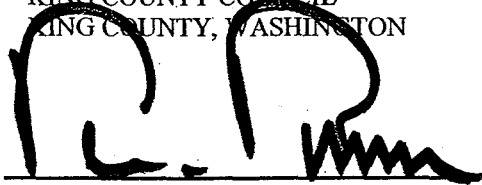
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12 NOW THEREFORE BE IT MOVED by the Council of King County: The  
13 minutes of the 2001 Labor Summit are hereby adopted.  
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Motion 11335 was introduced on 11/13/01 and passed as amended by the Metropolitan King County Council on 11/19/01, by the following vote:

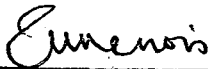
Yes: 12 - Mr. von Reichbauer, Ms. Miller, Ms. Fimia, Mr. Phillips, Mr. Pelz,  
Mr. McKenna, Ms. Sullivan, Mr. Pullen, Mr. Gossett, Ms. Hague, Mr.  
Thomas and Mr. Irons  
No: 0  
Excused: 1 - Mr. Nickels

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON



Pete von Reichbauer, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments A. Minutes of April 2001 Labor Summit, dated 11-19-01

11335

## Minutes of April, 2001 Labor Summit

The 2001 Labor Summit was co-chaired by Pete von Reichbauer, Chair, Metropolitan King County Council and Steve Williamson, Executive Secretary-Treasurer, King County Labor Council.

*Chair von Reichbauer* called the joint Committee-of-the-Whole meeting and the 2001 Labor Summit to order at 9:32 a.m. on April 9, 2001. He asked for a moment of silence in support of the U.S. aircrew, also workers, being held in China. Councilmember von Reichbauer thanked Councilmember Pullen for his leadership role in helping make this a yearly event through introduction and passage of Ordinance 13000 in 1998. The chair noted that the yearly summit provides a unique opportunity for county officials and labor representatives to initiate discussion of issues of mutual concern. However, he also noted that a large part of the summit's potential benefits lie in continuing less formal dialogue in follow-up discussions throughout the year. The chair invited labor representatives to contact him to arrange meeting times for continuing, informal discussions.

*Steve Williamson* acknowledged the enormity of the budgetary challenge facing county government and encouraged county officials to make principled choices in providing quality jobs and quality services in the context of this budget challenge. Mr. Williams noted the unique and positive partnership between labor and county government, and stated his belief that King County's long-term fiscal problems cannot be resolved by focusing primarily on employee costs.

*Executive Ron Sims* stated that unions represent over 85 percent of King County employees. Executive Sims stated that labor and management must address two major fiscal issues in the context of the anticipated budget shortfall. 1) The two year process of negotiating contracts, which sets the tone for labor/county, employer/employee relationships; and 2) The cost of King County employee benefits, currently at 35.8 percent of salary.

### **King County Budget -- General Fund Revenues and Dedicated Revenue Sources**

Steve Williamson raised two major issues associated with this agenda item, first, "Are criminal justice budgets and departments going to be held harmless from budget cuts? If there are going to be certain areas that are held harmless, will this result in two-thirds of the budget off-limits for possible cuts?" and second, "What efforts are being made to identify and tap alternative revenue sources?"

**1. Criminal justice budgetary issues – Discussion** *Steve Call, Budget Director, King County*, explained that criminal justice activities consume two-thirds of the CX fund and stated that the Executive is also talking to the Prosecuting Attorney about possible cuts in this area. Mr. Call also noted that, if criminal justice agencies do not participate in budgetary reductions, the balance of the county system will have to bear the entire \$36 million shortfall. He speculated that, under that scenario, discretionary expenditures in arts programs, human services, and health services would be the major victims of next year's budget shortfall. Mr. Call noted that the criminal justice agencies have all indicated their willingness to participate with the Executive, but have not yet provided recommendations for cuts.

*Dustin Frederick, Business Manager, Public Safety Employees, Local 519*, expressed deep concern that representatives of the public safety/criminal justice system, while comprising two-thirds of the CX budget, were not present at the Labor Summit discussing these issues. *Councilmember Phillips* stated that he agreed with Mr. Frederick's concern about the absence of criminal justice representatives, and noted the existence of a "Super Cabinet" in the Executive branch, a "Super Cabinet" which participates in all belt-tightening exercises, and which sets the tone for how all political decisions are made. He stated that the "Super Cabinet" has influence that puts the departments at a tremendous disadvantage discussing

expenditures directly with the Executive or the Council.

*Councilmember Gossett* noted that King County is federally required to provide a certain level of criminal justice services. The number of criminal case filings is up, and if the county cuts funds to prosecute those cases, then there is a chance the public safety will be at risk. Councilmember Gossett also noted that public health services provide a safety net for people who may otherwise end up in the criminal justice system. He stated that budget cuts in public health and social services may result in an even greater burden on the criminal justice system. He stated that, if the criminal justice agencies do not participate in budget cuts, the effect to human services would be extreme and substantial. He asked if the Executive anticipated cooperation from these agencies. Mr. Call responded "yes."

*Councilmember Pelz* noted that the Sheriff had requested more program responsibilities -- resulting in greater costs -- during last year's budget process. He recommended that the council look very carefully during the coming budget process at new program recommendations and scope of operations for the criminal justice system. He also noted that the state legislature was considering cutting mental health programs, which would have an inevitable increased impact on public safety. *Councilmember Phillips* agreed with Councilmember Pelz, stating that the county will get nowhere in trying to make realistic cuts without cooperation from the Sheriff, the Prosecutor, the Court System, and Olympia.

*Councilmember Nickels* observed that law and justice costs drive the expenditure side of the county's budget and that those costs are going up much faster than the cost of inflation. He expressed a feeling on the part of the council, that criminal justice system growth not be stopped, but that it must be slowed. Councilmember Nickels stated that slowing the growth of the criminal justice system, itself, would increase the opportunity to meet human needs and health services that may have a greater impact on health and safety in King County.

*Councilmember Nickels* pointed out that the need to balance action on the revenue side of the budget as opposed to the expenditure side of the budget has been a key theme in the last several county budgets, and made the following observations:

- City incorporations began to increase in 1989. The major result of these newly incorporated cities was to the county workforce, which was required to shift its focus from providing local services to unincorporated neighborhoods to providing regional services to unincorporated neighborhoods and incorporated cities.
- The shift in the kind of services provided by the county requires seeking other kinds of revenues. Councilmember Nickels noted that one option is to very aggressively seek contracts from those communities for the regional services provided by the county. Councilmember Nickels pointed to the Sheriff's Office as a successful example.

*Dustin Frederick* noted the dynamic cost growth in criminal justice and pointed to the AFIS levy. He speculated as to other options in that area, where specific criminal justice needs might be identified from a separate fund.

**2. Alternative revenue sources – discussion** *Steve Williamson* proposed that King County look beyond the expenditure side of the budget problem and investigate ways of expanding general fund revenue. *Councilmember McKenna* noted that while county decision-makers were investigating other revenue possibilities, there are many state-mandated limitations on revenue sources. Councilmember McKenna also observed that other initiatives similar to I-695 are on the horizon.

## Attachment A, dated 11/19/01

Sales Tax Councilmember McKenna stated that King County lacks the ability to raise the sales tax percentage set by the state and that the county's sales tax revenues are diminishing as unincorporated King County shrinks.

Property Tax Steve Williamson asked Councilmember McKenna to speak to the amount of revenue that King County failed to generate by not passing the maximum property tax increase allowable under state law in 2000. Councilmember McKenna stated that levying property tax at the higher rate would not have raised sufficient funds to deal with this budget situation. He stated that each one-percent increase in property tax results in about \$2 million in additional revenue. He noted that the maximum of 106 percent allowed under state law, is only four percent greater than the 102 percent passed by the council. Steve Williamson suggested there is no way that King County's transportation needs can be addressed in the context of the current budget situation without looking at increased property tax.

Councilmember McKenna responded that all jurisdictions, the cities and the county, are trending towards not taking the maximum property tax at six percent in a period when inflation is not at six percent. Councilmember Pelz stated that, with property tax, motor vehicle tax, and sales tax as the county's only revenue sources, and with no significant increase in property tax, the County is only operating on two fiscal legs. He stated that, since the County has the authority to raise property tax to 106 percent, that option must be seriously considered.

State Funds for Regional Transportation Needs. Councilmember Pelz stated that King County is proposing that the state legislature pay for regional transportation needs, even if that means the state legislature must increase state taxes. He noted that King County is effectively asking the state to raise taxes to meet transportation need when the county is not willing to raise taxes itself to meet those same transportation needs. Councilmember Miller stated that she is confident, based upon her experience in that body, the state legislature will take no action to raise taxes. She noted that the legislature had put Referendum 47 before the voters to help take care of the need for significant investment in transportation infrastructure. Councilmember Miller stated that the legislature then passed a flat fee automobile tax, vastly reducing revenue that Referendum 47 would have generated to solve the transportation problem. Councilmember Miller stated that the legislature, itself, understands that the property tax lid is too high and the state ought to reduce that lid. Councilmember Miller observed that the county did raise property tax this year to a conscientious level, and concluded that the legislature is wrong to state that the cities and counties ought to continue to raise property taxes under these circumstances.

Other Sources of Revenue. Councilmember McKenna pointed to one important source of revenue resulting from the county's contracts to provide services to a large number of cities. Councilmember McKenna pointed out that one-third of the cities in King County now contract for police services from the county, which then allows the county to spread its fixed costs. Dustin Frederick suggested renegotiating contracts where cities are paying less than their full share of the actual cost of regional services provided by the county. He expressed a belief that a cost-benefit analysis might well show that there is a point where contracting provides no benefit to King County. Mr. Frederick noted that even though cities may split administrative costs of services, there are other costs that are probably not covered. He stated that these costs would include such specifics as the incremental cost of county sheriff deputies, their training, their car, and all other associated costs.

Councilmember Phillips stated that the State's tax base has become narrower over the past three years, resulting in the necessity to raise rates in order to fund basic services. He noted that Washington has one of the highest sales taxes in the country. Councilmember Phillips stated that the county needs a different array of taxing options at the local level to pay employees to provide local services.

**Best Management Practices for Managing Budget Shortfalls and Reductions-in-Force**

*Steve Call* explained that, of the \$2.4 billion 2001 budget for King County, only \$500 million is general fund or current expense fund. The remainder of the budget is legally restricted to support transit, solid waste, and a number of other programs. Mr. Call stated that the Executive is projecting a \$36 million hole in the 2002 budget, that the hole will continue to increase in each future year. He stated that, since before January 2001, the Executive has been strategizing and setting the stage for possible fiscal efficiencies and budgetary reductions through a number of actions. These actions include: cutting administrative costs; looking at ways to shift some current expense fund activities to dedicated revenues; instituting a hiring freeze late last year (to keep jobs open for dislocated workers); proposing a substantial consolidation of departments; asking departments to set priorities; and analyzing special revenue funds.

*Charlie Best, Director King County Reemployment Support Center, AFL-CIO*, stated that "best practices" result of three basic qualities: early intervention; cooperation and participation; and good programs that offer a full range of options to meet differing needs and conditions. With these three fundamental principles, the county has developed best practices that include early notification and a joint reemployment committee, representing management, unions and all affected workers. Mr. Best stated that one of the main duties of the reemployment committee is to assess employee needs and deliver as many services on-site and before layoff as possible.

*Councilmember Gossett* asked Executive staff how soon it will be fore the County knows the number of affected employees and how soon employees are notified of cuts. *Kathy Ogelsby*, Executive staff, stated that the Executive is working right now to get the numbers as quickly as they can. She indicated that they have already been meeting with Charlie Best and some of the labor leaders. She stated that the intention was to give early notice to employees by May.

*Councilmember Sullivan* asked whether members of the council will be participating and notified as the process takes place. *Kathy Ogelsby* stated that the Executive has not actually yet determined the members of the team, but she requested that councilmembers inform her if there is council interest in assuming a role.

*Councilmember Hague* asked whether the Executive is looking at potential layoffs from the perspective of what budget allocations will be needed for retraining and other associated costs, and if so, how. *Kathy Ogelsby* stated that the Executive is still looking at what retraining needs exist, and so have not, as yet, established a budget. She further stated that they are working with their staff, both Workforce staff as well as Reemployment Program staff to begin looking at the needs, but they are not yet at the point where the Executive has figures. *Councilmember Hague* spoke to the need for moving displaced workers to vacant positions. *Charlie Best* stated that he would also encourage that. He indicated that retraining displaced workers for other jobs brings great benefit to King County.

*Councilmember Pelz* asked *Kathy Ogelsby* for more specific information on what is being done to move displaced workers to vacant positions. He asked how that happens, how quickly does it happen, what mechanism makes it happen? *Kathy Ogelsby* responded that this is a high priority, but details are not yet certain. She stated that the Executive is receiving monthly vacancy lists from each department, but until they make final decisions on whether they are recommending cuts, they cannot yet work on moving displaced workers to vacant jobs that may also end up being cut. She stated that the Executive is trying to get most of the pieces in place -- including merging many of the Executive departments -- in time to present the 2002 budget to the council. She concluded that the ultimate decisions would probably not be made until the Council draws up the final budget.

*Councilmember Nickels* asked whether, as the Executive is planning, they are looking at cross-the-board cuts, or whether they are looking at a 25 percent cut apart from the criminal justice system. *Steve Call* responded that, as of yet, the Executive has not come up with any across-the-board percentages. He stated that, at this point, the Executive is applying a strategic approach, concentrating on efficiency savings, consolidation of departments, etc. Mr. Call stated that they are hopeful that the strategic approach may avoid the need to ask for across-the-board-cuts, or if there are such cuts, they should be much smaller. *Councilmember Fimia* asked about the impact of budget reserves. *Steve Call* responded that, during last year's budget process, the subject of budget reserves had been carefully negotiated between the Executive and the Council.

*Councilmember Fimia* asked specifically about the impact of the budget reserves on the projected \$36 million shortfall. *Steve Call* responded that, even considering the funds in the reserves, the county is still facing a \$20+ million shortfall. *Councilmember Fimia* asked whether there might not be other sources of savings? She specifically spoke to the tremendous cost of employee health care coverage. *Steve Call* responded that the Executive is looking primarily for efficiencies in administrative areas. He stated that there are certain costs that cannot be controlled, for example legal defense contracts, and that reductions need to be looked for elsewhere.

*Councilmember Fimia* asked about the source of funds for paying costs of lawsuits. *Steve Call* responded that for those liabilities incurred in the course of programs funded by the CX fund, liabilities would be paid out of the same fund. He stated that, similarly, for those liabilities incurred in the course of programs funded by dedicated funds, they would also be paid from the same dedicated funds. He stated that, basically each department is responsible for its own liabilities from its normal funding source.

*Dustin Frederick* stated that the points he had intended to cover in his briefing had already been fully covered by other speakers. *Charlie Best* stated that he wanted to emphasize the importance of early identification of targeted jobs, early notification, and opportunity for retraining. *Ray Goforth, Union Representative, International Federation of Professional & Technical Engineers, Local 17*, stated that the single best plan is not to have to lay off workers in the first place, but in the event that layoffs must happen, early notification is critical.

*Councilmember Pullen* stated that he understood one of labor's prime concerns is the need to provide health coverage for laid-off employees. *Steve Call* noted that there is a federal requirement for COBRA coverage, which requires the county to retain coverage for laid-off workers for 18 months at county rates. *Councilmember Pullen* noted that COBRA coverage is quite expensive for the laid-off employee. *Steve Call* agreed, but noted that they wished to explore alternative ways to pay for such coverage – for example taking the value of accrued sick leave and converting it to health insurance payments.

*Tyree Scott, union member*, stated that he was surprised that the discussion on how to resolve the County's budget problem was centering on the idea of displacing employees, rather than looking at other alternatives. He indicated that it was his understanding that the County exempts certain entities or individuals from payment of taxes. *Councilmember McKenna* responded that, to his knowledge, there are no property tax breaks given to anyone other than a limited number of senior citizens who qualify under state law. He stated that there are a certain number of other kinds of tax breaks – for example the legislature exempted certain kinds of manufacturing facilities from the sales tax. But he indicated that this is not the situation with property tax.

*Councilmember Fimia* stated that she believes that the county needs to engage in long-term planning of two to 10 years to reduce costs and determine ways to improve efficiency. She added that she believes the county also needs to look at ways to avoid lawsuits in the future. Councilmember Fimia also suggested consultation with employees to gain insight into possible work efficiencies. She stated that she does not believe the public will support either higher property taxes or higher sales taxes.

*Steve Williamson* commented on the looming state workers strike, caused by cuts in benefits, and stated there is a benefit in discussing these issues with public employees before decisions are made. He stated that he would argue that taxpayers are willing to support tax increases in some circumstances, particularly when public officials and labor make the case to the public. Mr. Williamson also noted that short-term savings often result in long-term costs. He stated that he is grateful to the County Council, that the County has great leadership and great workers. In conclusion, Mr. Williamson stated that, while labor wants to be prepared in the event of layoffs, that does not mean that they do not want the County to look long and hard at other alternatives. He thanked the Council for coming to the House of Labor.

*Councilmember von Reichbauer* thanked Mr. Williamson. He also thanked his colleagues for their attendance. Councilmember von Reichbauer noted that King County employees came together and responded well during the recent earthquake that disrupted County operations for a short period. He stated that he believes the same results are possible during this "fiscal earthquake" that the County is currently facing.

Councilmember von Reichbauer pointed out that the Labor Summit is a great formal structure, but noted that there is significant value in continuing smaller, more informal meetings with labor. He encouraged continuing dialogue between every member of the Council and labor groups in the near term to assist in the decision-making on these important budgetary issues. He emphasized the necessity of coming up with some long-term solutions.

Councilmember von Reichbauer adjourned the meeting at 11:34 a.m.