

GENERAL FUND AND FINANCING ACTIVITIES

INTRODUCTION

The General Fund supports the traditional functions of county government, including the Sheriff's Office, Superior and District Courts, the Prosecuting Attorney's Office, the Department of Public Defense, corrections, the Assessor's Office, Elections, and various administrative functions. Over seventy percent of the General Fund is spent on criminal justice and public safety programs.

The General Fund is King County's only truly flexible source of revenue, allowing it to provide support to important services and programs that would otherwise lack funding, including public health, human services, natural resource programs, and major policy initiatives such as Equity and Social Justice.

King County's credit rating is tied to the health of the General Fund. When bonds are issued they become general obligations of the County and the County pledges its full faith and credit to repay the principal and interest on any issuance. Therefore, the General Fund's financial health is what determines the County's credit rating and the interest rates paid on capital projects that are financed. The County's general obligation bonds are assigned ratings of "AAA," "AAA," and "AAA" by Moody's Investors Service, Fitch Ratings, and Standard and Poor's Ratings Services, respectively. These represent the highest possible ratings for County general obligation bonds.

This chapter covers the General Fund financial plan, General Fund Transfers to other funds, Internal Support, the County's Debt Service Funds, and the Real Estate Excise Tax (REET) funds. The REET funds support capital projects that mostly provide a benefit to residents of the unincorporated area. It is not as flexible as the General Fund however it does provide the opportunity to finance projects in multiple County programs.

GENERAL FUND

King County's General Fund supports the traditional functions of a county government, most of which are required by State law. The major focus of the General Fund is criminal and civil justice functions. Counties are also responsible for elections administration, property assessments and tax collection, and public health.

King County's General Fund has faced chronic imbalances between revenue and expenditure growth for nearly 20 years due to revenue limitations under state law. At the start of the 2019-2020 budget process, the General Fund faced a gap of about \$18 million between projected revenues and the cost of continuing current programs. However, the strong economy and rising interest rates led to significant increases in property taxes, sales taxes, and interest earnings. These revenue increases, coupled with efficiencies identified by many General Fund agencies and higher revenues from services provided to other governments, allowed the General Fund to be balanced with minimal reductions in services. Several important investments are also made in the Proposed Budget. These results occurred despite a Superior Court ruling that invalidated the County Council's decision to charge rent to utilities for the use of the County's right-of-way in unincorporated areas, which eliminated \$11 million of expected 2019-2020 revenues. This decision will be appealed.

General Fund Revenues: The System is Broken

Revenue sources available to county General Funds are restricted by State law. The only significant tax sources are property and sales taxes. Unlike the State or cities, counties are not authorized to impose utility or business taxes. General Fund revenues are projected to be about \$1.83 billion for 2019-2020.

Figure 1 - General Fund Revenues

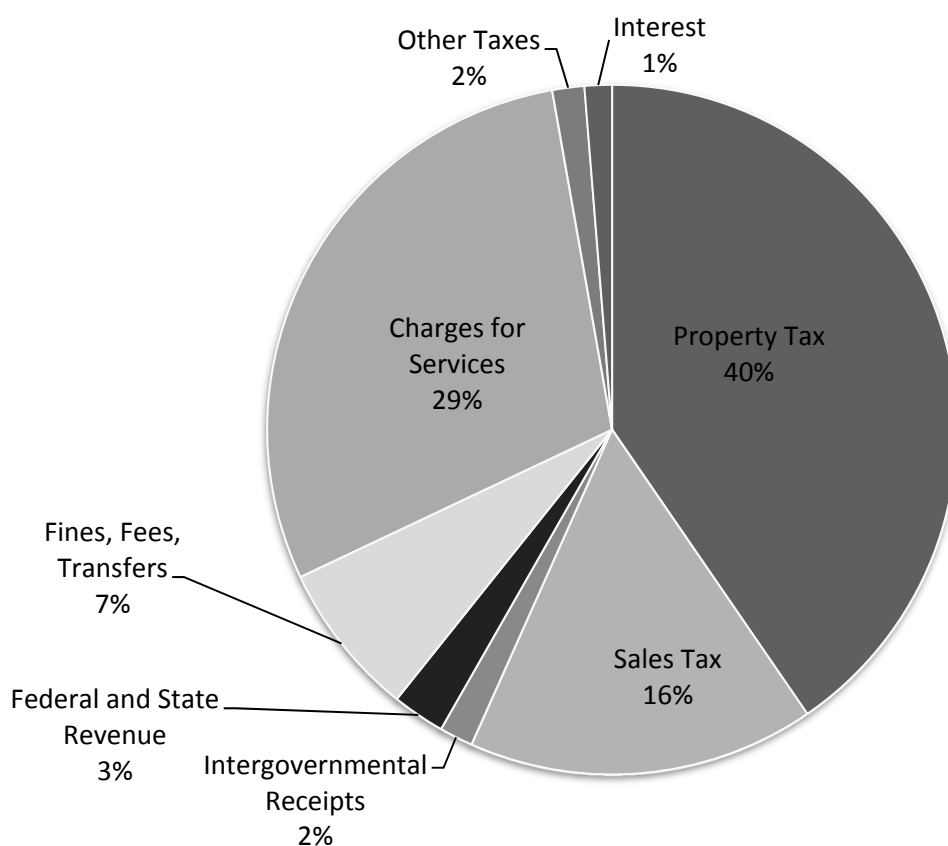
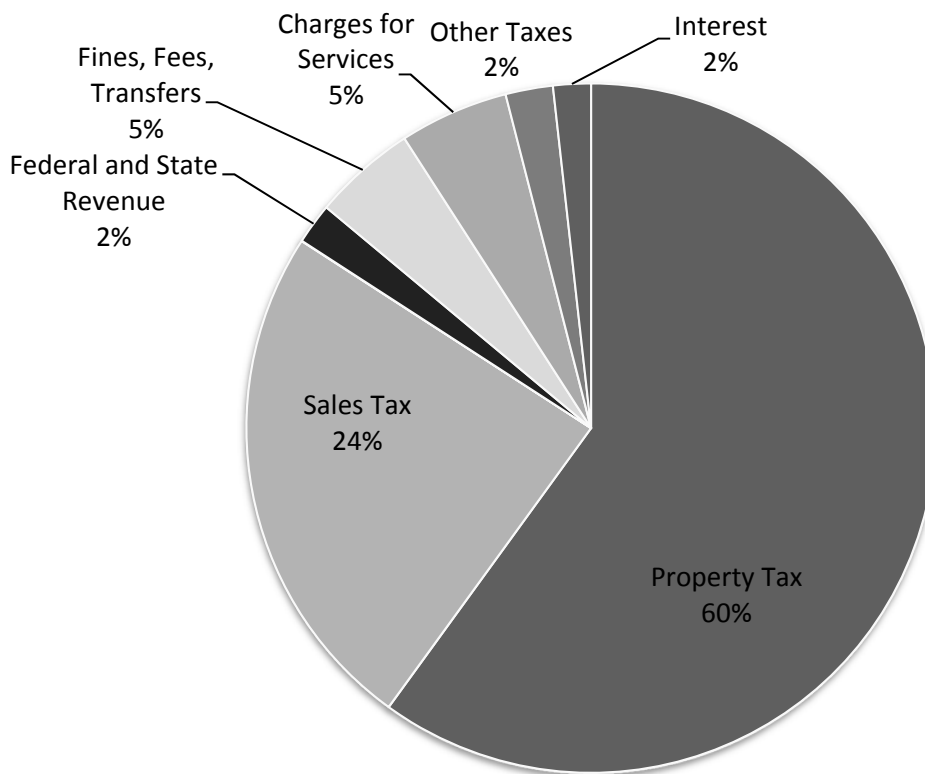


Figure 1 shows the breakdown of projected 2019-2020 General Fund revenues. The property tax is by far the largest source at 40 percent. Sales taxes, including an additional sales tax for criminal justice programs, represent 16 percent. Charges for services, most of which are charges to other County funds for services provided by General Fund agencies or contracts to provide services to other governments, account for 29 percent. This category includes payments from cities and Sound Transit for police services provided by the Sheriff's Office, municipal court services provided by District Court, indigent defense services provided by the Department of Public Defense (DPD), and use of County jails. All other revenue sources account for only 15 percent of the total.

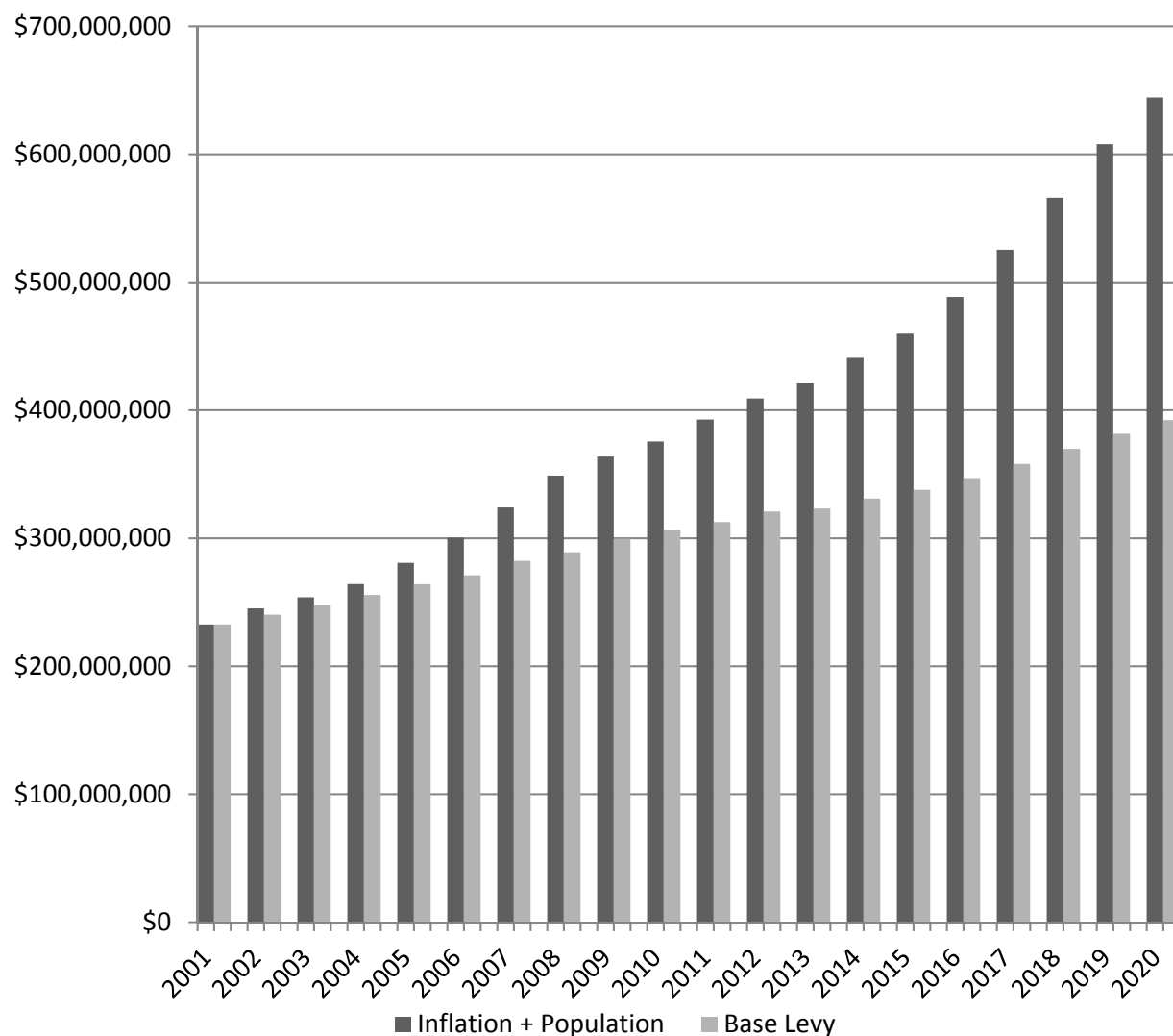
This overall view is somewhat misleading because the services provided to other County agencies and to other governments are self-supporting: these revenues are offset by corresponding expenditures. If these intergovernmental receipts and internal charges for service are removed, the "true" or "net" General Fund revenues are revealed in **Figure 2**.

Figure 2 - Net GF Revenues

In this view, the property tax accounts for 60 percent of the General Fund's revenue. This is consistent with other Washington counties that don't provide the contracted services that King County does. Sales taxes represent another 24 percent of the revenue. Thus, over 80 percent of the net General Fund revenue comes from these two sources. It is worth noting that state and federal direct support to the General Fund is minimal, representing a combined 2 percent of the total.

The heavy dependence on the property tax is the largest source of the General Fund's financial challenges. Since 2001, State law has limited the revenue growth in most property taxes, including county General Funds, to 1 percent per year. In addition, the value of new construction is added to the tax base and represents between about 0.5 percent and 2.0 percent additional growth, depending on economic conditions.

Figure 3 shows the effects of this limit on property tax revenues. Each year's right-hand bar is the actual property tax revenue collected by the County's General Fund. Each year's left-hand bar is how much General Fund property tax revenue would have been collected had this revenue kept up with inflation and population growth. In 2019, the difference between the bars is \$226 million. A small portion of this difference, approximately \$50 million, has been covered by voter-approved property tax levy lid lifts to fund services previously covered by the General Fund. A portion of the Parks Levy is the largest component of this \$50 million. The dependence of King County and other counties on the drastically limited property tax has resulted in chronic financial difficulties for the last 18 years. This situation is commonly referred to as the "structural gap".

Figure 3 - GF Property Tax compared to Inflation and Population Growth

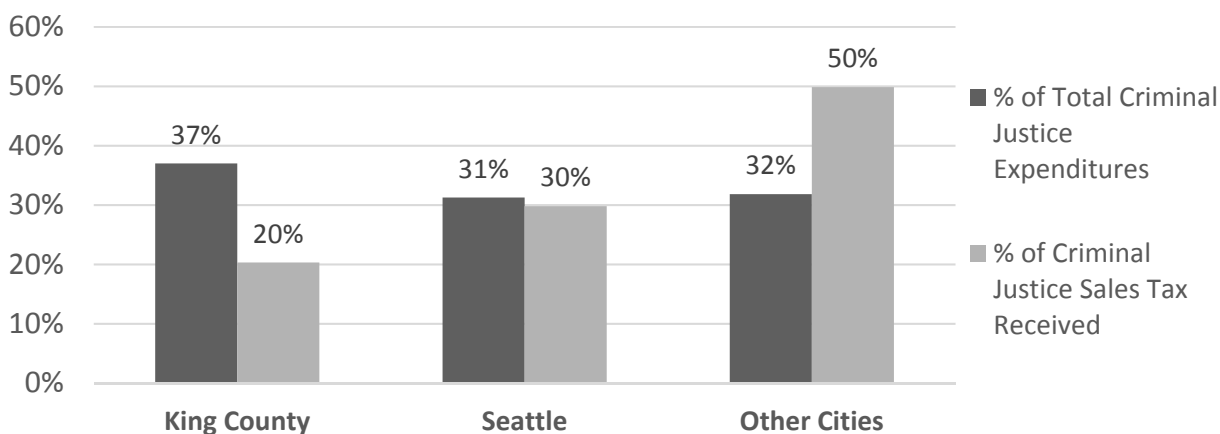
King County, unlike most other counties, also is adversely affected by the structure of the sales tax. As noted in the previous section of this document, the sales tax is declining in productivity due to changes in purchasing patterns and other factors. In addition, there are two further sales tax issues affecting King County.

First, the sales tax rate received by a county depends on where a sale occurs. If a sale occurs in the unincorporated area (outside of cities), the county receives the entire 1.0 percent local sales tax. If a sale occurs within a city, the county receives only 0.15 percent and the city receives the remaining 0.85 percent. King County has actively complied with the State Growth Management Act that encourages urban areas (including almost all commercial areas where taxable sales occur) to be brought into cities. As a result, King County receives almost no sales tax at the full 1.0 percent rate. **Figure 4** shows that King County only had 3.3 percent of its taxable retail sales in the unincorporated area in 2017, far lower than any other urban county in Washington.

Figure 4 - Sales Tax in Unincorporated Area

| County | Tax Base in Unincorporated Area |
|-----------|---------------------------------|
| Kitsap | 44.65% |
| Clark | 29.27% |
| Snohomish | 21.87% |
| Pierce | 18.96% |
| Whatcom | 17.40% |
| Thurston | 15.72% |
| Yakima | 15.22% |
| Skagit | 13.74% |
| Benton | 13.11% |
| Spokane | 13.10% |
| King | 3.29% |

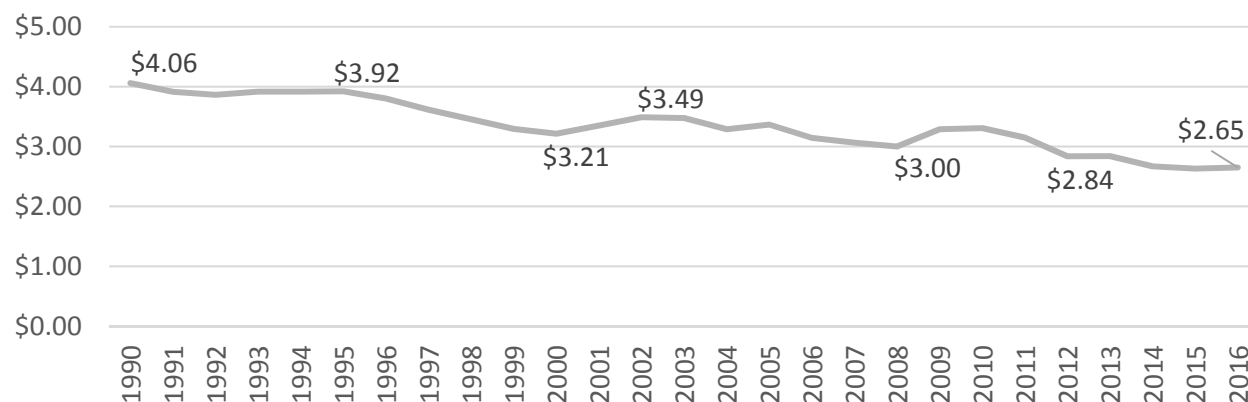
Second, many counties impose a separate 0.1 percent criminal justice sales tax. This tax has been in effect in King County since the early 1990s. Under State law, counties receive 10 percent of the revenue and the remainder is split among cities and the county based on population (for the county, it is the population of the unincorporated area). As the County has implemented the State Growth Management Act, its unincorporated area population has declined. The result is that criminal justice sales tax revenues for King County have been basically constant for more than a decade, while the amount received by cities has increased by 62 percent. As seen in **Figure 5**, this pattern does not correspond to costs in the criminal justice system, where the County bears the financial burden of juvenile justice and the incarceration and adjudication of all felonies, regardless of where they occur.

Figure 5 - % of Criminal Justice (CJ) sales tax received compared to % of CJ expenditures incurred

As a result of these limitations due to State law, King County's primary General Fund revenues have been declining as a share of personal income for over two decades. **Figure 6** shows General Fund sales and property taxes as a share of the total personal income of King County residents since 1990. In 1990,

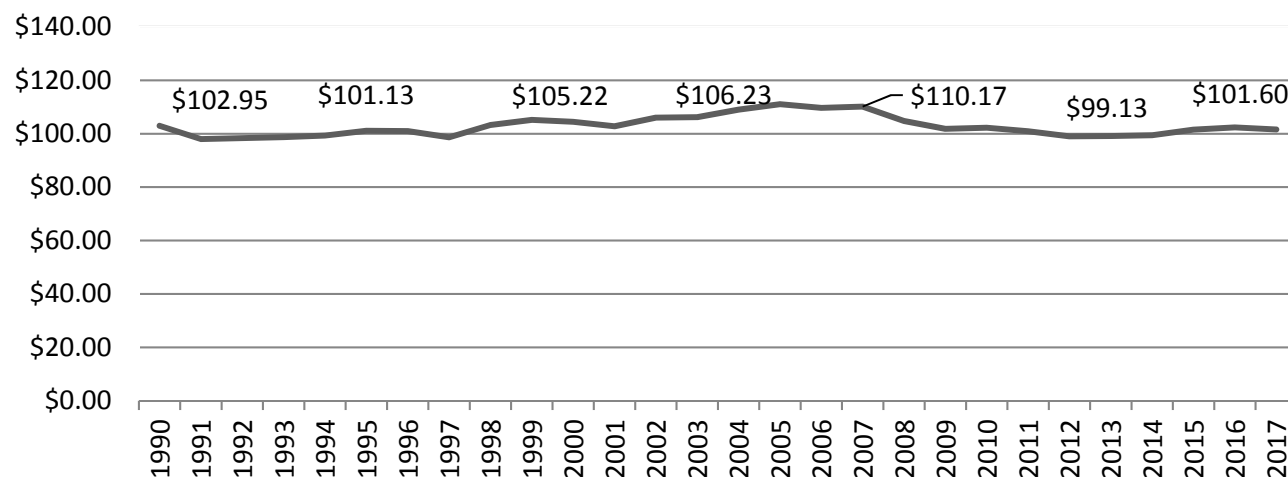
\$4.06 of every \$1,000 of personal income was paid in taxes to support the County's General Fund. This has varied over time due to economic conditions, but the effects of tax limitations and formulas have created an underlying downward trend. By 2016, only \$2.65 of each \$1,000 of personal income was paid in taxes to the General Fund.

Figure 6 - GF Sales & Property Taxes Per \$1,000 of Personal Income



Interestingly, the pattern per capita (with the effects of inflation removed) is quite different. In 1990, residents paid an average of \$102.95 in taxes to the County's General Fund. This was \$101.60 in 2017. This figure has moved within a very narrow range over the last 28 years.

Figure 7 - Per Capita Taxes Paid (in 1990 \$s)

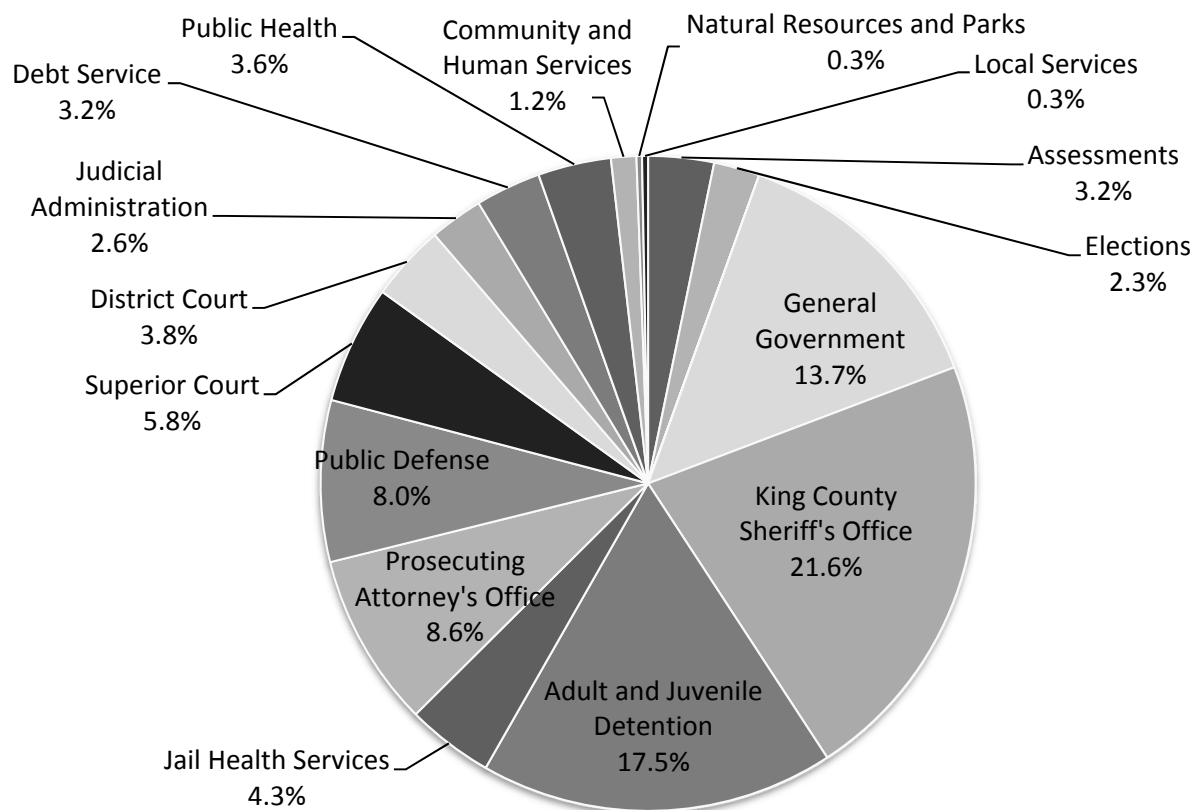


The difference in the patterns of **Figures 6 and 7** reflects both income growth and the widening income disparity in King County, as is true throughout the United States. Washington's regressive tax structure means that people pay about the same taxes to the County's General Fund on average, but higher income people pay proportionately much less than in the past.

General Fund Expenditures

King County's 2019-2020 Proposed Budget includes \$1.86 billion in appropriations from the General Fund. **Figure 8** shows how this is split among agencies.

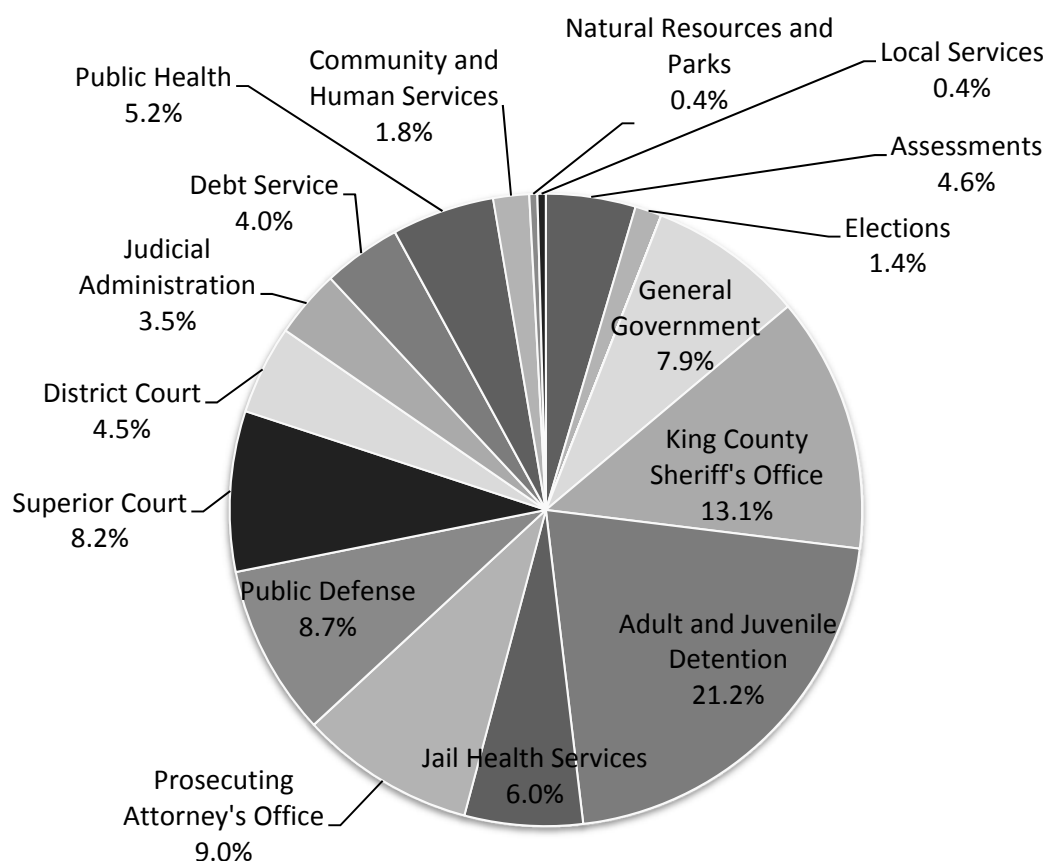
Figure 8 - GF Appropriations by Category



The King County Sheriff's Office (KCSO) has the single largest General Fund appropriation at 21.6 percent, followed by the Department of Adult and Juvenile Detention (DAJD) at 17.5 percent. DAJD is responsible for the two adult jails: the King County Correctional Facility (KCCF) in Seattle and the Maleng Regional Justice Center (MRJC) in Kent. DAJD also runs the juvenile detention facility in Seattle and operates the Community Corrections Division that provides alternatives to detention for adults.

The other agencies and branches that are part of the justice system are the Prosecuting Attorney's Office (PAO), DPD, Superior Court, District Court, Judicial Administration, and the Jail Health Services Division. When combined with KCSO and DAJD, the criminal justice system accounts for about 72 percent of General Fund appropriations.

As noted previously, a significant portion of General Fund expenditures is supported by revenue from other governments or from other County funds. Removing these expenditures leads to the "true" or "net" General Fund budget, which is shown in **Figure 9**.

Figure 9 – Net GF Appropriations by Category

Comparing **Figures 8 and 9** shows that the functions supported by the County's own General Fund revenue are significantly different than the total General Fund budget. DAJD is now by far the largest General Fund appropriation at 21.2 percent. KCSO shrinks to 13.1 percent because much of its budget is supported by contracts with cities and transit agencies. The criminal justice system represents 74 percent of net General Fund appropriations.

Other functions that shrink as relative proportions of the General Fund budget are Elections and the group of agencies labeled as General Government. Elections receives significant funding from charges to other jurisdictions for election costs and the General Government agencies charge other County funds for a portion of their costs. Elections shrinks to 1.4 percent and general government represents less than 8 percent of total net General Fund appropriations.

The 2019-2020 Proposed Budget includes some restructuring of specific appropriation units. General Fund support for certain planning and land use code enforcement purposes is now shown as "Transfer to Department of Local Services" since that new department has taken over the permitting and land use functions. The new Department of Human Resources is a General Fund agency and includes some positions previously budgeted in other funds. This creates a slightly exaggerated sense of General Fund growth above the 2017-2018 biennium.

King County has chosen to structure most of its internal support services, such as information technology, facilities, contracting, and accounting, as separate funds outside of the General Fund. These

funds charge other County funds, including the General Fund, for the services they provide. However, there are a few support services, including the County Auditor, the Department of Human Resources, and the Office of Performance, Strategy and Budget (PSB), that are budgeted in the General Fund but charge other County funds for their services. This complicates a clear understanding of the General Fund's revenues and expenditures.

Balancing the General Fund

Over the course of the spring and summer, Executive Constantine worked with PSB, departments, and the elected officials heading separate agencies and branches to identify options to balance the General Fund budget. The original projected gap of \$18 million was increased to \$29 million with the loss of expected revenue from right-of-way rental. In addition, about \$20 million of new or increased costs were largely unavoidable, including debt service, costs for programs mandated by the State, and increased costs for technology and support.

To offset this, General Fund agencies identified about \$18 million of efficiencies or other savings that reduced costs. Charges to the General Fund from other agencies were about \$5 million less than had been assumed. The remaining gap was covered by increased revenue, including about \$2.5 million each in higher property and sales taxes between the March and August revenue forecasts, \$17 million in higher external charges for services generated by County agencies, \$9 million more in General Fund charges to other County agencies, and \$15 million more in interest earnings. The interest earnings are a combination of higher than expected interest rates and significantly higher fund balances.

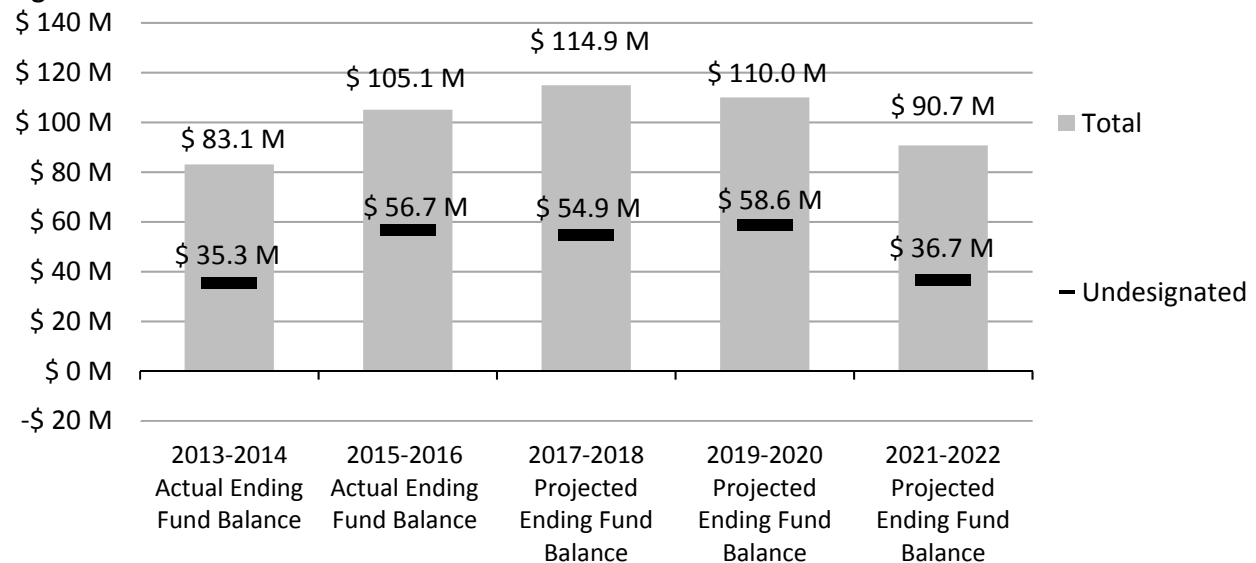
The increase in revenue was sufficient to balance the budget and provide the ability to add about \$23 million of services in critical areas, including:

- \$2.7 million to Public Health to expand efforts to reduce juvenile detention as part of the Zero Youth Detention initiative.
- \$1.3 million to the Sheriff's Office to expand training for deputies and civilian staff who work with the public.
- \$842,000 to the Sheriff's Office to restart a Gang Unit.
- \$755,000 to the Department of Human Resources to assist the Sheriff's Office in recruiting. The Sheriff's Office expects to need a large number of new deputies due to expanded contracts, expected retirements, and a focus on recruiting locally rather than hiring transfers from other geographic areas.
- \$805,000 to the Medical Examiner's Office to bring staffing up to appropriate levels.
- \$4.6 million to the new Department of Human Resources to start or expand key initiatives related to the Investing in You strategy, including training, organizational development, recruiting, and a workforce equity program. About two-thirds of these costs will be recovered from other County funds.
- \$1.0 million to the Office of Equity and Social Justice to support and expand several countywide initiatives.
- \$1.1 million split between the Prosecuting Attorney's Office and Department of Public Defense to help qualifying individuals vacate convictions, including those that are no longer crimes, such as marijuana possession.
- \$500,000 to the Department of Community and Human Services to provide civil legal aid services for clients of the Department of Public Defense.
- \$701,000 to add two positions to the Office of Law Enforcement Oversight.

- \$777,000 to the Department of Local Services to allow a subarea plan to be produced each year and to provide appropriate follow-up to existing subarea plans.

As discussed previously, the Executive proposes to maintain the General Fund's undesignated fund balance at 8.0 percent. This is intended to help preserve the County's highest-possible general obligation bond ratings, which allow debt for General Fund and other purposes (wastewater, transit, open space, solid waste, etc.) to be issued at low interest rates. This, in turn, saves millions of dollars annually for the County's taxpayers and ratepayers. Increasing the General Fund undesignated fund balance also helps to prepare for the next recession.

Figure 10 - GF Fund Balance Trend



As seen in **Figure 10**, the General Fund's total fund balance has trended upward in recent years due to planned increases in reserves and careful financial management. Total fund balance is projected to be about \$115 million at the end of 2018, of which about \$55 million is undesignated. The total fund balance is projected to be about \$110 million at the end of 2020, but undesignated fund balance will increase to about \$59 million. The decline in fund balances after 2020 reflects the structural gap in County funding and assumes fund balances would be drawn down to cover the projected 2021-2022 deficit. This is not likely to be the County's approach to balancing the budget, so the decline in fund balance likely won't occur.

GENERAL FUND AND FINANCING ACTIVITIES

2019-2020 General Fund (10) Proposed Financial Plan (in millions)

Summary includes Inmate Welfare (16) and Goat Hill Garage Operations (1415) subfunds as reported in CAFR

| | 2017-2018 Estimated | 2019-2020 Proposed | 2021-2022 Projected | 2023-2024 Projected |
|--|------------------------|-----------------------|------------------------|------------------------|
| BEGINNING FUND BALANCE | 105.1 | 114.9 | 110.0 | 90.7 |
| REVENUES | | | | |
| Property Tax | 695.8 | 739.3 | 775.9 | 810.9 |
| Sales Tax | 279.9 | 297.5 | 308.4 | 322.0 |
| Intergovernmental Receipts | 27.2 | 28.8 | 30.0 | 31.6 |
| Federal and State Revenue | 41.6 | 45.2 | 45.4 | 45.4 |
| Fines, Licenses, Forfeits | 119.9 | 134.1 | 133.7 | 135.1 |
| Charges for Services | 476.0 | 535.0 | 559.4 | 588.7 |
| Other Taxes | 31.8 | 27.4 | 27.8 | 28.4 |
| Interest | 14.7 | 21.8 | 26.6 | 29.2 |
| General Fund Revenues | 1,686.9 | 1,829.2 | 1,907.3 | 1,991.3 |
| EXPENDITURES | | | | |
| Justice and Safety | (1,204.4) | (1,341.2) | (1,403.2) | (1,489.0) |
| Administration/General Government | (62.2) | (312.4) | (320.2) | (339.7) |
| Public Health | (129.7) | (67.0) | (69.8) | (74.1) |
| Debt Service | (55.5) | (60.0) | (74.9) | (55.6) |
| Elections | (38.3) | (42.0) | (45.0) | (47.8) |
| Human Services | (28.0) | (23.1) | (24.5) | (26.0) |
| Physical Environment | (11.5) | (10.6) | (11.0) | (11.7) |
| Supplementals/Carryover/Reappropriations | (48.5) | 0.0 | 0.0 | 0.0 |
| Underexpenditures | 37.9 | 32.1 | 32.2 | 32.3 |
| General Fund Expenditures | (1,678.3) | (1,824.1) | (1,916.5) | (2,011.6) |
| Transfers/Anticipated Reappropriation | 1.3 | (10.0) | (10.1) | (10.2) |
| Ending Fund Balance | 114.9 | 110.0 | 90.7 | 60.2 |
| DESIGNATIONS AND SUBFUNDS | | | | |
| Designations | (5.0) | (4.4) | (4.4) | (4.4) |
| Subfund Balances | (4.3) | (3.7) | (3.1) | (2.3) |
| EXPENDITURE RESERVES | | | | |
| Carryover and Reappropriation | (14.8) | (14.9) | (15.0) | (15.1) |
| Criminal Justice Incentive Reserve | 0.0 | (2.0) | (2.0) | (2.0) |
| Credit Rating Reserve | (1.3) | (2.5) | (3.7) | (4.9) |
| Executive Contingency | (0.1) | (0.1) | (0.1) | (0.1) |
| South Park Bridge Post Annexation Operations | 0.0 | 0.0 | (2.0) | (4.0) |
| Risk Reserve | (34.6) | (23.8) | (23.8) | (23.8) |
| Reserves | (60.0) | (51.3) | (54.0) | (56.5) |
| Ending Undesignated Fund Balance | 54.9 | 58.6 | 36.7 | 3.7 |
| 6% Undesignated Fund Balance Minimum | 41.2 | 44.0 | 46.0 | 47.9 |
| Over/(Under) 6% Minimum | 13.8 | 14.7 | (9.3) | (44.2) |
| Over/(Under) 7.5% | 3.5 | 3.7 | (20.8) | (56.1) |
| Over/(Under) 8.0% | 0.0 | 0.0 | (24.6) | (60.1) |
| Rainy Day Reserve | 25.2 | 25.3 | 25.5 | 25.6 |

GENERAL FUND AND FINANCING ACTIVITIES

2019-2020 General Fund Financial Plan Footnotes

- 2017-2018 Estimated reflects updated estimates as of 8/29/2018 based on actual expenditures and revenues through July 2018 and remaining revenue and expenditure expectations.
- 2019-2020 Proposed Budget is consistent with the budget system of record (PBCS) and adopted revenue forecasts.
- Revenue estimates for 2019 - 2024 are based on forecasts adopted by the Forecast Council and revenue estimates provided by General Fund appropriation units. The percentages below are the expected percent change over the prior budget cycle. These are biennial growth rates.

| | 2019-2020 | 2021-2022 | 2023-2024 |
|---|-------------|-----------|-----------|
| Property Tax | As Proposed | 4.9% | 4.5% |
| Sales Tax (including sales tax dedicated to criminal justice) | As Proposed | 3.7% | 4.4% |
| All Other | As Proposed | 3.9% | 4.3% |
| <i>Blended Revenue Growth Rate</i> | As Proposed | 4.3% | 4.4% |

- Property Tax forecasts for 2019 - 2024 are based on August 2018 Office of Economic and Financial Analysis (OEFA) forecast adopted by the Forecast Council and assume the current property tax structure and a collection rate of 99%.
- Sales Tax forecasts for 2019 - 2024 are based on August 2018 Office of Economic and Financial Analysis (OEFA) forecast adopted by the Forecast Council and assume the current sales tax rate.
- Expenditure estimates for 2019-2024 are based on the following assumptions. The percentages indicate the expected percentage change over the previous budget cycle. The assumed flex rate percentage increase reflects current plan design and structure.

| | 2019-2020 | 2021-2022 | 2023-2024 |
|--------------------------------------|-------------|-----------|-----------|
| CPI (Seattle July to June CPI-U) | As Proposed | 5.2% | 5.4% |
| Blended Labor | As Proposed | 5.6% | 6.7% |
| Operating GF Transfers | As Proposed | 5.2% | 5.4% |
| <i>Blended Operating Growth Rate</i> | As Proposed | 5.4% | 6.3% |

- CIP General Fund Transfers (in millions)

| | 2019-2020 | 2021-2022 | 2023-2024 |
|--|------------|------------|------------|
| Building Repair and Replacement | 1.7 | 1.8 | 1.9 |
| KCIT CIP | 2.0 | 2.1 | 2.2 |
| Expenditure of Designated Fund Balance | 2.9 | - | - |
| Total | 6.6 | 3.9 | 4.1 |

- The debt service schedule for 2019 - 2024 is based on the following table:
(in millions)

| Debt Service Elements | 2019-2020 | 2021-2022 | 2023-2024 |
|---|-------------|-------------|-------------|
| Existing Debt Issues | 54.6 | 55.0 | 35.7 |
| New Debt Issuance | 4.8 | 18.9 | 18.9 |
| Debt contingency for new issues and variable rate | 0.6 | 1.0 | 1.0 |
| Total Debt Service | 60.0 | 74.9 | 55.6 |

Based on current projections, projected debt service expense will not exceed the County's policy that debt service should be less than 6% of General Fund expenditures.

GENERAL FUND AND FINANCING ACTIVITIES

- The 2019-2020 Proposed Budget includes vacancy assumptions in the majority of General Fund operating budgets. This is budgeted directly in appropriation units. An additional biennial underexpenditure assumption of \$32 million is included, reflecting an assumed \$22 million in actual underexpenditures and a reappropriation rate of \$10 million per biennium.
- The Transfers/Anticipated Reappropriations line in 2017-2018 includes an accounting adjustment of (\$737,000) to adjust to actual fund balance and an expected \$2 million transfer from the Benefits Fund. For 2019-2024, this line anticipates \$10 million in anticipated reappropriations.
- Designations and subfund balances include the following for each of the years (in millions):

| | 2017-2018 | 2019-2020 | 2021-2022 | 2023-2024 |
|-----------------------------------|-----------|-----------|-----------|-----------|
| Loans | 0.0 | 0.0 | 0.0 | 0.0 |
| Assigned for Capital Projects | (2.9) | 0.0 | 0.0 | 0.0 |
| Crime Victim Compensation Program | (0.1) | (2.4) | (2.4) | (2.4) |
| Drug Enforcement Program | (1.1) | (1.1) | (1.1) | (1.1) |
| Anti-Profitteering Program | (0.1) | (0.1) | (0.1) | (0.1) |
| Dispute Resolution | (0.0) | (0.0) | (0.0) | (0.0) |
| Wheelchair Access | (0.7) | (0.7) | (0.7) | (0.7) |
| Inmate Welfare Fund Balance | (4.3) | (3.7) | (3.1) | (2.3) |
| Total | (9.2) | (8.1) | (7.4) | (6.7) |

- The Criminal Justice Incentive Reserve is for criminal justice agencies (PAO, DPD, District Court, Superior Court, DJA, DAJD) to access if they collaborate and develop meaningful and measurable ongoing cost reductions or process efficiencies. Appropriation to spend the reserve would be proposed by the Executive to Council when agencies develop and present an approved plan for achieving results.
- The Credit Rating Reserve dedicates fees collected from other county funds to increase fund balance and maintain the county's bond rating. Other funds that have issued debt and benefit from the county's bond rating through lower interest contribute to this reserve based on the amount of outstanding principal on LTGO debt. 35% of the Credit Enhancement Fee is placed in this reserve. The goal for this reserve is to reach 1% of total outstanding GO debt backed by the full faith and credit of the General Fund.
- The South Park Bridge Post Annexation Operations reserve is intended to support King County's portion of ongoing operational costs of the South Park Bridge. These costs are assumed to begin in 2021 after the annexation of the North Highline Sliver and Triangle. The operating costs are currently in the Roads budget and the General Fund would transfer up to \$1 million per year to support these activities.
- The Risk Reserve sets aside fund balance to mitigate known and unknown risks.
- County policy requires undesignated fund balance of 6%-8% of certain revenues. Per county policy, the county will strive to maintain reserves in times of economic prosperity to offset times of declining revenue. Therefore, the 2019-2020 budget maintains the undesignated fund balance at 8.0% at the end of 2020.

General Fund Transfers and Internal Support

As a flexible revenue source, the General Fund provides funding to important services and programs in other funds. This includes resources for public health, local services, human services, natural resource programs, animal services, and capital investments in technology and infrastructure projects. The General Fund transfers revenue to the other funds through a series of appropriations called General Fund Transfers. The following table summarizes the proposed General Fund transfers, followed by more detailed information.

| Appropriation Unit | 2019-2020 Proposed Budget |
|--|---------------------------------|
| General Fund transfer for Debt Service | \$ 60,020,000 |
| General Fund transfer to Department of Local Services (DLS) | \$ 5,444,000 |
| General Fund transfer to Department of Community and Human Services (DCHS) | \$ 23,141,000 |
| General Fund transfer to Department of Executive Services (DES) | \$ 5,968,000 |
| General Fund transfer to Department of Public Health (DPH) | \$ 53,094,000 |
| General Fund transfer to Department of Natural Resources and Parks (DNRP) | \$ 5,134,000 |
| General Fund capital transfer to King County Information Technology (KCIT) | \$ 4,874,000 |
| General Fund capital transfer to Department of Executive Services (DES) | \$ 1,698,000 |

General Fund transfer for Debt Service: \$60,020,000

The transfer to Debt Service represents the amount that the General Fund pays in principal and interest for the biennium for current and proposed capital projects. The debt service limit is set by County policy for the General Fund at 6 percent of revenues. The projected General Fund debt load is about 3.8 percent in 2019 and 3.6 percent in 2020.

- In 2019-2020, this contribution will pay the debt service on 23 current projects and four new or expanding projects: the replacement of the property tax assessment system (PTAS), the third phase of the distributed antenna network (DAN) project in the jail, the final appropriation for the jail management system, and a new case management system in the Department of Public Defense.

General Fund transfer to Department of Local Services (DLS): \$5,444,000

The transfer to DLS supports activities in the Permitting Division.

- This transfer funds over 85 percent of Code Enforcement activities. Over the biennium, the Permitting Division expects there to be approximately 2,000 Code Enforcement cases.
- The transfer also funds Community Service Area (CSA) planning and Green Building Code development and supports about 15 percent of the Permitting Division's overhead costs.
- \$0.8 million of the transfer will support two new subarea planners.

General Fund transfer to Department of Community and Human Services (DCHS): \$23,141,000

Transfers to DCHS support several programs in Housing, Community Services, Employment and Education resources, and Behavioral Health.

Transfer to Behavioral Health Fund (Fund 1120)

- \$5.7 million will be transferred to the Behavioral Health Fund (Fund 1120) to support behavioral health services that were previously supported by the Mental Illness and Drug Dependency (MIDD) sales tax. These programs had to be removed from MIDD support as of Jan. 1, 2017 to comply with the State's supplantation law. Supported services include the Emergency Services Patrol, Community Corrections Alternative Program, Criminal Justice Initiatives Programs, a mental health juvenile justice liaison, and support for other miscellaneous behavioral health services.
- This transfer was reduced by \$900,000 in the 2019-2020 proposed budget to achieve DCHS's General Fund target requirement.

Transfer to Housing and Community Development Fund (Fund 2460)

- \$0.5 million will be transferred to the Housing and Community Development Fund (Fund 2460) to support administration of the Regional Affordable Housing Program.

Transfer to Employment and Education Resources Fund (Fund 2240, \$7.5 million)

- \$2.7 million for youth and family services contracts.
- \$1.4 million supports juvenile justice intervention programs, which funds six agencies' prevention and intervention services to youth who are at-risk or involved in the juvenile justice system or gangs.
- \$0.6 million supports gang prevention and the Avanza program. This funding is to provide education, employment, and violence prevention services to youth at risk of gang involvement.
- \$1.0 million supports the King County Jobs initiative
- \$1.9 million supports administration of the youth programs and other miscellaneous education and employment services

Transfer to Community Services Operating Fund (Fund 1421, \$9.4 million)

- \$2.7 million for domestic violence survivor services such as community advocacy, crisis intervention, legal advocacy, shelter, and safety planning.
- \$1.4 million for sexual assault victim services.
- \$0.5 million for existing civil legal services contracts.
- \$0.4 million for men's and women's homeless shelter operations.
- \$0.3 million for senior center services and operations.
- \$2.8 million for administration of the DCHS divisions related to managing community services
- \$0.5M in proposed new investment for the 2020 Census to work to improve education and awareness in Hard to Count Communities.
- \$0.5 in proposed new investment to increase civil legal aid services to address the collateral consequences of criminal charges, such as access to housing, employment, and family law.
- \$50,000 in proposed new investment to provide legal protection to LGBTQ families.

General Fund transfer to Department of Executive Services (DES): \$5,968,000

The transfer to DES supports Emergency Shelter Services and Regional Animal Services.

- \$0.9 million will be contributed to the facilities maintenance division to support emergency shelter services in 2019 and 2020. This funding will provide custodial service, security, and fifty beds per night per location at White Center, Downtown Seattle Administration Building, and the 4th and Jefferson Building.
- \$5.1 million is transferred to support the animal services program. This represents approximately 33 percent of the funding for this regional service. In 2017 almost 5,000 animals entered the shelter program and 92 percent left the shelter alive. Over 3,100 animals were spayed or neutered and there were over 5,000 calls for animal control field services.

General Fund transfer to Department of Public Health (DPH): \$53,094,000

- \$1.2 million (4% of the PH budget for this item) will be contributed to Chronic Disease/Injury Prevention (CDIP). It addresses some of the leading causes of injuries and their social determinants through seven programs.
- \$36.9 million (21% of the PH budget for this item) will be contributed to Community Health Services (CHS). It includes direct services to King County's most vulnerable residents through Parent-Child Health, Family Planning, Oral Health and Primary Care, Maternity Support Services (MSS), Infant Case Management (ICM), Women Infants and Children (WIC) nutrition services, Family Planning, Primary Care, and Dental Care within the Public Health Centers.
- \$8.5 million (19% of the PH budget for this item) will be contributed to Cross-cutting services, including foundational capabilities such as the Assessment, Policy and Evaluation (APDE) unit, Communications, Preparedness, Health Policy and Planning, Government Relations, and the King County Board of Health.
- \$2.8 million (4% of the PH budget for this item) will be contributed to Prevention to serve the community by monitoring, investigating, controlling and prevention of over 60 notifiable communicable diseases. Also includes the Medical Examiner's Office and Vital Statistics.
- \$3.2 million (3% of the PH budget for this item) will be contributed to Regional Community Health Services for a variety of community partnership programs.
- \$0.5 million (18% of the PH budget for this item) will be contributed for Zoonotics Fee Services and Environmental Health - Healthy Community Planning.
 - Environmental Health Fee Services include outreach to agency and community partners to better understand and support integration of health and equity into local, regional, and state planning efforts to ensure that guidelines, planning documents and funding criteria include public health and equity elements.
 - Zoonotics Fee Services include prevention of and response to zoonotic disease and environmental conditions that affect both animals and people, with backup support from the PH Vet in Communicable Disease.

General Fund transfer to Department of Natural Resources and Parks (DNRP): \$5,134,000

- \$3.2 million is for Local Infrastructure Project Area (LIPA) transfers to the City of Seattle for the Transfer of Development Rights (TDR) program. Since establishing the agreement with Seattle in late 2013, the King County TDR Bank has sold 1,017 TDRs to Seattle developers resulting in revenue for conservation exceeding \$25 million. As of August 2018, 162 TDRs are under contract, with pending contracts for an additional 387. TDRs under contract and pending contract will result in an additional \$16 million in revenue for conservation. TDRs sold during the life of the agreement will likely equate to a range of 80,000 to 100,000 acres of protection.

- \$184,000 supports the cost of one Food Policy Manager FTE, which was budgeted in the Internal Support Budget in 2017-2018. Responsibilities of the FTE are related to the Local Food Initiative (LFI), which was launched in 2014 and is intended to serve as a 10-year roadmap for (a) Growing our local food economy and (b) Increasing access to healthy, affordable food in low-income communities.
- Agriculture, Forestry and Public Benefits Rating System/Current Use Taxation (PBRS/CUT)
 - \$0.8 million is for the agriculture programs for preservation of existing, high-priority farmland in support of the Land Conservation Initiative; support for farmers and farmland owners to expand acreage dedicated to food production; assistance for farmers and farmland owners to establish or expand economically viable farming businesses; coordination of the King County Agriculture Commission; implementation of the Fish Farm Flood priority actions; and enhanced production potential of county-owned farmland.
 - \$0.4 million is for the forestry programs, which includes coordination of the Rural Forest Commission, technical support to private forest landowners to enhance forest health, support for coached forest planning workshops in collaboration with KCD and WSU Extension, and partnership with KCD and local fire districts to provide FireWise training and technical support to private forest landowners intending to make their properties more resilient in an environment of increasing fire risk.
 - \$0.6 million is for the Public Benefits Rating System/Current Use Taxation (PBRS/CUT) programs and supports program management and marketing, landowner outreach, program compliance monitoring and landowner technical support.
 - The anticipated annual outcomes of General Fund support for agriculture, forestry and current use taxation in 2019-2020 include:
 - 400 net new acres of farmland in production
 - Acquisition of conservation easements on 250 acres of high-priority farmland
 - At least 500 new acres of farm and forestland enrolled in PBRS/CUT
 - At least 500 acres of forestland covered by new stewardship plans
 - Monitoring of at least 20 percent of the properties enrolled in PBRS and 33 percent of properties enrolled in Farmland Preservation programs; enhancement of the County farmland leasing program with a focus on Equity and Social Justice benefits.

General Fund capital transfer to King County Information Technology (KCIT): \$4,874,000

| Project Number* | Project Name | Amount |
|------------------------|--|---------------|
| 1123900 | Judicial Administration (DJA) King County Case Management System (KCMMS) Replacement Project | \$2.9 million |
| 1133959 | Prosecuting Attorney's Office (PAO) Data Modernization Project | \$0.9 million |
| 1133880 | Office of Emergency Management (OEM) Emergency Operations Center Audio-Visual System Upgrade Project | \$44,000 |
| 1134041 | King County Superior Court (KCSC) Jury Management System Replacement Project | \$0.5 million |
| 1134042 | King County Superior Court (KCSC) Courtroom Recording Replacement Project | \$0.6 million |

*Additional detail on these projects is included in the capital section of the budget book.

General Fund capital transfer to Department of Executive Services (DES): \$1,698,000

| Project Number* | Project Name | Amount |
|------------------------|--|---------------|
| 1134616 | Involuntary Treatment Act (ITA) Court Relocation Study | \$52,000 |
| 1134621 | King County Correctional Facility (KCCF) West Wing Study | \$1.1 million |
| 1135009 | Public Health Renton Dental Clinic | \$60,000 |
| 1135008 | Public Health Downtown Dental | \$0.5 million |

*Additional detail on these projects is included in the capital section of the budget book.

Internal Support: \$43,383,000

The Internal Support budget includes charges that are paid centrally on behalf of General Fund agencies. In 2019-2020, changes include support for the Department of Local Services (DLS) Director's Office, adjusting the Employee Transportation Program to reflect ridership increases, central rate revisions, and other inflationary changes.

**2019-2020 Executive Proposed Operating Budget
GF TRANSFER TO DEBT SERVICE (EN_A69100)**

| Operating Budget Summary | Expenditures | Revenues | Reg FTE | TLT |
|---|---------------------|-------------------|----------------|------------|
| 2017-2018 Revised Budget | 55,521,000 | 11,600,000 | 0.0 | 0.0 |
| Base Budget Adjustments | (321,002) | (1,400,000) | 0.0 | 0.0 |
| Decision Package Adjustments | 4,820,000 | (557,686) | 0.0 | 0.0 |
| 2019-2020 Executive Proposed Budget | 60,019,998 | 9,642,314 | 0.0 | 0.0 |
| 2019-2020 Executive Proposed Ordinance | 60,020,000 | 9,643,000 | 0.0 | 0.0 |

Notes

1. The 2017-2018 Revised Budget equals the 2017-2018 Adopted Biennial Budget plus all Adopted Supplementals as of the publication of this document.

2. Adjusts base budget to remove one-time changes, annualize supplemental changes, and increase personnel budgets to 2019-2020 rates. Personnel budgets reflect projected 2019-2020 salary and benefit rates, current position classifications, and step/merit increases.

3. The Executive Proposed Budget is the sum of the Revised Budget, Base Budget Adjustments, and Decision Package Adjustments. All FTEs / TLTs are rounded to the nearest 1/10th of a position and in some cases, rounded numbers may not add up to the FTE/TLT totals in Executive Proposed. In the Executive Proposed Ordinance, expenditure and revenue totals are rounded up to the nearest 1,000 and FTEs and TLTs are rounded up to the maximum monthly FTEs / TLTs in the Biennium.

| Decision Package Adjustment Detail | Expenditures | Revenues | Reg FTE | TLT |
|--|---------------------|------------------|----------------|------------|
| Technical Adjustments | | | | |
| (TA_001) GF transfer for Debt Service for Jail Management System | | | | |
| Supports debt service for Jail Management System Project 1129763. | 2,200,000 | 0 | 0.0 | 0.0 |
| (TA_002) GF transfer for debt service for Property Tax Assessment System | | | | |
| Support debt service for Property Tax Assessment System. | 1,750,000 | 0 | 0.0 | 0.0 |
| (TA_004) GF transfer for debt service for DAJD DAN Phase III | | | | |
| Supports debt service for DAJD DAN Phase III Project 1129762. | 170,000 | 0 | 0.0 | 0.0 |
| (TA_005) GF transfer for debt service for Public Defense Case Management System | | | | |
| Supports debt service for Public Defense Case Management System Project 1133724. | 700,000 | 0 | 0.0 | 0.0 |
| (TA_050) General Fund Debt Service | | | | |
| Revises budgeted revenues to match current forecast; revenue supports General Fund debt service. | 0 | (557,686) | 0.0 | 0.0 |
| Central Rate Adjustments | 0 | 0 | 0.0 | 0.0 |
| Total Decision Package Adjustments | 4,820,000 | (557,686) | 0.0 | 0.0 |

**2019-2020 Executive Proposed Operating Budget
GF TRANSFER TO DLS (EN_A69200)**

| Operating Budget Summary | Expenditures | Revenues | Reg FTE | TLT |
|---|---------------------|-----------------|----------------|------------|
| 2017-2018 Revised Budget | 4,680,000 | 0 | 0.0 | 0.0 |
| Base Budget Adjustments | (50,000) | 0 | 0.0 | 0.0 |
| Decision Package Adjustments | 813,024 | 0 | 0.0 | 0.0 |
| 2019-2020 Executive Proposed Budget | 5,443,024 | 0 | 0.0 | 0.0 |
| 2019-2020 Executive Proposed Ordinance | 5,444,000 | 0 | 0.0 | 0.0 |

Notes

1. The 2017-2018 Revised Budget equals the 2017-2018 Adopted Biennial Budget plus all Adopted Supplementals as of the publication of this document.

2. Adjust base budget to remove one-time changes, annualize supplemental changes, and increase personnel budgets to 2019-2020 rates. Personnel budgets reflect projected 2019-2020 salary and benefit rates, current position classifications, and step/merit increases.

3. The Executive Proposed Budget is the sum of the Revised Budget, Base Budget Adjustments, and Decision Package Adjustments. All FTEs / TLTs are rounded to the nearest 1/10th of a position and in some cases, rounded numbers may not add up to the FTE/TLT totals in Executive Proposed. In the Executive Proposed Ordinance, expenditure and revenue totals are rounded up to the nearest 1,000 and FTEs and TLTs are rounded up to the maximum monthly FTEs / TLTs in the Biennium.

| Decision Package Adjustment Detail | Expenditures | Revenues | Reg FTE | TLT |
|---|---------------------|-----------------|----------------|------------|
| Direct Service Changes | | | | |
| (DS_002) GF adjustment for DPER Code Enforcement Remove GF Support for Code Enforcement FTE. | (253,124) | 0 | 0.0 | 0.0 |
| (DS_004) GF Support for DPER Planning Add 2 new sub-area planners. | 777,148 | 0 | 0.0 | 0.0 |
| Technical Adjustments | | | | |
| (TA_001) Inflation adjustment This decision package adds inflation to update the budget for the 2019-2020 biennium. | 289,000 | 0 | 0.0 | 0.0 |
| Total Decision Package Adjustments | 813,024 | 0 | 0.0 | 0.0 |

**2019-2020 Executive Proposed Operating Budget
GF TRANSFER TO DCHS (EN_A69400)**

| Operating Budget Summary | Expenditures | Revenues | Reg FTE | TLT |
|---|---------------------|-----------------|----------------|------------|
| 2017-2018 Revised Budget | 23,840,000 | 0 | 0.0 | 0.0 |
| Base Budget Adjustments | (1,656,000) | 0 | 0.0 | 0.0 |
| Decision Package Adjustments | 957,000 | 0 | 0.0 | 0.0 |
| 2019-2020 Executive Proposed Budget | 23,141,000 | 0 | 0.0 | 0.0 |
| 2019-2020 Executive Proposed Ordinance | 23,141,000 | 0 | 0.0 | 0.0 |

Notes

1. The 2017-2018 Revised Budget equals the 2017-2018 Adopted Biennial Budget plus all Adopted Supplementals as of the publication of this document.

2. Adjust base budget to remove one-time changes, annualize supplemental changes, and increase personnel budgets to 2019-2020 rates. Personnel budgets reflect projected 2019-2020 salary and benefit rates, current position classifications, and step/merit increases.

3. The Executive Proposed Budget is the sum of the Revised Budget, Base Budget Adjustments, and Decision Package Adjustments. All FTEs / TLTs are rounded to the nearest 1/10th of a position and in some cases, rounded numbers may not add up to the FTE/TLT totals in Executive Proposed. In the Executive Proposed Ordinance, expenditure and revenue totals are rounded up to the nearest 1,000 and FTEs and TLTs are rounded up to the maximum monthly FTEs / TLTs in the Biennium.

| Decision Package Adjustment Detail | Expenditures | Revenues | Reg FTE | TLT |
|---|---------------------|-----------------|----------------|------------|
| Direct Service Changes | | | | |
| (DS_001) GF Support for Civil Legal Aid Provides General Fund support for Civil Legal Aid to support clients of DPD. | 500,000 | 0 | 0.0 | 0.0 |
| (DS_002) GF Support for Census Outreach Provides General Fund support for Census Outreach. | 500,000 | 0 | 0.0 | 0.0 |
| (DS_003) GF Support for LGBTQ Family Legal Protection Establishes a LGBTQ family legal protection fund to provide equitable access to family law services. | 50,000 | 0 | 0.0 | 0.0 |
| Administrative Service Changes | | | | |
| (AC_001) GF Support for Behavioral Health Reduces GF Support per identified target amounts. | (900,000) | 0 | 0.0 | 0.0 |
| Technical Adjustments | | | | |
| (TA_001) GF transfer to DCHS Inflation adjustment Adds inflation to update the budget for the 2019-2020 biennium. | 1,345,000 | 0 | 0.0 | 0.0 |
| (TA_100) Project Royal adjustment This decision packages removes proforma amount related to Project Royal. | (538,000) | 0 | 0.0 | 0.0 |

2019-2020 Executive Proposed Operating Budget
GF TRANSFER TO DCHS (EN_A69400)

| Decision Package Adjustment Detail | Expenditures | Revenues | Reg FTE | TLT |
|------------------------------------|--------------|----------|---------|-----|
| Total Decision Package Adjustments | 957,000 | 0 | 0.0 | 0.0 |

**2019-2020 Executive Proposed Operating Budget
GF TRANSFER TO DES (EN_A69500)**

| Operating Budget Summary | Expenditures | Revenues | Reg FTE | TLT |
|---|---------------------|-----------------|----------------|------------|
| 2017-2018 Revised Budget | 5,814,000 | 0 | 0.0 | 0.0 |
| Base Budget Adjustments | 0 | 0 | 0.0 | 0.0 |
| Decision Package Adjustments | 153,800 | 0 | 0.0 | 0.0 |
| 2019-2020 Executive Proposed Budget | 5,967,800 | 0 | 0.0 | 0.0 |
| 2019-2020 Executive Proposed Ordinance | 5,968,000 | 0 | 0.0 | 0.0 |

Notes

1. The 2017-2018 Revised Budget equals the 2017-2018 Adopted Biennial Budget plus all Adopted Supplementals as of the publication of this document.
2. Adjusts base budget to remove one-time changes, annualize supplemental changes, and increase personnel budgets to 2019-2020 rates. Personnel budgets reflect projected 2019-2020 salary and benefit rates, current position classifications, and step/merit increases.
3. The Executive Proposed Budget is the sum of the Revised Budget, Base Budget Adjustments, and Decision Package Adjustments. All FTEs / TLTs are rounded to the nearest 1/10th of a position and in some cases, rounded numbers may not add up to the FTE/TLT totals in Executive Proposed. In the Executive Proposed Ordinance, expenditure and revenue totals are rounded up to the nearest 1,000 and FTEs and TLTs are rounded up to the maximum monthly FTEs / TLTs in the Biennium.

| Decision Package Adjustment Detail | Expenditures | Revenues | Reg FTE | TLT |
|--|---------------------|-----------------|----------------|------------|
| Direct Service Changes | | | | |
| (DS_002) GF Transfer to DES-FMD to support homeless shelter costs. | | | | |
| Supports homeless shelter costs at the 4th and Jefferson Building. | 106,800 | 0 | 0.0 | 0.0 |
| Technical Adjustments | | | | |
| (TA_001) GF transfer to DES inflation adjustment | | | | |
| Adds inflation to update the budget for the 2019-2020 biennium. | 47,000 | 0 | 0.0 | 0.0 |
| Total Decision Package Adjustments | 153,800 | 0 | 0.0 | 0.0 |

**2019-2020 Executive Proposed Operating Budget
GF TRANSFER TO DPH (EN_A69600)**

| Operating Budget Summary | Expenditures | Revenues | Reg FTE | TLT |
|---|---------------------|-----------------|----------------|------------|
| 2017-2018 Revised Budget | 50,640,807 | 0 | 0.0 | 0.0 |
| Base Budget Adjustments | (75,807) | 0 | 0.0 | 0.0 |
| Decision Package Adjustments | 2,528,524 | 0 | 0.0 | 0.0 |
| 2019-2020 Executive Proposed Budget | 53,093,524 | 0 | 0.0 | 0.0 |
| 2019-2020 Executive Proposed Ordinance | 53,094,000 | 0 | 0.0 | 0.0 |

Notes

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2. Adjust base budget to remove one-time changes, annualize supplemental changes, and increase personnel budgets to 2019-2020 rates. Personnel budgets reflect projected 2019-2020 salary and benefit rates, current position classifications, and step/merit increases.

3. The Executive Proposed Budget is the sum of the Revised Budget, Base Budget Adjustments, and Decision Package Adjustments. All FTEs / TLTs are rounded to the nearest 1/10th of a position and in some cases, rounded numbers may not add up to the FTE/TLT totals in Executive Proposed. In the Executive Proposed Ordinance, expenditure and revenue totals are rounded up to the nearest 1,000 and FTEs and TLTs are rounded up to the maximum monthly FTEs / TLTs in the Biennium.

| Decision Package Adjustment Detail | Expenditures | Revenues | Reg FTE | TLT |
|---|---------------------|-----------------|----------------|------------|
| Direct Service Changes | | | | |

| | | | | |
|---|-------------|---|-----|-----|
| (DS_001) Public Health Clinic Attrition | (1,500,000) | 0 | 0.0 | 0.0 |
|---|-------------|---|-----|-----|

Administrative Service Changes

(AC_016) GF transfer for Strategic Climate Action Plan Implementation

| | | | | |
|---|--------|---|-----|-----|
| Supports added capacity for Public Health to manage implementation of the Blueprint for Addressing Climate Change and Health (a Public Health deliverable in the 2015 SCAP) within the Department and with King County agencies and communities. Provides funding for existing staff to implement strategies and track progress, including contributions to the 2020 SCAP update. | 30,000 | 0 | 0.0 | 0.0 |
|---|--------|---|-----|-----|

2019-2020 Executive Proposed Operating Budget
GF TRANSFER TO DPH (EN_A69600)

| Decision Package Adjustment Detail | Expenditures | Revenues | Reg FTE | TLT |
|---|------------------|----------|------------|------------|
| (AC_019) GF transfer to support Zero Youth Detention and Public Health Approach in Juvenile Detention Program Management Supports add of program management and data analysis staff to coordinate and implement work on Zero Youth Detention and the transition to a Public Health approach in Juvenile Detention. Supported by General Fund revenue. The balance of revenue covers overhead expenses spread through TA_096 and funding of the lead position previously unfunded in 2017-2018. | 1,375,098 | 0 | 0.0 | 0.0 |
| (AC_020) GF transfer to support Community Supports for Electronic Home Monitoring Supports expanded community support so that more youth in secure detention can successfully access Electronic Home Monitoring (EHM), thereby reducing juvenile secure detention. Individualized, relevant, and timely supports for youth placed on EHM would be provided through contracts with culturally relevant community organizations. Supported by General Fund revenue as part of the Zero Youth Detention initiative. | 1,020,000 | 0 | 0.0 | 0.0 |
| (AC_021) GF transfer to support Family Engagement in Juvenile Detention Supports development of culturally responsive materials and services for families of detained youth. Anticipated products include a parent handbook for detention in multiple languages and updated forms using plain language and translating these forms into multiple languages. | 50,000 | 0 | 0.0 | 0.0 |
| (AC_025) General Fund Target reduction Reduces General Fund revenues in the Public Health Fund by \$1.9 M as part of the department's General Fund target reduction for 2019-2020. | (1,900,000) | 0 | 0.0 | 0.0 |
| (AC_032) GF Support for Juvenile Justice Equity Steering Committee (JJESC) Continues the work of the JJESC in support of Zero Youth Detention. Previously funded through contributions of a number of agencies, the JJESC in 2019-2020 will be a program in Public Health, backed by the General Fund. | 250,000 | 0 | 0.0 | 0.0 |
| Technical Adjustments | | | | |
| (TA_001) GF Transfer to Public Health inflation adjustment This decision package adds inflation to update the budget for the 2019-2020 biennium. | 3,203,426 | 0 | 0.0 | 0.0 |
| Total Decision Package Adjustments | 2,528,524 | 0 | 0.0 | 0.0 |

**2019-2020 Executive Proposed Operating Budget
GF TRANSFER TO DNRP (EN_A69700)**

| Operating Budget Summary | Expenditures | Revenues | Reg FTE | TLT |
|---|---------------------|-----------------|----------------|------------|
| 2017-2018 Revised Budget | 3,230,000 | 0 | 0.0 | 0.0 |
| Base Budget Adjustments | (132,000) | 0 | 0.0 | 0.0 |
| Decision Package Adjustments | 2,036,000 | 0 | 0.0 | 0.0 |
| 2019-2020 Executive Proposed Budget | 5,134,000 | 0 | 0.0 | 0.0 |
| 2019-2020 Executive Proposed Ordinance | 5,134,000 | 0 | 0.0 | 0.0 |

Notes

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2. Adjust base budget to remove one-time changes, annualize supplemental changes, and increase personnel budgets to 2019-2020 rates. Personnel budgets reflect projected 2019-2020 salary and benefit rates, current position classifications, and step/merit increases.

3. The Executive Proposed Budget is the sum of the Revised Budget, Base Budget Adjustments, and Decision Package Adjustments. All FTEs / TLTs are rounded to the nearest 1/10th of a position and in some cases, rounded numbers may not add up to the FTE/TLT totals in Executive Proposed. In the Executive Proposed Ordinance, expenditure and revenue totals are rounded up to the nearest 1,000 and FTEs and TLTs are rounded up to the maximum monthly FTEs / TLTs in the Biennium.

| Decision Package Adjustment Detail | Expenditures | Revenues | Reg FTE | TLT |
|---|---------------------|-----------------|----------------|------------|
| Administrative Service Changes | | | | |
| (AC_001) General Fund Transfer - target reduction Implements General Fund Transfer Target Reduction. | (100,000) | 0 | 0.0 | 0.0 |
| (AC_080) GF Transfer to DNRP - CSA Allocation Removes GF transfer to DNRP Admin - CSA Allocation. | (60,000) | 0 | 0.0 | 0.0 |
| Technical Adjustments | | | | |
| (TA_001) DNRP LIPA Increase and Inflation DNRP Local Infrastructure Project Area (LIPA) Increase and Inflation | 2,012,000 | 0 | 0.0 | 0.0 |
| (TA_002) GF transfer supports Food Policy Supports FTE for Food Policy work (formerly included in Internal Support A65600) | 184,000 | 0 | 0.0 | 0.0 |
| Total Decision Package Adjustments | 2,036,000 | 0 | 0.0 | 0.0 |

**2019-2020 Executive Proposed Operating Budget
GF TRANSFER TO KCIT (EN_A69800)**

| Operating Budget Summary | Expenditures | Revenues | Reg FTE | TLT |
|---|---------------------|-----------------|----------------|------------|
| 2017-2018 Revised Budget | 3,305,000 | 0 | 0.0 | 0.0 |
| Base Budget Adjustments | (3,305,000) | 0 | 0.0 | 0.0 |
| Decision Package Adjustments | 4,873,767 | 0 | 0.0 | 0.0 |
| 2019-2020 Executive Proposed Budget | 4,873,767 | 0 | 0.0 | 0.0 |
| 2019-2020 Executive Proposed Ordinance | 4,874,000 | 0 | 0.0 | 0.0 |

Notes

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2. Adjust base budget to remove one-time changes, annualize supplemental changes, and increase personnel budgets to 2019-2020 rates. Personnel budgets reflect projected 2019-2020 salary and benefit rates, current position classifications, and step/merit increases.
3. The Executive Proposed Budget is the sum of the Revised Budget, Base Budget Adjustments, and Decision Package Adjustments. All FTEs / TLTs are rounded to the nearest 1/10th of a position and in some cases, rounded numbers may not add up to the FTE/TLT totals in Executive Proposed. In the Executive Proposed Ordinance, expenditure and revenue totals are rounded up to the nearest 1,000 and FTEs and TLTs are rounded up to the maximum monthly FTEs / TLTs in the Biennium.

| Decision Package Adjustment Detail | Expenditures | Revenues | Reg FTE | TLT |
|--|---------------------|-----------------|----------------|------------|
| Administrative Service Changes | | | | |
| (AC_001) GF Transfer for 1133880 OEM Emergency Operations Center Audio-Visual System Upgrade Supports Project 1133880 OEM Emergency Operations Center Audio-Visual System Upgrade. | 44,000 | 0 | 0.0 | 0.0 |
| (AC_003) GF Transfer for 1133959 PAO Data Modernization Supports Project 1133959 Prosecuting Attorney Office (PAO) Data Modernization. | 858,780 | 0 | 0.0 | 0.0 |
| (AC_004) GF Transfer for 1134041 KCSC Jury Management System Replacement Supports Project 1134041 King County Superior Court (KCSC) Jury Management System Replacement. | 462,000 | 0 | 0.0 | 0.0 |
| (AC_005) GF Transfer for 1134042 KCSC Courtroom Recording Replacement Supports Project 1134042 King County Superior Court (KCSC) Courtroom Recording Replacement, which includes hardware, software and audio equipment. | 605,848 | 0 | 0.0 | 0.0 |
| (AC_006) GF transfer for 1123900 DJA KC Case Management System (KCMMS) Replacement Supports Project 1123900 DJA King County Case Management System (KCMMS) Replacement. | 2,903,139 | 0 | 0.0 | 0.0 |
| Total Decision Package Adjustments | 4,873,767 | 0 | 0.0 | 0.0 |

**2019-2020 Executive Proposed Operating Budget
GF CIP TRANSFER TO DES (EN_A69900)**

| Operating Budget Summary | Expenditures | Revenues | Reg FTE | TLT |
|---|---------------------|-----------------|----------------|------------|
| 2017-2018 Revised Budget | 11,570,496 | 0 | 0.0 | 0.0 |
| Base Budget Adjustments | (11,570,496) | 0 | 0.0 | 0.0 |
| Decision Package Adjustments | 1,697,011 | 0 | 0.0 | 0.0 |
| 2019-2020 Executive Proposed Budget | 1,697,011 | 0 | 0.0 | 0.0 |
| 2019-2020 Executive Proposed Ordinance | 1,698,000 | 0 | 0.0 | 0.0 |

Notes

1. The 2017-2018 Revised Budget equals the 2017-2018 Adopted Biennial Budget plus all Adopted Supplementals as of the publication of this document.
2. Adjust base budget to remove one-time changes, annualize supplemental changes, and increase personnel budgets to 2019-2020 rates. Personnel budgets reflect projected 2019-2020 salary and benefit rates, current position classifications, and step/merit increases.
3. The Executive Proposed Budget is the sum of the Revised Budget, Base Budget Adjustments, and Decision Package Adjustments. All FTEs / TLTs are rounded to the nearest 1/10th of a position and in some cases, rounded numbers may not add up to the FTE/TLT totals in Executive Proposed. In the Executive Proposed Ordinance, expenditure and revenue totals are rounded up to the nearest 1,000 and FTEs and TLTs are rounded up to the maximum monthly FTEs / TLTs in the Biennium.

| Decision Package Adjustment Detail | Expenditures | Revenues | Reg FTE | TLT |
|--|---------------------|-----------------|----------------|------------|
| Administrative Service Changes | | | | |
| (AC_003) GF transfer for 1134616 FMD ITA Court Relocation Study | | | | |
| Conduct a design program and real estate requirements study for relocation of the existing ITA Court operations. (New project) | 51,789 | 0 | 0.0 | 0.0 |
| (AC_006) GF Transfer for 1134621 FMD KCCF West Wing Study | | | | |
| Supports Project 1134621 Utilization study of the King County Correctional Facility (KCCF) West Wing. | 1,085,222 | 0 | 0.0 | 0.0 |
| (AC_010) GF Transfer for 1135009 FMD Public Health Renton Dental Clinic | | | | |
| Supports Project 1135009 DES FMD PH Renton Dental Clinic. | 60,000 | 0 | 0.0 | 0.0 |
| (AC_011) GF Transfer for 1135008 FMD Public Health Downtown Dental | | | | |
| Supports Project 1135008 DES FMD PH Downtown Dental. | 500,000 | 0 | 0.0 | 0.0 |
| Total Decision Package Adjustments | 1,697,011 | 0 | 0.0 | 0.0 |

2019-2020 Executive Proposed Operating Budget
INTERNAL SUPPORT (EN_A65600)

| Operating Budget Summary | Expenditures | Revenues | Reg FTE | TLT |
|---|---------------------|-----------------|----------------|------------|
| 2017-2018 Revised Budget | 43,021,995 | 0 | 0.0 | 0.0 |
| Base Budget Adjustments | (4,188,763) | 0 | 0.0 | 0.0 |
| Decision Package Adjustments | 4,549,444 | 0 | 0.0 | 0.0 |
| 2019-2020 Executive Proposed Budget | 43,382,676 | 0 | 0.0 | 0.0 |
| 2019-2020 Executive Proposed Ordinance | 43,383,000 | 0 | 0.0 | 0.0 |

Notes

1. The 2017-2018 Revised Budget equals the 2017-2018 Adopted Biennial Budget plus all Adopted Supplementals as of the publication of this document.

2. Adjust base budget to remove one-time changes, annualize supplemental changes, and increase personnel budgets to 2019-2020 rates. Personnel budgets reflect projected 2019-2020 salary and benefit rates, current position classifications, and step/merit increases.

3. The Executive Proposed Budget is the sum of the Revised Budget, Base Budget Adjustments, and Decision Package Adjustments. All FTEs / TLTs are rounded to the nearest 1/10th of a position and in some cases, rounded numbers may not add up to the FTE/TLT totals in Executive Proposed. In the Executive Proposed Ordinance, expenditure and revenue totals are rounded up to the nearest 1,000 and FTEs and TLTs are rounded up to the maximum monthly FTEs / TLTs in the Biennium.

| Decision Package Adjustment Detail | Expenditures | Revenues | Reg FTE | TLT |
|---|---------------------|-----------------|----------------|------------|
| Administrative Service Changes | | | | |
| (AC_083) Department of Local Services Cost Allocation Fund the Department of Local Services (DLS) Director's Office based on the agency's operating expenditures in unincorporated King County. | 149,925 | 0 | 0.0 | 0.0 |
| Technical Adjustments | | | | |
| (TA_001) Inflation for Internal Support charges. Inflation adjustments for general fund backed internal support services throughout the county. | 3,239,503 | 0 | 0.0 | 0.0 |
| (TA_002) Net Zero Adjustment | 0 | 0 | 0.0 | 0.0 |
| (TA_004) Move the cost of Food Policy staff from Internal Support to GF transfer to DNRP EN_697001. Move the cost of Food Policy staff from Internal Support to GF transfer to DNRP EN_697001. | (184,000) | 0 | 0.0 | 0.0 |
| Central Rate Adjustments | 1,344,016 | 0 | 0.0 | 0.0 |
| Total Decision Package Adjustments | 4,549,444 | 0 | 0.0 | 0.0 |

Debt Service Funds

The total 2019-2020 Proposed Budget for the **Limited Tax General Obligation (LTGO) Fund** is \$243 million. The main adjustments to this budget are technical and include updating principal and interest payment schedules.

This fund also budgets debt service payments for new issuances as outlined below. Since County bond ratings remain high and interest rates remain low, the 2019-2020 budget provides an opportunity to lock in low interest rates for these new investments. The budget proposes issuing debt for 10 new projects as detailed in the table below. For information on individual projects, please refer to the specific CAP form.

| Project | Proceeds (in millions) | Term |
|---|---------------------------|------|
| Parks - Central Maintenance facility | \$23.9 | 20 |
| Solid Waste - Various Projects including the South County Transfer Station and the North East County Transfer Station | \$96.0 | 20 |
| WLRD - Land Conservation Initiative | \$24.0 | 30 |
| Finance - Procurement System | \$5.4 | 7 |
| DPD - Case Management System Upgrade | \$4.1 | 7 |
| DOA - PTAS | \$18.0 | 10 |
| DAJD - DAN Phase III | \$0.8 | 7 |
| DAJD - Jail Management System | \$11.8 | 7 |
| Transit - Various Operational Capacity Growth Projects | \$58.0 | 30 |
| FRED Projects | \$6.1 | 10 |

The County's limited tax general obligation debt capacity is \$8 billion, which is based on 1.5 percent of countywide assessed value. As of the end of 2017, the County has only used \$2.2 billion of capacity.

The total 2019-2020 Proposed Budget for the **Unlimited Tax General Obligation (UTGO) Fund** is \$31.7 million. All adjustments to this budget were technical changes and reflect the current debt service schedules. The bonds currently paid by the UTGO fund will be paid off in 2023. Limited Tax General Obligation Bond financing is approved by the County Council while UTGO financing is approved by voters.

**2019-2020 Executive Proposed Operating Budget
LIMITED G.O. BOND REDEMPTION (EN_A46500)**

| Operating Budget Summary | Expenditures | Revenues | Reg FTE | TLT |
|---|---------------------|--------------------|----------------|------------|
| 2017-2018 Revised Budget | 246,256,291 | 244,314,755 | 0.0 | 0.0 |
| Base Budget Adjustments | 7,013,803 | 9,048,131 | 0.0 | 0.0 |
| Decision Package Adjustments | (10,172,735) | (14,300,404) | 0.0 | 0.0 |
| 2019-2020 Executive Proposed Budget | 243,097,359 | 239,062,482 | 0.0 | 0.0 |
| 2019-2020 Executive Proposed Ordinance | 243,098,000 | 239,063,000 | 0.0 | 0.0 |

Notes

1. The 2017-2018 Revised Budget equals the 2017-2018 Adopted Biennial Budget plus all Adopted Supplementals as of the publication of this document.

2. Adjust base budget to remove one-time changes, annualize supplemental changes, and increase personnel budgets to 2019-2020 rates. Personnel budgets reflect projected 2019-2020 salary and benefit rates, current position classifications, and step/merit increases.

3. The Executive Proposed Budget is the sum of the Revised Budget, Base Budget Adjustments, and Decision Package Adjustments. All FTEs / TLTs are rounded to the nearest 1/10th of a position and in some cases, rounded numbers may not add up to the FTE/TLT totals in Executive Proposed. In the Executive Proposed Ordinance, expenditure and revenue totals are rounded up to the nearest 1,000 and FTEs and TLTs are rounded up to the maximum monthly FTEs / TLTs in the Biennium.

| Decision Package Adjustment Detail | Expenditures | Revenues | Reg FTE | TLT |
|---|---------------------|---------------------|----------------|------------|
| Technical Adjustments | | | | |
| (TA_100) 2019-2020 LTGO Debt Service Adjusts expenditures and revenues to align with current debt payments and estimated new bond issuances in 2019-2020. | (10,172,735) | (14,300,404) | 0.0 | 0.0 |
| Total Decision Package Adjustments | (10,172,735) | (14,300,404) | 0.0 | 0.0 |

**2019-2020 Executive Proposed Operating Budget
UNLIMITED GO BOND REDEMP (EN_A46600)**

| Operating Budget Summary | Expenditures | Revenues | Reg FTE | TLT |
|---|---------------------|-------------------|----------------|------------|
| 2017-2018 Revised Budget | 34,337,900 | 34,180,000 | 0.0 | 0.0 |
| Base Budget Adjustments | 419,950 | 420,000 | 0.0 | 0.0 |
| Decision Package Adjustments | (3,043,675) | (3,385,300) | 0.0 | 0.0 |
| 2019-2020 Executive Proposed Budget | 31,714,175 | 31,214,700 | 0.0 | 0.0 |
| 2019-2020 Executive Proposed Ordinance | 31,715,000 | 31,215,000 | 0.0 | 0.0 |

Notes

1. The 2017-2018 Revised Budget equals the 2017-2018 Adopted Biennial Budget plus all Adopted Supplementals as of the publication of this document.

2. Adjust base budget to remove one-time changes, annualize supplemental changes, and increase personnel budgets to 2019-2020 rates. Personnel budgets reflect projected 2019-2020 salary and benefit rates, current position classifications, and step/merit increases.

3. The Executive Proposed Budget is the sum of the Revised Budget, Base Budget Adjustments, and Decision Package Adjustments. All FTEs / TLTs are rounded to the nearest 1/10th of a position and in some cases, rounded numbers may not add up to the FTE/TLT totals in Executive Proposed. In the Executive Proposed Ordinance, expenditure and revenue totals are rounded up to the nearest 1,000 and FTEs and TLTs are rounded up to the maximum monthly FTEs / TLTs in the Biennium.

| Decision Package Adjustment Detail | Expenditures | Revenues | Reg FTE | TLT |
|---|---------------------|--------------------|----------------|------------|
| Technical Adjustments | | | | |
| (TA_001) 2019-2020 UTGO Debt Service Adjusts expenditures in the Unlimited General Obligation Bond fund based on existing principal and interest payment schedules. | (3,043,675) | 0 | 0.0 | 0.0 |
| (TA_050) Revenue Adjustments Revise budgeted revenues to match current forecast. Revenues are updated based on the July Office of Office of Economic and Financial Analysis July forecast. A 1% under collection assumption is assumed. | 0 | (3,385,300) | 0.0 | 0.0 |
| Total Decision Package Adjustments | (3,043,675) | (3,385,300) | 0.0 | 0.0 |

**2019-2020 Executive Proposed Operating Budget
HUD SEC 108 LOAN REPAY (EN_A48700)**

| Operating Budget Summary | Expenditures | Revenues | Reg FTE | TLT |
|---|---------------------|-----------------|----------------|------------|
| 2017-2018 Revised Budget | 576,907 | 589,466 | 0.0 | 0.0 |
| Base Budget Adjustments | 1,089 | 0 | 0.0 | 0.0 |
| Decision Package Adjustments | 0 | 0 | 0.0 | 0.0 |
| 2019-2020 Executive Proposed Budget | 577,996 | 589,466 | 0.0 | 0.0 |
| 2019-2020 Executive Proposed Ordinance | 578,000 | 590,000 | 0.0 | 0.0 |

Notes

1. The 2017-2018 Revised Budget equals the 2017-2018 Adopted Biennial Budget plus all Adopted Supplementals as of the publication of this document.
2. Adjust base budget to remove one-time changes, annualize supplemental changes, and increase personnel budgets to 2019-2020 rates. Personnel budgets reflect projected 2019-2020 salary and benefit rates, current position classifications, and step/merit increases.
3. The Executive Proposed Budget is the sum of the Revised Budget, Base Budget Adjustments, and Decision Package Adjustments. All FTEs / TLTs are rounded to the nearest 1/10th of a position and in some cases, rounded numbers may not add up to the FTE/TLT totals in Executive Proposed. In the Executive Proposed Ordinance, expenditure and revenue totals are rounded up to the nearest 1,000 and FTEs and TLTs are rounded up to the maximum monthly FTEs / TLTs in the Biennium.

2019-2020 Proposed Financial Plan
Limited Tax General Obligation (LTGO) Debt Service Fund /000008400 (including subfunds 8401, 8405, & 8407)

| Category | 2017-2018 Estimated | 2019-2020 Proposed | 2021-2022 Projected | 2023-2024 Projected |
|---|------------------------|-----------------------|------------------------|------------------------|
| Beginning Fund Balance | 11,405,581 | 7,599,912 | 3,565,035 | 3,565,035 |
| Revenues | | | | |
| Taxes/Miscellaneous (CFT, Auto Rental) | 17,961,000 | - | - | - |
| Intergovernmental Payments (HMC, CDA) | 32,906,000 | 26,024,545 | 22,024,545 | 22,024,545 |
| Charges/Contributions from County Funds | 194,401,377 | 213,037,937 | 171,183,455 | 137,011,455 |
| Total Revenues | 245,268,377 | 239,062,482 | 193,208,000 | 159,036,000 |
| Expenditures | | | | |
| Principal | (146,770,000) | (154,751,362) | (137,397,000) | (114,959,000) |
| Interest | (75,008,200) | (79,745,997) | (55,811,000) | (44,077,000) |
| Transfers/Contingencies | (27,295,846) | (8,600,000) | | |
| Total Expenditures | (249,074,046) | (243,097,359) | (193,208,000) | (159,036,000) |
| Estimated Underexpenditures | | | | |
| Other Fund Transactions | | | | |
| Total Other Fund Transactions | - | - | - | - |
| Ending Fund Balance | 7,599,912 | 3,565,035 | 3,565,035 | 3,565,035 |
| Reserves | | | | |
| Expenditure Reserve(s) | | | | |
| General Fund balance | (1,374,349) | (1,160,133) | (1,160,133) | (1,160,133) |
| CFT sub fund balance | (5,861,347) | | | |
| Parks FRED fund balance | (364,216) | (364,216) | (364,216) | (364,216) |
| Total Reserves | (7,599,912) | (1,524,349) | (1,524,349) | (1,524,349) |
| Reserve Shortfall | - | - | - | - |
| Ending Undesignated Fund Balance | - | 2,040,686 | 2,040,686 | 2,040,686 |

Financial Plan Notes

2017-2018 Estimated reflects the best estimate for the biennium.

2019-2020 Proposed Budget ties to Hyperion and matches 2019-2020 Estimated until 2019 actuals are available.

Revenues Notes:

Expenditure Notes: 2018 assumes repayment of Passage Point bonds. 2021-2022 updates based on current and planned principal and interest payment schedules.

Reserve notes: CFT Sub fund balance will be returned to the CFT fund at the end of 2018, eliminating the need for the reserve beginning in 2019.

This plan was updated by Chris McGowan on 8/22/2018.

2019-2020 Proposed Financial Plan
Unlimited Tax General Obligation (UTGO) Debt Service Fund /000008500

| Category | 2017-2018 Estimated | 2019-2020 Proposed | 2021-2022 Projected | 2023-2024 Projected |
|---|--------------------------------|-------------------------------|--------------------------------|--------------------------------|
| Beginning Fund Balance | 1,821,202 | 2,162,402 | 2,162,927 | 2,448,277 |
| Revenues | | | | |
| Property Taxes | 34,180,000 | 31,214,700 | 28,220,000 | 14,610,000 |
| Total Revenues | 34,180,000 | 31,214,700 | 28,220,000 | 14,610,000 |
| Expenditures | | | | |
| Principal | (25,705,000) | (25,645,000) | (24,745,000) | (14,040,000) |
| Interest/Debt service cost | (8,133,800) | (5,569,175) | (3,189,650) | (420,825) |
| Contingency | | (500,000) | (500,000) | (500,000) |
| Total Expenditures | (33,838,800) | (31,714,175) | (28,434,650) | (14,960,825) |
| Estimated Underexpenditures | | 500,000 | 500,000 | 500,000 |
| Other Fund Transactions | | | | |
| Total Other Fund Transactions | - | - | - | - |
| Ending Fund Balance | 2,162,402 | 2,162,927 | 2,448,277 | 2,597,452 |
| Reserves | | | | |
| Total Reserves | - | - | - | - |
| Reserve Shortfall | - | - | - | - |
| Ending Undesignated Fund Balance | 2,162,402 | 2,162,927 | 2,448,277 | 2,597,452 |

Financial Plan Notes

2017-2018 Estimated reflects the best estimate for the biennium.

2019-2020 Proposed Budget ties to Hyperion and matches 2019-2020 Estimated until 2019 actuals are available.

Outyear revenue and expenditure inflation assumptions are consistent with figures provided by PSB and/or OEFA.

Revenues Notes: Revenues based on latest estimates from OEFA.

Expenditure Notes: Expenditures are on current estimates from the principal and interest payment schedules. The bonds currently paid by the UTGO fund will be paid off in 2023.

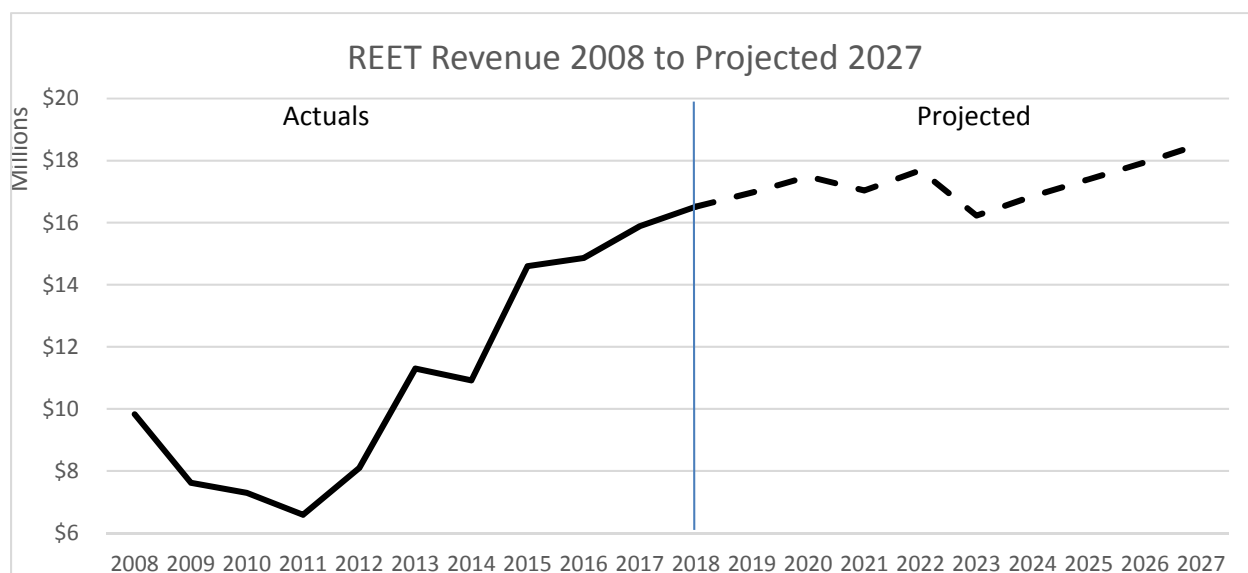
This plan was updated by Chris McGowan on 8/22/2018.

Real Estate Excise Tax

State law allows cities and counties to impose up to a 0.5 percent excise tax on property sales, which is known as the Real Estate Excise Tax (REET)¹. The use of REET is restricted to acquisition, development, and major maintenance of certain types of capital assets, such as parks, roads, and other public facilities.

King County collects REET only in the unincorporated area, so the strong sales of properties in some of the major cities provide no direct benefit to the County. The City of Seattle's REET revenue is approximately five times as much as King County's. Even the City of Bellevue, with roughly half the population of the County's unincorporated area, receives more REET than King County.

The strong real estate market has benefitted REET revenue, which grew from about \$6.6 million in 2011 to \$15.9 million in 2017. The County forecasts REET to be about \$16.5 million in 2018, \$17.0 million in 2019, and \$17.5 million in 2020. As the chart below shows, other than the impact of projected annexations in 2021 and 2023, revenues from REET collections are anticipated to grow through 2027.



By County and state policy, REET is spent on projects benefiting the unincorporated area, primarily on parks capital projects. Beginning in 2017-2018, the County began allocating REET revenues to fund Roads and Major Maintenance projects. The 2019-2020 Executive Proposed Budget proposes using 2019 – 2020 REET revenues and existing fund balance to pay for the following:

- \$31.2 million for Parks Services to fund various projects including additional land conservation funding, partial funding of the Parks Central Maintenance Shop, and other projects.
- \$2.5 million for debt service to fund existing projects and to pay for the completion of the Parks Central Maintenance Shop
- \$6.7 million for Road Services to fund projects in unincorporated King County including roadway preservation, bridge replacement design, and the removal of fish barriers.
- \$1.5 million for various major maintenance projects of buildings that support unincorporated King County residents.

¹ There are actually two separate REET authorities, each at a 0.25 percent tax rate. State law has somewhat different restrictions on the allowable use of each tax.

**Financial Plan 2019-2020 Proposed Budget
Real Estate Excise Tax (REET) 1 /000003681**

Capital Improvement Program (CIP) Budget

| | 2017-2018 Carryforward (YE ITD Balance) | 2019-2020 Proposed | 2019-2020 Total (Balance + Budget) | 2021-2022 Projected | 2023-2024 Projected |
|---|--|-------------------------------|---|--------------------------------|--------------------------------|
| Capital Budget Revenue Sources: | | | | | |
| Revenue Backing from Fund Balance | 9,304,000 | 3,015,000 | 12,319,000 | - | - |
| Real Estate Excise Tax | | 17,227,953 | 17,227,953 | 17,363,117 | 16,540,929 |
| Interest and Misc. | | 216,000 | 216,000 | 300,000 | 300,000 |
| Total Capital Revenue | \$ 9,304,000 | \$ 20,458,953 | \$ 29,762,953 | \$ 17,663,117 | \$ 16,840,929 |
| Capital Appropriation: | | | | | |
| Debt Service | - | (257,000) | (257,000) | - | - |
| Transfer to Parks Open Space - 3160 | (8,278,000) | - | (8,278,000) | - | - |
| Transfer to Parks Capital - 3581 | (726,000) | - | (726,000) | - | - |
| Transfer to Parks Facility Rehab - 3490 | (300,000) | - | (300,000) | - | - |
| Transfer to Parks | | (12,007,000) | (12,007,000) | (12,090,000) | (11,512,000) |
| Transfer to RSD | - | (6,694,000) | (6,694,000) | (3,418,000) | (3,254,000) |
| Transfer to Major Maintenance | - | (1,500,000) | (1,500,000) | (1,500,000) | (1,500,000) |
| Other | | - | - | (655,117) | (574,929) |
| Total Capital Appropriation | \$ (9,304,000) | \$ (20,458,000) | \$ (29,762,000) | \$ (17,663,117) | \$ (16,840,929) |

CIP Fund Financial Position

| | 2017-2018 Biennial to Date Actuals | 2017-2018 Estimated | 2019-2020 Biennial to Date Actuals | 2019-2020 Estimated | 2021-2022 Projected | 2023-2024 Projected |
|---|---|--------------------------------|---|--------------------------------|--------------------------------|--------------------------------|
| Beginning Fund Balance | 12,331,035 | 12,331,036 | 14,800,180 | 14,800,180 | 11,786,133 | 11,786,250 |
| Capital Funding Sources | | | | | | |
| Revenue Backing from Fund Balance | - | - | - | - | - | - |
| Real Estate Excise Tax | 12,758,561 | 16,202,374 | - | 17,227,953 | 17,363,117 | 16,540,929 |
| Interest and Misc. | 280,521 | 285,000 | - | 216,000 | 300,000 | 300,000 |
| Total Capital Revenue | \$ 13,039,082 | \$ 16,487,374 | \$ - | \$ 17,443,953 | \$ 17,663,117 | \$ 16,840,929 |
| Capital Expenditures | | | | | | |
| Debt Service | (1,165,369) | (1,178,230) | - | (257,000) | - | - |
| Transfer to Parks Open Space - 3160 | (3,803,534) | (7,495,000) | - | - | - | - |
| Transfer to Parks Capital - 3581 | (527,615) | (2,161,000) | - | - | - | - |
| Transfer to Parks Facility Rehab - 3490 | (153,607) | (184,000) | - | - | - | - |
| Transfer to Parks | - | - | - | (12,007,000) | (12,090,000) | (11,512,000) |
| Transfer to RSD | (1,500,042) | (1,500,000) | - | (6,694,000) | (3,418,000) | (3,253,000) |
| Transfer to Major Maintenance | (750,000) | (1,500,000) | - | (1,500,000) | (1,500,000) | (1,500,000) |
| Other | | | | - | (655,000) | (576,000) |
| Total Capital Expenditures | \$ (7,900,167) | \$ (14,018,230) | \$ - | \$ (20,458,000) | \$ (17,663,000) | \$ (16,841,000) |
| Other Fund Transactions | | | | | | |
| | | - | - | - | | |
| Ending Fund Balance | \$ 17,469,950 | \$ 14,800,180 | \$ 14,800,180 | \$ 11,786,133 | \$ 11,786,250 | \$ 11,786,179 |
| Fund Balance designated to current projects* | \$ (16,031,230) | \$ (9,913,167) | \$ - | \$ (9,304,000) | \$ (9,304,000) | \$ (9,304,000) |
| Reserves | | | | | | |
| Cash Flow Reserve | (1,000,000) | (1,000,000) | - | (1,000,000) | (1,000,000) | (1,000,000) |
| Total Reserves | \$ (1,000,000) | \$ (1,000,000) | \$ - | \$ (1,000,000) | \$ (1,000,000) | \$ (1,000,000) |
| Projected Shortfall | - | - | - | - | - | - |
| Ending Undesignated Fund Balance | \$ 438,719 | \$ 3,887,013 | \$ 14,800,180 | \$ 1,482,133 | \$ 1,482,250 | \$ 1,482,179 |

Financial Plan Notes

CIP Budget Notes:

All financial plans have the following assumptions, unless otherwise noted in below rows.

2017-2018 Carryover column reflects the best estimate of the inception to date budget balances at the end of the 2015-2016 biennium. 2019-2020 Proposed Budget ties to Hyperion.

2019-2020 Total Budget sums the carryover budget and the proposed budget.

Outyear revenue and expenditure budget assumptions tie to the outyears of the Attachment A, with exceptions explicitly noted. Revenue Notes: Revenues based on OEFA Estimates from August 2018.

Expenditure Notes: Biennial to date actuals through July 2018.

CIP Fund Financial Position:

All financial plans have the following assumptions, unless otherwise noted in below rows.

Biennial to Date (BTD) expenditures and revenue reflect EBS totals for budgetary accounts as of the most recent closed month. 2017-2018 Estimated reflects the best estimate for the biennium.

2019-2020 Estimated column reflects the best estimate for the biennium based on actuals.

Outyear revenue projections and expenditure estimates are based on the most recent projections and reflect current project plans. Revenues Notes: Revenues based on OEFA Estimates from March 2018.

Expenditure Notes:

Reserve Notes:

*Fund balance designated to current projects is for projects that are already appropriated. This fund balance cannot be used for other projects without disappropriating projects or creating a shortfall in the fund.

**Financial Plan 2019-2020 Proposed Budget
Real Estate Excise Tax (REET) 2 /000003682**

Capital Improvement Program (CIP) Budget

| | 2017-2018 Carryforward (YE ITD Balance) | 2019-2020 Proposed | 2019-2020 Total (Balance + Budget) | 2021-2022 Projected | 2023-2024 Projected |
|---|---|------------------------|--|------------------------|------------------------|
| Capital Budget Revenue Sources: | | | | | |
| Revenue Backing from Fund Balance | 10,852,571 | 4,300,000 | 15,152,571 | - | - |
| Real Estate Excise Tax | | 17,227,953 | 17,227,953 | 17,363,117 | 16,540,929 |
| Interest and Misc. | | 216,000 | 216,000 | 300,000 | 300,000 |
| Total Capital Revenue | \$ 10,852,571 | \$ 21,743,953 | \$ 32,596,524 | \$ 17,663,117 | \$ 16,840,929 |
| Capital Appropriation: | | | | | |
| Debt Service | - | (2,234,000) | (2,234,000) | (3,512,000) | (3,512,000) |
| Transfer to Parks Open Space - 3160 | (5,272,726) | - | (5,272,726) | - | - |
| Transfer to Parks Capital - 3581 | (5,579,845) | - | (5,579,845) | - | - |
| Transfer to Parks Facility Rehab - 3490 | - | - | - | - | - |
| Transfer to Parks | - | (19,218,000) | (19,218,000) | (13,765,000) | (12,939,000) |
| Total Capital Appropriation | \$ (10,852,571) | \$ (21,452,000) | \$ (32,304,571) | \$ (17,277,000) | \$ (16,451,000) |

CIP Fund Financial Position

| | 2017-2018 Biennial to Date Actuals | 2017-2018 Estimated | 2019-2020 Biennial to Date Actuals | 2019-2020 Estimated | 2021-2022 Projected | 2023-2024 Projected |
|---|--|------------------------|--|------------------------|------------------------|------------------------|
| Beginning Fund Balance | 12,646,421 | 12,646,421 | 17,349,157 | 17,349,157 | 15,074,110 | 15,460,227 |
| Capital Funding Sources | | | | | | |
| Real Estate Excise Tax | 12,758,561 | 15,880,736 | - | 17,227,953 | 17,363,117 | 16,540,929 |
| Interest and Misc. | 306,181 | 310,000 | - | 216,000 | 300,000 | 300,000 |
| Total Capital Revenue | \$ 13,064,742 | \$ 16,190,736 | \$ - | \$ 17,443,953 | \$ 17,663,117 | \$ 16,840,929 |
| Capital Expenditures | | | | | | |
| Debt Service | - | - | - | (2,234,000) | (3,512,000) | (3,512,000) |
| Transfer to Parks Open Space - 3160 | (2,505,228) | (3,657,000) | - | - | - | - |
| Transfer to Parks Capital - 3581 | (2,720,785) | (6,819,000) | - | - | - | - |
| Transfer to Parks Facility Rehab - 3490 | (1,086,731) | (1,012,000) | - | - | - | - |
| Transfer to Parks | - | - | - | (17,485,000) | (13,765,000) | (12,939,000) |
| Other | - | - | - | - | - | - |
| Total Capital Expenditures | \$ (6,312,744) | \$ (11,488,000) | \$ - | \$ (19,719,000) | \$ (17,277,000) | \$ (16,451,000) |
| Other Fund Transactions | | | | | | |
| | | - | - | - | | |
| Ending Fund Balance | \$ 19,398,419 | \$ 17,349,157 | \$ 17,349,157 | \$ 15,074,110 | \$ 15,460,227 | \$ 15,850,156 |
| Fund Balance designated to current projects* | \$ (15,544,023) | \$ (10,368,767) | \$ - | \$ (12,585,571) | \$ (12,585,571) | \$ (12,585,571) |
| Reserves | | | | | | |
| Cash Flow Reserve | (1,000,000) | (1,000,000) | - | (1,000,000) | (1,000,000) | (1,000,000) |
| Debt Service Reserve | (252,139) | (252,139) | - | (1,117,000) | (1,117,000) | (1,117,000) |
| Total Reserves | \$ (1,252,139) | \$ (1,252,139) | \$ - | \$ (2,117,000) | \$ (2,117,000) | \$ (2,117,000) |
| Projected Shortfall | - | - | - | - | - | - |
| Ending Undesignated Fund Balance | \$ 2,602,257 | \$ 5,728,251 | \$ 17,349,157 | \$ 371,539 | \$ 757,656 | \$ 1,147,585 |

Financial Plan Notes

CIP Budget Notes:

All financial plans have the following assumptions, unless otherwise noted in below rows.

2017-2018 Carryover column reflects the best estimate of the inception to date budget balances at the end of the 2015-2016 biennium. 2019-2020 Proposed Budget ties to Hyperion.

2019-2020 Total Budget sums the carryover budget and the proposed budget.

Outyear revenue and expenditure budget assumptions tie to the outyears of the Attachment A, with exceptions explicitly noted. Revenue Notes: Revenues based on OEFA Estimates from March 2018.

Appropriation Notes:

CIP Fund Financial Position:

All financial plans have the following assumptions, unless otherwise noted in below rows.

Biennial to Date (BTD) expenditures and revenue reflect EBS totals for budgetary accounts as of the most recent closed month. 2017-2018 Estimated reflects the best estimate for the biennium.

2019-2020 Estimated column reflects the best estimate for the biennium based on actuals.

Outyear revenue projections and expenditure estimates are based on the most recent projections and reflect current project plans. Revenue Notes: Revenues based on OEFA Estimates from August 2018.

Expenditure Notes: Biennial to date actuals through July 2018.

Reserve Notes:

* Fund balance designated to current projects is for projects that are already appropriated. This fund balance cannot be used for other projects without disappropriating projects or creating a shortfall in the fund.

CAP Summary by Fund

Budget: 2019-2020 Biennial, Scenario: Executive Proposed, Agency: Other, Fund: 3681 REAL ESTATE EXCISE TX CAP, Cap Status: All, Is IT Proj? Both Yes and No

2019-2020 Biennial - Executive Proposed

| 3681 REAL ESTATE EXCISE TX CAP - Other | | | | |
|---|---|--------------|---------------------|--|
| Project Number | Project Name Class Code | Tech Adj | FY19-20 | Narratives |
| 1033534 | PSB REET 1 DEBT SERVICE STANDALONE | | \$257,000 | Current Scope: REET 1 Debt Service - This project is for debt service funded by REET 1. Budget Request Basis: Budget is needed to pay existing debt service and fees associated with issuing debt. Amount is based on the debt service payment schedule. |
| 1130281 | PSB REET 1 RSD TRANSFER STANDALONE | | \$6,694,000 | Current Scope: REET 1 Transfer to Roads Capital - This project transfers REET 1 proceeds to the Road Capital Fund. Budget Request Basis: This project allows REET to transfer funding to Roads to support capital projects in the unincorporated area right of way. |
| 1131431 | PSB REET 1 TRANSFER TO MMRF 3421 STANDALONE | | \$1,500,000 | Current Scope: REET 1 Transfer to Major Maintenance Fund - This project transfers REET 1 proceeds to MMRF Budget Request Basis: This project allows REET to transfer funding to support capital projects which go to support work that benefit Unincorporated King County Residents. |
| 1134866 | PSB Transfer REET 1 to Parks STANDALONE | | \$12,007,000 | Current Scope: REET 1 Transfer to Parks Funds - This project transfers Real Estate Excise Tax 1 proceeds to support the Parks Department Capital programs. Budget Request Basis: This project allows REET to transfer funds to Parks to support capital projects in the unincorporated King County. |
| 3681 - REAL ESTATE EXCISE TX CAP | | Total | \$20,458,000 | |
| Grand Total | | | \$20,458,000 | |

CAP Summary by Fund

Budget: 2019-2020 Biennial, Scenario: Executive Proposed, Agency: Other, Fund: 3682 REAL ESTATE EXCISE TX 2, Cap Status: All, Is IT Proj? Both Yes and No

2019-2020 Biennial - Executive Proposed

| 3682 REAL ESTATE EXCISE TX 2 - Other | | | | |
|---------------------------------------|--|--------------|---------------------|---|
| Project Number | Project Name Class Code | Tech Adj | FY19-20 | Narratives |
| 1033539 | PSB REET 2 DEBT SERVICE STANDALONE | | \$2,234,000 | Current Scope: Debt service payments for Parks central maintenance shop Budget Request Basis: Budget is needed to pay the proposed debt service of \$24M over a 20 year term at 4% interest |
| 1134869 | PSB REET2 TRANSFER TO PARKS STANDALONE | | \$19,218,000 | Current Scope: REET 2 transfer to Parks - this project transfers REET2 funds to the various Parks funds for REET2 funded projects. Budget Request Basis: This project includes under allocated revenues from prior years and revenues based on the OEFA July 2018 estimate of 2019-2020 REET revenues. |
| 3682 - REAL ESTATE EXCISE TX 2 | | Total | \$21,452,000 | |
| Grand Total | | | \$21,452,000 | |