



King County Executive
RON SIMS

Received: 12/3/99
Linda Blosser

December 3, 1999

The Honorable Louise Miller
Chair, King County Council
Room 1200
COURTHOUSE

Dear Councilmember Miller:

I have signed the 2000 Budget Ordinance. I would like to take this opportunity to acknowledge and thank Council Chair Louise Miller, and the Budget and Fiscal Management Committee Chair Jane Hague and Vice-Chair Greg Nickels for your fine work and cooperative spirit in finalizing this budget. I would also like to thank the overwhelming majority of Councilmembers who supported this difficult and bipartisan budget.

I commend the Council for the difficult decisions it had to make to implement the first year impacts of Initiative 695. We all recognize the challenges we face in the coming years to address major revenue shortfalls in transportation, public health and criminal justice services. Final revenues for 2000 may be further affected by legal rulings concerning the interpretation of I-695. In addition, the 2000 Adopted Budget provides for fee and tax increases imposed in 1999 as well as the continuation of existing taxes and fees. These charges may also be challenged. Also, legal uncertainties concerning the local Vehicle License Fee as well as fees which have been imposed in 1999 but not effective until after January 1, 2000 remain unresolved by the courts.

The revenue outlook for 2000 remains little changed from the adopted estimates. Although retail sales continue to expand, recent interest rate increases are causing a slowdown in real estate transactions, and continued Boeing layoffs are placing an additional drag on the local economy. Due to the revenue uncertainties of I-695 and the continued economic slowdown, the ability to provide funding for supplementals in 2000 will be extremely limited. All agencies of County government, including Executive departments and agencies reporting to separately elected officials, must be held to expenditure levels consistent with the Adopted Budget.



The 2000 Adopted Budget contains significant deficits in the years 2001 and 2002. The Council and Executive need to continue identifying efficiencies and program reductions in order to eliminate these deficits.

In the criminal justice area, the Council was faced with some difficult choices in order to manage the revenue loss created by I-695. As you are well aware, all of the criminal justice agencies are part of the same system and affect each other. To the extent that budget actions create an imbalance, actions in one area will affect other areas of the criminal justice system. I will be closely monitoring the effects of the reductions due to I-695 on the criminal justice system to ensure that balance is maintained among agencies with criminal justice responsibilities.

One source of concern in the 2000 Adopted Budget is the reduction of \$1.9 million to the Office of Public Defense for dependency cases. I applaud the Council's intent to assure State funding for this function. However, a preliminary reading of earlier court cases on this issue suggests that the State may well balk at assuming financial responsibility for these defense costs. I know I can count on the support of the Council to address this issue should the State fail to take action in the upcoming legislative session to remedy this problem.

The 2000 Adopted Budget for ITS – Technology Services does not provide adequate FTE resources to fulfill current service level demands in the areas of GIS and Distributed Systems Support. The Department of Natural Resources and the Department of Finance have confirmed that they have appropriation authority within their budgets to pay for these services. For ITS to fully support these departments, it needs the FTE authorization to carry out the ongoing work which cannot be performed by Term Limited Temporaries. If it is the intent for ITS to provide ongoing, centralized support to the County's technology systems, then FTE increases in ITS will be required for 2000.

In the Capital Improvement Program (Section 121 of the 2000 Adopted Budget), potentially bond-funded capital programs were handled in several different ways by the Council:

- Fund 3292, SWM CIP non-bond fund, has a proviso that requires a supplemental ordinance “amending the SWM CIP program that shall include a list of each project proposed for expenditure, the scope of the project, the schedule for project expenditures by year and the phases of project completion by year.” This supplemental is to cover projects proposed for expenditure from the following contingency projects established by Council:
 - ESA Contingency;
 - SWM CIP Contingency.

Council should be prepared to act on the SWM CIP Supplemental in a timely manner so the critical "fish window" for construction of typical SWM CIPs can be met and utilized.

- Fund 3160, project 316280, the Ballfield Initiative, includes the following proviso: "While it is the intent of the Council to issue a \$10 million limited tax general obligation bond in 2000 for parks, recreation and open space projects, more information is needed before a bond can be issued. The executive is hereby requested to submit a report that assesses the pros, cons and uncertainties of issuing a 20-year LTGO bond next year for parks and recreation projects that would be repaid with REET 2 funds. This report shall be submitted to the council by February 28, 2000." Council will need to be prepared to respond swiftly as we move to keep the Ballfield Initiative project moving and do our utmost to time our entry into the bond market in 2000.
- Fund 3951, Building Repair and Replacement Sub-fund, had \$7.3 million in general government CX CIP projects eliminated from the budget along with the associated CX debt service provision in the CX financial plan. Bond-funded projects and the debt service to support them were eliminated from the 2000 Adopted Budget.
- The potentially bond-funded projects that were cut include:
 - A wide array of facility infrastructure, life safety and health projects totaling \$1.7 million;
 - ADA compliance projects totaling \$100K;
 - Security and building efficiency projects totaling \$1.32 million;
 - One court-directed KCCF renovation for \$186K;
 - One KCCF-required equipment replacement project at \$154K;
 - Several specific building purchases totaling \$3 million;
 - Major renovations/remodels totaling \$881K.

It is imperative that the Council examine these pressing facility project needs in a timely fashion and provide a funding source to address these critical County facility projects which fall outside the criteria and funding capabilities of the major maintenance model.

During budget deliberations, the Council identified overhead as an area of special concern. I am very supportive of determining a consistent methodology of evaluating overhead expenditures and setting uniform standards for its allocation. Although early versions of the budget included \$100,000 within the Council budget for a consultant study, the adopted version identified neither the funding source or the amount. I am prepared to work with the Council to correct this oversight.

The Honorable Louise Miller

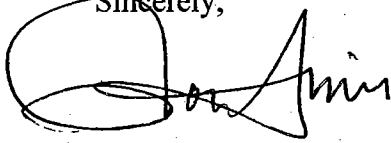
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Finally, the 2000 Adopted Budget Ordinance itself does have some technical problems identified by executive and council staff. I intend to send the Council an ordinance early next year to correct those issues.

I want to thank all of you once again for the cooperative and bipartisan approach to the 2000 Budget. Our ability to work together in addressing significant financial challenges serves our citizens well.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Sims". The signature is stylized with a large, circular initial "R" and a long, sweeping underline.

Ron Sims
King County Executive

cc: King County Councilmembers

ATTN: John Chelminiak, Chief of Staff
Shelley Sutton, Policy Staff Director
Rebecha Cusack, Lead Staff, BFM Committee
Anne Noris, Clerk of the Council

Elected Officials
Department Directors
Pat Steel, Director, Office of Budget
Debora Gay, Deputy Director, Office of Budget