

EXECUTIVE MESSAGE
&
ADOPTING ORDINANCES

December 10, 2004

TO: Pierce County Citizens
Pierce County Council

FROM: John Ladenburg, County Executive



SUBJECT: 2005 Pierce County Budget

The Executive's Budget Message, which is presented in this document after the adopting Budget Ordinances, is shown as originally presented to the County Council on October 17 with my proposed budget. As part of its budget review and approval process, the County Council initiated several budget adjustments, which are listed and explained below. All sections of this budget document, with the exception of the Budget Message, have been modified to reflect these changes.

I. General Fund

A. General Fund Revenues

Sales Taxes	+ \$300,000
Intergovernmental Revenues	+ 500,000
Charges for Services	+ 70,000
2004 Carryover funds	+ 28,500
	<u>\$ 898,500</u>

B. General Fund Expenditures

Emergency Management tower	+ 35,000	University Place transmission
County Council	+ 61,000	Advertising costs
Juvenile	+ 50,000	Pre-trial services–public defense program (\$45,000) and community accountability board (\$5,000)
Economic Development	+ 40,000	Farmland Economic Development study
Health Services	+ 20,000	Key Peninsula and Buckley family resource centers
Corrections	– 400,000	Pre-trial services program
Sheriff	+ 13,000	Lake patrol on Lake Tapps
Miscellaneous Current Expense:		
Key Peninsula Community Council	+ \$7,500	
Alliance Against Domestic Violence	+ 37,000	
Domestic Violence Commission	– 37,000	

Prairie Ridge Drop In Center		
sports courts fencing	+ 5,000	
P.C. Mail In Voting Advisory Task Force	+ 5,000	
P.C. Fair/Frontier Park improvements	+ 25,000	
Humane Society	- 554,370	
Animal Control Services	+ 100,000	
G.I.S.	- 50,000	
Unemployment Insurance	- 25,000	
First Night	- 24,960	
Professional Services	- 30,000	
Severance Reserve	- 25,000	
Training and Development	- 3,080	
Suggestion Awards	- 5,500	
Sister County	- 2,090	
Admin Support Expenses	+ 40,000	
Farm to Market Vouchers	+ 10,000	
Safe Streets (E. Pierce County)	+ 10,000	
Friends of Lake Tapps	+ 10,000	
Government Relations	+ 10,000	
Schools Out-to-Lights-Out	+ 110,000	
Tacoma Urban League	+ 35,000	
African American Museum	+ 38,000	
Ethnic Fest	+ 30,200	
Small Business Incubator	+ 10,000	
Asian Pacific Cultural Center	+ 10,000	
Bridging the Gap Grant Match	+ 10,000	
W.I.R. Conference	+ 19,800	
Midland Wetland Mapping	+ 32,000	
Spanaway Skatepark Lights	+ 55,000	
Tacoma Little Theater	+ 10,000	
Broadway Center	+ 20,000	
D.V. - Safe Home Program	+ 10,000	
Senior Centers	+ 7,000	
Youth Resources	+ 5,000	
Spanaway Street Festival	+ 1,000	
Lindquist Dental Clinic	+ 10,000	
Safe Streets	+ 15,000	
G.H. Boys/Girls Club (YAC)	+ 85,000	
AICAB	+ 3,000	
Steil. Hist. Mus. Assoc. (Ed. Ctr)	+ 24,000	
Ft Lewis/AUSA (Arts March)	+ 25,000	
Rotary of Lkwd (Playgrnd Match)	+ 10,000	
Town of Steil. (Restroom Match)	+ 25,000	
NW Youth Leaders (Ed. Match)	+ 10,000	
Anderson Is Crime T.F. (Equip.)	+ 5,000	
City of Roy (Equip.)	+ 7,922	
And. Is. Comm. Club (Fac. Upgrd)	+ 5,000	
Hist. Ft. Steil. Assoc (Fac. Upgrd)	+ 5,000	
My Service Mind Senior Center	+ 3,000	
Tillicum Senior Center	+ 3,000	
Partners for Parks (Parks Match)	+ 24,078	
Reservoir Park Trail	+ 200,000	
South Hill Street Lighting	<u>+ 100,000</u>	
	\$ 465,500	
P.A.L.S.	+ 700,000	Backlog and performance audit recommendations
Assigned Counsel	+ 45,000	Pre-trial service program
Building Remodel Projects	- <u>131,000</u>	-
General Fund Total	<u>\$898,500</u>	

II. Other Funds

Rainier Communications Commission	+ \$50,000	Council public relations and communication plan and strategy
County Road Fund	+ 130,000	Federal lobbying efforts
Surface Water Management	+ 920,000	Meridian and 144 th Flood plain acquisition (\$900,000) and federal lobbying (\$20,000)
Health Department Fund	+ 20,000	Key Peninsula and Buckley family resource centers
Total Other Funds	<u>\$ 1,120,000</u>	
TOTAL ALL FUNDS	<u>\$ 2,018,500</u>	

Adopting Ordinances & Resolutions:

For 2005, the County Council adopted a second Ordinance and one Resolution as companion documents to the Budget Ordinance. All three documents are included herein.

- Ordinance #2004-107s is the standard Budget Ordinance.
- Ordinance #2004-117s implements the 2005 Budget further by directing certain actions by Boards, Commissions, and Departments.
- Resolution #2004-154s declares certain County policy and/or requests information.

Sponsored by: Councilmember Terry Lee
Requested by: County Executive/Budget and Finance Department

ORDINANCE NO. 2004-107s

AN ORDINANCE OF THE PIERCE COUNTY COUNCIL ADOPTING THE ANNUAL
BUDGET OF PIERCE COUNTY FOR FISCAL YEAR 2005.

WHEREAS, The County Executive has submitted a balanced budget to the Council for fiscal year 2005; and

WHEREAS, The County Council has conducted various public hearings in a Committee format, and before the full Council, pursuant to the Pierce County Charter; NOW THEREFORE,

BE IT ORDAINED by the Council of Pierce County:

Section 1.The following is hereby adopted as the appropriations for Fiscal Year 2005, which (a) includes the creation of the Sheriff Transition account in the General Fund, and (b) increases the authorized loan from the Sewer Utility Restricted Reserve to the Chambers Creek Golf Course Fund in the amount of \$1,615,040 at a 3.5% interest rate to be repaid by the end of fiscal 2006.

General Fund Revenues:

Taxes	\$ 146,123,350
Licenses and Permits	7,242,430
Intergovernmental Revenue	26,672,550
Charges for Services	32,077,120
Court Fines	5,235,000
Miscellaneous Revenue	11,565,190
Use of Fund Balance	4,380,000
Carryover	<u>28,500</u>
Total General Fund	\$233,324,140

General Fund Expenditures:

WSU PC Extension	628,770
Assessor-Treasurer	10,545,580
Prosecuting Attorney	21,651,650
Auditor	6,043,520

PROVIDED, the County's \$100,000 appropriation to match for potential obligations and grants related to the Help America Vote Act shall not be expended until such time as the Auditor meets with and reports to the Council regarding the proposed use of these funds and the Council adopts a resolution authorizing the expenditure.

Emergency Management	2,694,890
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PROVIDED, up to \$35,000 shall be appropriated towards a transmission tower in University Place.

Clerk of the Superior Court	4,277,110
County Council	3,389,440
County Executive	995,900
Communications	638,040
Budget and Finance	4,567,260
District Court	7,213,590
Juvenile	16,889,110

PROVIDED, up to \$5,000 of this appropriation shall be utilized as matching funds for a community accountability board for diversion.

PROVIDED, up to \$45,000 of this appropriation shall be expended by the Juvenile Court to implement the Pre-Trial Services Program performance audit recommendations; PROVIDED FURTHER, Juvenile Court shall strive to meet the performance audit's target to collect an increased amount of public defense recoupment revenue.

Economic Development	930,220
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PROVIDED, up to \$40,000 of this appropriation shall be utilized to fund the Phase II Farmland Economic development study; PROVIDED FURTHER, prior to moving forward with the study and expenditures associated therewith, the Department shall meet with the Council for its approval regarding the study's scope of work.

Health Services	3,082,700
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PROVIDED, this appropriation shall be utilized by the Board of Health to fully fund the Key Peninsula and Buckley Family Resource Centers.

District Court Probation	2,638,210
Corrections	38,411,600
Sheriff	46,428,720

PROVIDED, up to \$13,000 of this appropriation shall be utilized for Sheriff Department lake patrol on Lake Tapps.

PROVIDED, one-hundred percent (100%) of the budgeted boat launch fees at Lake Tapps shall be utilized by the Sheriff for providing lake patrol on Lake Tapps.

Medical Examiner	1,762,650
State Auditor	162,710
Superior Court	11,251,470
Miscellaneous Current Expense.....	5,273,470

PROVIDED, up to \$7,500 of this appropriation shall be allocated to the Key Peninsula Community Council.

PROVIDED, \$30,000 of this appropriation shall be utilized by Government Relations to support Pierce County's Federal lobbying efforts.

PROVIDED, up to \$5,000 (professional services) of this appropriation may be used by the Pierce County Mail-In Voting Advisory Task Force (created by Ordinance No. 2004-117) for operational expenses it may incur.

PROVIDED, up to \$5,000 of this appropriation, carried over from fiscal year 2004, shall be utilized by the Pierce County Community Services Department to fund, including any contract administration costs, fencing around the Prairie Ridge Drop-In Center sports courts.

PROVIDED, up to \$25,000 of this appropriation shall be expended by the Pierce County Fair/Frontier Park for capital improvements.

Bond Debt Service	1,126,540
Prevention Services & Programs.....	1,350,000
Special Projects	1,959,080
Parks and Recreation Services.....	5,936,840
Planning and Land Services	14,925,810

PROVIDED, \$700,000 of this appropriation shall not be expended until the Executive submits and the Council adopts a resolution approving a plan to implement the Department's performance audit recommendations including a strategy to eliminate the permit backlog by December 31, 2005.

Assigned Counsel	11,475,360
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PROVIDED, up to \$45,000 of this appropriation shall be expended to implement the Pre-Trial Services Program performance audit recommendations.

Personnel	2,924,900
Building Remodel Projects	2,869,000
Sheriff Transition	<u>1,280,000</u>
Total General Fund	\$233,324,140

Other Fund Expenditures & Revenues:

Veterans' Relief Fund	529,790
Geographic Information System Fund.....	3,055,990
Auditor's Maintenance and Operations.....	939,270
Criminal Justice Fund	679,910
Conservation Futures Fund	3,077,970

PROVIDED, up to \$50,000 of this appropriation shall be expended by the Parks Department towards a study to analyze the use of Conservation Futures Funds for a purchase or transfer of development rights program for agricultural resource lands.

Arts & Cultural Services	264,750
Dispute Resolution Center Fund.....	132,020
Pierce County Fair	182,110
Puget Sound Behavioral Health.....	13,678,880
Human Services Fund	93,270,270

Rainier Communication Commission..... 1,110,880

PROVIDED, up to \$50,000 of the appropriation shall be dedicated towards and may be utilized by the Pierce County Council solely for the purpose of hiring communications and media consultants to develop a Council public relations and communications plan and strategy.

Marine Services Fund 235,480
Detention Center Commissary 673,630
Federal Forest Services Fund 214,790
Drug Investigations Fund 275,850
REET - River Improvement 2,664,520
911 System 5,505,490
Housing Repair Program 6,094,170
Community Development Fund 5,195,020
Low Income Housing Fee Fund 4,100,000
Emergency Management Grants Fund..... 4,907,130
Endangered Species Act 202,170
Parks Impact Fee Fund 1,755,750
Parks Sales Tax Fund 1,850,000
Peninsula Recreation Program 320,000
Second REET Parks Fund 3,003,260
Second REET Roads Fund 10,736,680
County Road Fund 62,991,550

PROVIDED, \$130,000 of this appropriation shall be utilized by Government Relations to support Pierce County's Federal lobbying efforts.

PROVIDED, up to \$100,000 of this appropriation may be utilized as needed to provide consulting, strategic planning, technical support and other consulting services to assist the Pierce County members on the Regional Transportation Investment District (RTID) regarding the impacts of RTID decisions on Pierce County.

Paths and Trails 2,743,120
Surface Water Management Fund..... 20,252,880

PROVIDED, \$20,000 of this appropriation shall be utilized by Government Relations to support Pierce County's Federal lobbying efforts.

PROVIDED, up to \$100,000 may be utilized by the County Council solely to hire outside consultants and/or technical support to independently analyze the Surface Water Management Program.

Community Action 5,881,770
Tourism, Promotion, and Facilities..... 1,082,000

PROVIDED, the Lodging Tax Advisory Committee shall submit a proposed program project list to the Council and, prior to the expenditure of \$592,340 of this appropriation, the Council must adopt a Resolution that approves a program/project list and authorizes the expenditure of these funds.

Employee Assistance Program Fund..... 64,890

Bond Debt Service	5,086,570
REET - Capital Improvement	4,075,940
1% For Arts Construction	216,010
Human Services Construction Fund.....	929,740
Permanent Jail Construction	4,160,460
Parks Bond A Construction Fund.....	13,708,890
Parks Construction Fund	2,712,270
2501 Corporate Express Building.....	4,794,620
Public Works Construction Fund.....	53,313,000
Transportation Facilities	26,600,000

PROVIDED, there shall be no expenditures beyond the sum of \$500,000 from this Fund towards the Transportation Services Building Project until such time as the Executive provides the Council with a cost-benefit analysis of the project, the long-and short-term funding strategy for the project, and the Council adopts a resolution authorizing the project to move forward and authorizes further expenditures from this fund.

Sewer Utility Fund	48,375,790
Sewer Facilities Restricted Reserve.....	6,590,980
Sewer Utility Construction	18,069,000
Sewer Revenue Bonds	8,308,000
Chambers Creek Golf Course	6,350,000
Golf Courses	1,104,200
Airport Fund.....	535,830
Solid Waste Management Fund	4,765,630
Pierce County Ferry Services	13,947,330
Water Utility Fund	198,750
Equipment Rental and Revolving.....	12,706,240
Information Services Fund	16,056,770
Facilities Management Fund	10,171,810
Radio Communications Fund	1,933,330
Fleet Rental	3,521,020
General Services	2,900,800
Self Insurance Fund	8,323,870
Workers' Compensation	<u>2,902,510</u>
 Total Other County Funds	 540,031,350
 TOTAL COUNTY FUNDS	 773,355,490
 Tacoma-Pierce County Health Department.....	 <u>30,859,744</u>
 TOTAL ALL FUNDS	 \$ 804,215,234

Section 2. As amended by this Ordinance, the 2005 Pierce County budget document is attached hereto as Exhibit "A" and incorporated by this reference.

Section 3. The total amount stated for each General Fund Department and for each of the Other Funds shall not be exceeded during 2005 without amendment to this Ordinance. The Executive is hereby authorized to transfer line-item appropriations within each General Fund Department, and within each Other Fund total during the budget year pursuant to the Executive's administrative powers.

The compensation to be paid said employees shall be as set forth in the pay and classification plan.

Section 4. All future Grants, Contributions, Operating and Equity Transfers, Insurance Reimbursements, Specific Service/Sales Revenue Contracts, and Election Cost reimbursements made to, or acquired by various departments (and which require no matching funds beyond the current budget), may be added to that department's budget to be expended for the appropriate specified function. At the end of each quarter, the County Executive shall meet with and submit a report to the County Council describing each new unbudgeted grant received during that quarter. That report should indicate the purpose of the grant, the amount of the grant, the amount of local match required (if any), and the time period of the grant.


Section 5. Pursuant to Section 6.30 of the Pierce County Charter, the Executive is hereby required to submit to the Council, on a quarterly basis, subsidiary ledgers for all the General Fund departments and each of the Other Funds listed in the 2005 Budget showing the relation between the budgeted revenue and expenses and actual revenue and expenses to date in each fund or department.

Section 6. All Program Expenditures contained in Exhibit "A" shall be funded in the amount shown. Provided, the Executive is authorized to transfer Program Expenditure appropriations during the 2005 fiscal year. The Executive's Office shall provide a quarterly report to the County Council, which presents both the 2005 Program Budgets, and the actual year-to-date expenses. Council may, by Resolution, request more frequent reports, or may request additional program expense information as it deems appropriate.


Section 7. The Council recognizes that any amendments it makes to this Ordinance or to Exhibit "A" may require that other portions of Exhibit "A" be modified. To this extent the Executive is hereby authorized to change Exhibit "A" prior to final printing so that the Council's amendments are accurately reflected throughout the 2005 final budget document.

PASSED this 23rd day of November, 2004.

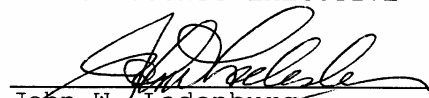
ATTEST:


Denise D. Johnson
Clerk of the Council

PIERCE COUNTY COUNCIL
PIERCE COUNTY, Washington


Councilmember Harold Moss
Council Chair

PIERCE COUNTY EXECUTIVE


John W. Ladenburg
Approved Vetoed
this 7 day of Dec,
2004.

Date of Publication of
Notice of Public Hearing: October 27 + November 3, 2004

FILE NO. 160

PROPOSAL NO. 2004-117s

Sponsored by: Councilmembers Shawn Bunney, Calvin Goings, and Harold Moss

Requested by: Pierce County Council

ORDINANCE NO. 2004-117s

AN ORDINANCE OF THE PIERCE COUNTY COUNCIL IMPLEMENTING THE 2005 BUDGET BY DIRECTING CERTAIN COUNTY DEPARTMENTS, BOARDS, AND COMMISSIONS TO TAKE CERTAIN ACTIONS.

WHEREAS, The Pierce County Council ("Council") enacted Ordinance No. 2004-107 on November 23, 2004, adopting the 2005 Budget for Pierce County; and

WHEREAS, In order to implement the 2005 Budget, some County departments, boards, and commissions will need to take certain non-recurring actions; NOW, THEREFORE,

BE IT ORDAINED by the Council of Pierce County:

Section 1. The Pierce County Mail-In Voting Advisory Task Force is hereby created. Members of the Task Force are established as follows:

- Two members from the Pierce County Council;
- The Pierce County Auditor;
- The Pierce County Executive, or his designee;
- A representative from the Pierce County Budget and Finance Department;
- The Prosecuting Attorney, or his designee;
- The Pierce County Performance Audit Coordinator;
- Three citizen members appointed by the Executive and confirmed by the Council.

With the assistance of Council staff, the Task Force shall consider and make recommendations to the Council and Executive on all aspects of mandating 100% mail-in voting in Pierce County including, but not limited to, issues concerning the costs of voting machine storage, potential maintenance and operation costs of voting machines, polling places operating costs, experiences in other jurisdictions, and a cost/benefit fiscal analysis. The Task Force shall report its findings and recommendations, including whether an advisory ballot regarding mail-in voting should occur, to the Council and Executive no later than July 31, 2005. The Task Force shall sunset July 31, 2005.

Section 2. The County Executive is hereby requested to formulate a plan to further implement the Pre-Trial Services Program performance audit recommendations regarding indigency screening and related issues, including but not limited to, collective bargaining requirements to reorganize the service needed by the courts, and an appropriate staffing and management structure to include providing the necessary services, and the formation of an advisory committee to evaluate the present and future

role of the Pre-Trial Services Program. The Executive shall submit his recommendations, including a supplement appropriation ordinance if necessary, to the Council by February 28, 2005.

Section 3. The Director of Public Works shall re-draw the appropriate road shop boundary so that the entire South Hill Comprehensive Plan area is contained within a single road shop service district.

Section 4. The Human Services Department shall submit monthly report cards to the Council as recommended by the Puget Sound Behavioral Health Performance Audit and shall meet with the Public Safety and Human Services Committee on quarterly basis.

Section 5. The County Executive shall by March 1, 2005, present to the Council a strategy for achieving a monthly average cost/bed/day not to exceed \$833.27 inclusive of facility costs and professional fees. The strategy should include an examination of increasing the proportion of in-house medical staff at Puget Sound Behavioral Health (PSBH) and concomitantly reducing by 50 percent the total 2004 costs incurred for "agency" physicians, nurses, and other such medical personnel. In the recommended strategy, the Council requests the Executive to address all budget expenditure areas that are over budget as of the September financial status report for PSBH and are anticipated to be over budget in fiscal year 2005. The Council further requests the Executive to address implementation of Finding II. f and Recommendation 7 in the 2002 Performance Review of Puget Sound Behavioral Health, to provide information on how other counties address the issues related to shift and weekend differentials and float pools for medical staff, and to consider the current, nation-wide shortage of medical personnel a situation that may demand special accommodations or incentives.

Section 6. Sewer Utility staff are directed to meet with City of Lakewood and City of Milton staff to consider options for decreasing the Pierce County sewer permit processing time for projects within the boundaries of the cities of Lakewood and Milton. Sewer Utility staff shall make a recommendation to the Council by January 31, 2005.

Section 7. The Executive is requested to enter into a Memorandum of Understanding (MOU) with the developer of the Emerald Ridge Planned Development District (PDD), which facilitates the developer's assistance in construction of the 122nd Street East/136th Street East/Military Road East intersection project. The MOU should address the project permitting and review process, development phasing as it relates to the intersection construction, and intersection construction timelines.

Section 8. Planning and Land Services Department (PALS) shall provide monthly reports to the Council's Rules and Operations Committee beginning March 1, 2005. At the first such meeting, PALS shall present an implementation and monitoring strategy, including recommended performance measures, so that the Council may monitor the effectiveness of its operations. The monthly reports shall include, at a minimum, the Department's progress on implementing the November 2004 performance audit recommendations - including reduction of the permitting backlog, updates

regarding staffing level and hiring, compliance with performance measures and any facility enhancements.

Section 9. By March 31, 2005, Puget Sound Behavioral Health shall achieve a monthly average cost/bed/day not to exceed \$833.27, inclusive of facility costs and professional fees, unless the Executive presents to and the Council adopts an alternative rate and amends the 2005 Budget accordingly.

PASSED this 23rd day of November, 2004.

ATTEST:

PIERCE COUNTY COUNCIL
PIERCE COUNTY, Washington

Denise D. Johnson
Denise D. Johnson
Clerk of the Council

Harold Moss
Councilmember Harold Moss
Council Chair

Approved As To Form Only:

PIERCE COUNTY EXECUTIVE

[Signature]
Deputy Prosecuting Attorney

[Signature]
John W. Ladenburg
Approved Vetoed
this 1 day of Nov,
2004.

Date of Publication of
Notice of Public Hearing: November 17, 2004

Effective Date of Ordinance: December 11, 2004

FILE NO. 160

PROPOSAL NO. R2004-154s

Sponsored by: Councilmembers Shawn Bunney, Calvin Goings, and Harold Moss

Requested by: Pierce County Council

RESOLUTION NO. R2004-154s

A RESOLUTION OF THE PIERCE COUNTY COUNCIL IMPLEMENTING THE 2005 BUDGET, DECLARING CERTAIN COUNTY POLICY AND/OR REQUESTING INFORMATION FROM AGENCIES OF COUNTY GOVERNMENT.

WHEREAS, the Pierce County Council ("Council") enacted Ordinance No. 2004-107 on November 23, 2004, adopting the 2005 Budget for Pierce County; and

WHEREAS, in conjunction with the 2005 Budget, the Council wishes to declare its intent and County policy on certain matters and/or to request information from certain County Agencies; NOW, THEREFORE,

BE IT RESOLVED by the Council of Pierce County:

Section 1. The Council's Public Safety and Human Services Committee, with input and coordination with the City of Tacoma, will examine the Tacoma-Pierce County Health Department's (TPCHD's) current structure, duties and responsibilities, its operations, policies, funding, the interlocal agreement (ILA) establishing the TPCHD, and the ILA's effectiveness; will recommend changes, if any, and any other items the Committee deems appropriate; and will present a report to the Council by September 30, 2005, providing recommendations to the Council on whether the Department is functioning as the County intends. The TPCHD shall cooperate with and provide information to support the Committee's investigation.

Section 2. The Executive's quarterly financial reports shall contain an update regarding the Sheriff's Transition Fund, including attrition occurring in the previous quarter and estimated expenditures remaining for the fund.

Section 3. The Executive shall report to the Council at its first meeting in January regarding the outcomes of other municipal budgets that are expected to jointly fund or partner with Pierce County on certain projects in fiscal year 2005.

Section 4. The scope and construction of the Heritage Recreation Center (\$7,500,000) project shall not be reduced to address offsite road impacts. Of the \$7,500,000 budgeted to the project, approximately \$600,000 is designated to address offsite road impacts. In the event that the cost of offsite road improvements associated with the project exceeds \$600,000, the Pierce County Executive is requested to submit a supplemental budget which addresses any funding shortfall. Furthermore, in the event that such a supplemental budget is necessary, the Council requests that available fund balance be utilized as the revenue source. Funding levels of any existing programmed road and park improvement

projects shall not be reduced to fund the shortfall.

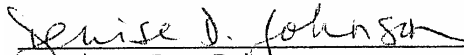
Section 5. The Council requests that the Executive examine the future sale of the 9th Street Pit and to provide a briefing by August 1, 2005, regarding the process and timelines associated with the sale of the property, estimate of proceeds from such a sale, and conceptual spending plan for these proceeds which directs a portion of the proceeds to the following road projects in future years:

- \$770,000 towards the Military Rd/Reservoir Rd-Intersection Project
- \$350,000 towards the Stone Road Roundabout Project
- \$350,000 towards the SR-7 Project and P-S-M Traffic Calming
- \$350,000 towards the 198th Avenue Project
- \$350,000 towards Capital Ferry Improvements
- Additional funds towards the 176th St Corridor Projects

ADOPTED this 23rd day of November, 2004.

ATTEST:

PIERCE COUNTY COUNCIL
PIERCE COUNTY, Washington

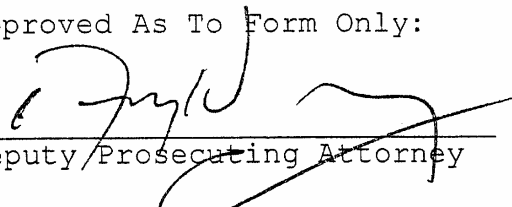


Denise D. Johnson
Clerk of the Council



Councilmember Harold Moss
Council Chair

Approved As To Form Only:

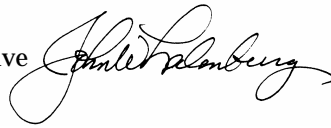


Deputy Prosecuting Attorney

October 17, 2004

TO: Pierce County Council

FROM: John Ladenburg, County Executive



SUBJECT: 2005 Pierce County Budget

Submitted herein is the proposed Pierce County Budget for fiscal 2005. This budget reflects the revenue limitations confronting county government (especially our General Fund), and the need to make priority decisions in order to preserve our most vital services. Even with our fiscal limitations, the County remains committed to effectively addressing the challenges and opportunities before us. These include public safety staffing, the operation of the New Jail, judicial system workload, growth management, effective land use planning and regulation, new habitat preservation responsibilities, our transportation network, flooding concerns, and intergovernmental cooperation. It is our responsibility to exhibit leadership in addressing these issues, and to provide cost-effective public services.

Budget Summary Highlights

The proposed 2005 Pierce County Budget totals \$802,196,734, which is an increase of 4.7% over 2004. Most of the growth is due to an increased construction program in non-General Fund departments. The General Fund budget will actually reflect a 1.5% reduction, which is the only such decrease in at least 20 years.

This is the fourth budget year that the County's General Fund has been impacted by the crippling effects of I-747 (1% property tax growth limitation). This has caused great difficulty for local entities in the State of Washington. This initiative, and the cutbacks in State funding resulting from their budget problems, have combined to create a severe budget crunch for local governments. The resultant revenue limitations have made it impossible for us to meet all the budget requests from our department directors, or to fully meet our public service obligations.

With these limitations in mind, we have gone to the voters twice in the last 12 months seeking additional taxing authority to augment our public safety and judicial system staff and services. Both measures failed to receive a favorable majority vote. Without these additional revenues, we have allocated whatever resources were available to enhance a few priority public safety and justice service programs, while simply maintaining other existing programs and services.

In terms of overall approach to the budget, the following assumptions, considerations, and priorities guided our deliberations and recommendations:

First, existing challenges involving general **criminal activity, domestic violence, meth labs and other drug activity will continue to place great pressure on public safety and justice services.** We have one of the lowest ratios of law enforcement officers to population, and conversely one of the highest crime rates in the state.

Second, we will continue to emphasize **pro-active prevention programs.** This budget funds many alternative to incarceration programs including: Breaking the Cycle, Drug Court, Alternative to Detention programs for juveniles, and new county contributions for a Youth Assessment Center and a Family Justice Center. These programs decrease criminal activity and reduce future jail costs.

Third, we are working through the staff and budget implications resulting from the termination of the **Sheriff's Lakewood contract.** It is our intention to provide one-time transition funding in 2005 for those "Lakewood related positions" which are not absorbed by transfers to Lakewood, Sheriff Department vacancies, or new contracts.

Fourth, we will enhance our **Land Use Regulatory** programs, provide solid **Road Maintenance and Road Construction** programs; and fund **substantial Parks and Recreation capital improvements** utilizing recently approved parks sales tax, real estate excise tax, and parks impact fees.

Performance Measures

For the 2005 budget we are continuing the department Performance Measures initiative, and have placed increased emphasis on the specificity of each Measure. These Measures focus on the most vital aspects of each department operation.

Historically Underutilized Business Program

In 2003, the County Council approved the Historically Underutilized Business ordinance (H.U.B.). The goal of this program is to encourage County contracting with those businesses so designated in order to broaden the scope of economic development in Pierce County. We are now in the initial implementation stages, and will be proposing some modifications which reflect our early experience. Our intention is to make it fully operational by the end of 2005, utilizing existing departmental resources. Hence there is no specific county budget for this program.

Our goal is to achieve a 2005 county-wide contract and purchasing participation rate in the 10%-12% range.

I. GENERAL FUND

As the name implies, this is the fund that receives undesignated revenues which can be budgeted for any appropriate County purpose. This fund finances the majority of the traditional services associated with County government. Most of the budget deliberations center around this fund since it provides the most flexibility in terms of resource allocation alternatives.

A. General Fund Revenues

A more detailed listing of General Fund Revenues is presented in the General Overview section of this budget document. A summary of the 2005 revenues, with a comparison to the current year, is shown in the table below.

Our revenue projections are based largely upon the following assumptions:

GENERAL FUND REVENUE SUMMARY				
	2005 Budget	2004 Budget	Absolute Change	Percent Change
Property Taxes	\$ 96,934,280	\$ 93,199,360	\$ 3,734,920	4.0 %
Sales Taxes	46,700,000	44,256,500	2,443,500	5.5
Other Taxes	2,189,070	2,175,050	14,020	0.6
Licenses and Permits	7,242,430	6,586,840	655,590	10.0
Intergovernmental Revenue	26,172,550	38,745,961	(12,573,411)	(32.5)
Charges for Services	32,007,120	31,575,709	431,411	1.4
Fines and Forfeitures	5,235,000	5,549,810	(314,810)	(5.7)
Interest Revenue	7,650,070	7,042,000	608,070	8.6
Other Miscellaneous Revenue	3,915,120	3,711,518	203,602	5.5
Subtotal Revenues	\$ 228,045,640	\$ 232,842,748	\$ (4,797,108)	(2.1) %
Fund Balance	4,380,000	3,164,395	1,215,605	38.4
Total Available Resources	\$ 232,425,640	\$ 236,007,143	\$ (3,581,503)	(1.5) %

- a) The local economy will grow at a moderate pace in 2005. The level of economic growth will be sharply less than that experienced in the 1995-2001 fiscal years, and more in line with recent experience.
- b) Inflation will be approximately 2-3% next year, thus giving a modest boost to Sales Taxes, Intergovernmental Revenues, and Charges for Services.
- c) Interest rates will rise slightly from their current very low levels, which will result in a small increase in investment revenues.
- d) We will continue to receive city contract revenues for several major services (principally police services, jail, roads maintenance, and court services), with the exception of the Sheriff Lakewood contract.
- e) Fee increases are proposed for the Clerk's Office, P.A.L.S., Assessor-Treasurer and the Parks and Recreation departments.

Based upon the above assumptions, an in-depth review of our revenue patterns, and the impact of the Sheriff's Lakewood contract, we are projecting a decline in General Fund revenues of 2.1% in 2005. The 2004 budget also included an allocation of \$3,164,000 in Prior Fund Balance. Since the recommended use of Prior Fund Balance in 2005 is higher at \$4,380,000, the resulting increase in **Available Resources** to finance next year's budget is a **negative 1.5%**.

It should be noted that the increase in 2005 Revenues would have been 3.8% if the Lakewood contract were factored out of the 2004 base. This percent is in line with recent revenue increases.

Following is a detailed discussion regarding the changes in each major category of revenue:

Property Tax revenue collections are projected to increase by 4.0% in 2005. This increase is based upon two factors. The first is the 1% available under I-747. The second, and most important factor, is the tax growth related to new construction and improvements.

Sales Tax revenues are projected to increase by 5.5% in 2005. This is based upon the actual revenue patterns for 2004 Y-T-D, coupled with projections for moderate growth in the next 12-16 months.

Other Taxes (gambling taxes, leasehold excise, etc.) are essentially unchanged from 2004.

Licenses and Permits are projected to grow by 10% in 2005. This assumes that the current high level of construction activity will continue into next year, and also reflects actual cable franchise fee levels which are running above the 2004 budget.

Intergovernmental Revenues reflect a sharp decline. With the exception of federal and state grants, most revenue items in this category are projected to show at least a moderate increase. However, the loss of the Lakewood contract (\$12,000,000) will result in an overall revenue loss of 32.5% in this category.

Charges for Services are estimated to be above the 2005 budget by 1.4%. This bottom-line change is composed of many increases or decreases in specific revenue sources, the most significant being:

- 1) Planning fees will exhibit a dramatic increase due to the implementation of the Directions Package, with associated new fees and increases in existing fees.
- 2) Election expense reimbursements will be significantly below 2004 because the state reimbursed us last year for the unusual costs associated with the September primary.

Fines and Forfeits are projected to be below the 2004 Budget by 5.7%, based mostly upon the actual revenue pattern in the current year (filings are down).

Interest Revenues are projected to show an increase in 2005, due to projected moderate interest rate hikes over the next 12 to 18 months.

Miscellaneous Revenues will increase by 5.5% in 2005, which largely reflects traffic enforcement and state forest revenues.

Prior Fund Balance use was budgeted at \$3,164,395 in 2004 for one-time building purchase or remodel expenses. For next year we are recommending that we allocate \$4,380,000, which will be used for Building Improvement expenses (\$3,000,000), Lakewood Transition (\$1,280,000) and the "Jobs Studies" (\$100,000). All of these are one-time expenses.

Percent Change in General Fund Revenues

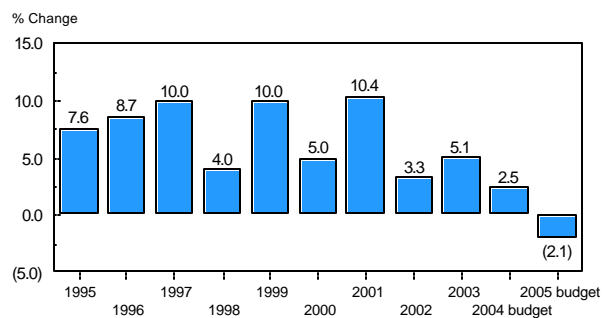


Figure 1

Comparative revenue increase figures for the last decade are shown in Figure 1. The projected decrease of 2.1% in 2005 is the only decline in the last eleven years, and is due to four factors:

- a) The end of the Sheriff's Lakewood contract (\$12,000,000) by itself equates to a 5.1% drop in General Fund revenues.
- b) Initiative 747 continues to erode our real financial base. The negative impact grows exponentially each year.
- c) In several of the preceding years there was a major new revenue source (e.g., state criminal justice funds, criminal justice sales tax, jail/juvenile sales tax, and the law levy transfer to the General Fund). No major new revenue source is included in the 2005 budget.
- d) During most years there are mid-year events which give rise to revenue increases, but which almost always are accompanied by at least a corresponding increase in related expenses (e.g., new specific grants, storm reimbursements, special elections). This could well happen again as fiscal 2005 unfolds; thus pushing the final percent increase above the originally budgeted 2.1% decline.

As you can gather from our earlier comments, I-747 casts a major shadow over our finances. This initiative limits the growth in taxes from existing property to only 1% per year (in place of the previously available 6%). Such a limitation, which is well below the level of inflation, imposes severe fiscal constraints on the County. The inevitable result is that service cutbacks and staff reductions become unavoidable, and will grow in future years. The annual revenue loss for the first four years affected by this initiative is in the next table, along with an estimate for 2006. The exact revenue loss over the next several years is difficult to precisely determine (depends upon inflationary increases in existing property values), but will likely reflect the same progression (close to \$4 million per year increase in the loss level).

General Fund I-747 Annual Loss		
2002	\$	3,482,800
2003		7,325,500
2004		10,903,900
2005		14,801,800
2006		18,901,000 est.
Total	\$	55,415,000

These are very significant revenue losses, and the annual amount in just fiscal 2005 is equal to 6.4% of our General Fund budget. By 2006, it could grow to over 8%. The cumulative 5 year loss is equal to the construction costs of the New Jail. The Road fund levy is also affected by I-747, with the 2005 loss estimated at \$4,000,000.

This initiative is causing an inexorable erosion in our financial foundation and will lead to significant long term reductions in public safety, the justice system, road maintenance, health services, and other vital county programs.

B. General Fund Expenditures

Even though we are projecting a decline in Available Resources of 1.5%, the remaining revenues will be sufficient to continue most programs and staff at the 2004 level (excluding the Sheriff Lakewood staff), with a few additions in vital areas as discussed below.

The next series of Expenditure tables summarize the 2005 General Fund Expenditure Budget, and compare it with the 2004 budget. The first table presents the General Fund according to **functional** category, while the second table simply lists each **departmental** budget.

As indicated by the functions table, the impact of the Sheriff's Lakewood contract termination is readily apparent. For the first time in at least 20 years, the gross amount allocated for Public Safety has decreased. However, since the Lakewood contract

GENERAL FUND EXPENDITURES BY FUNCTION

	2005 Budget	2004 Budget	Absolute Change	Percent Change
General Government	\$ 32,254,720	\$ 33,744,970	\$ (1,490,250)	(4.4) %
Public Safety	110,847,560	117,110,891	(6,263,331)	(5.3)
Physical Environment	1,877,140	1,855,090	22,050	1.2
Legal & Judicial	61,577,380	57,458,680	4,118,700	7.2
Economic Environment	15,556,880	14,616,267	940,613	6.4
Mental/Physical Health	3,488,210	3,469,090	19,120	0.6
Cultural & Recreation	6,823,750	7,652,155	(828,405)	(10.8)
Transportation	—	100,000	(100,000)	(100.0)
Total General Fund	\$ 232,425,640	\$ 236,007,143	\$ (3,581,503)	(1.5) %

equaled \$12,000,000 and the decrease in Public Safety is only \$6.3 million, we really have increased Public Safety expenses in the county by a considerable margin. The increase largely reflects a) full funding for the Sheriff's 24/7 patrol request, b) justice service enhancements listed later, and c) inflationary increases for existing staff and services.

Even with the large decrease in Public Safety expenses caused by the Lakewood contract termination, the combined total percentage allocated to Public Safety and Legal/Judicial Services is equal to 74.2% of the budget. This percentage (net of Lakewood) continues to grow by approximately 1% of the total each year, and is higher than other large Washington counties. This emphasis on public safety and justice services continues the pattern established over the last decade. Approximately 96% of all the staff added in the General Fund in the last decade have been in the Public Safety and Justice Services departments

As a cautionary note, the percentage change in a particular budget may not always be a valid indication of the extent to which a department's real inflation adjusted resources are growing (or decreasing) from the prior year. This is often the case because:

- a) Many departments had grants or service contracts in 2004 which are not renewed in 2005, or vice versa.

- b) Several departments have other unique items in 2004 which are not present in 2005 (special election costs, capital equipment purchases, one time projects, etc.).

It is necessary to review each department's situation in some detail to determine what is happening in 2005. I would refer the reader to the "Budget Highlights" section in each departmental budget for a fuller explanation of any budgetary changes.

As shown in below Figure 2, the 1.5% budget decrease for expenditures is considerably less than all previous years in the last decade (and the only negative figure).

Percent Change in General Fund Expenditures

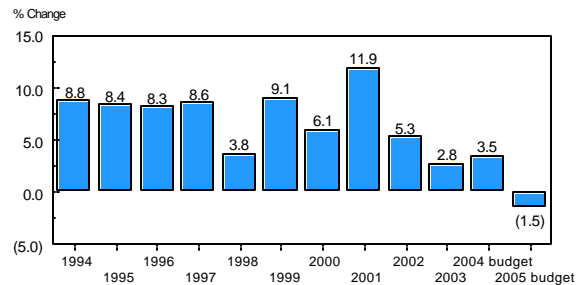


Figure 2

All figures based on the Executive's original proposed budget

GENERAL FUND EXPENDITURES BY DEPARTMENT				
	2005	2004	Absolute	Percent
	Budget	Budget	Change	Change
Assessor/Treasurer	\$ 10,545,580	\$ 9,621,630	\$ 923,950	9.6 %
Assigned Counsel	11,430,360	10,839,080	591,280	5.5
Auditor	6,043,520	7,277,170	(1,233,650)	(17.0)
Bond Debt Service	1,126,540	1,377,290	(250,750)	(18.2)
Budget & Finance	4,567,260	4,351,970	215,290	4.9
Building Remodel Projects	3,000,000	2,000,000	1,000,000	50.0
Clerk	4,277,110	4,075,120	201,990	5.0
Communications	638,040	595,130	42,910	7.2
Corrections	38,811,600	37,336,860	1,474,740	3.9
County Council	3,328,440	3,222,140	106,300	3.3
County Executive	995,900	969,010	26,890	2.8
District Court	7,213,590	6,956,930	256,660	3.7
District Court Probation	2,638,210	2,526,020	112,190	4.4
Economic Development	890,220	1,154,070	(263,850)	(22.9)
Emergency Management	2,659,890	2,586,020	73,870	2.9
Health Services	3,062,700	2,995,310	67,390	2.2
Human Resources	2,924,900	2,785,850	139,050	5.0
Juvenile	16,839,110	16,605,981	233,129	1.4
Medical Examiner	1,762,650	1,716,210	46,440	2.7
Miscellaneous Current Expense	4,807,970	5,230,545	(422,575)	(8.1)
New Jail Reserve	—	2,000,000	(2,000,000)	(100.0)
Parks and Recreation Services	5,936,840	6,266,390	(329,550)	(5.3)
Planning and Land Services	14,225,810	13,085,457	1,140,353	8.7
Prevention Services & Programs	1,350,000	1,237,500	112,500	9.1
Prosecuting Attorney	21,651,650	21,060,200	591,450	2.8
Sheriff	46,415,720	54,094,370	(7,678,650)	(14.2)
Sheriff Transition	1,280,000	—	1,280,000	—
Special Projects	1,959,080	2,365,770	(406,690)	(17.2)
State Auditor	162,710	194,410	(31,700)	(16.3)
Superior Court	11,251,470	10,873,660	377,810	3.5
WSU PC Extension	628,770	607,050	21,720	3.6
Total General Fund	\$ 232,425,640	\$ 236,007,143	\$ (3,581,503)	(1.5) %

2005 SERVICE & PROGRAM CHANGES

As indicated earlier there are only a few major changes in the 2005 General Fund budget, and those are indicated below:

Sheriff

- The budget includes funding for the full “24/7” patrol coverage (18 positions)
- The budget also reflects the impact of the Lakewood contract termination (103 positions)

Prosecutor

- Funding for 2 positions (1 attorney and 1 legal assistant) in the criminal division

Superior Court

- Includes a new criminal case manager position
- Judicial Assistant positions are increased to a 7½ hour day

Human Resources

- Funding for an office assistant position for general clerical support

Assigned Counsel

- Reflects the addition of 4 staff positions (2 attorneys and 2 legal assistants) to address caseload responsibilities
- Includes a mitigation investigator position to replace extra hire and outside services

Budget and Finance

- Those staff still on a 7½ hour day are moved to an 8 hour day

Miscellaneous Current Expense

- A \$127,000 allocation for the General Fund's share of the proposed Family Justice Center. The county's Community Development fund will also allocate \$200,000 for this project; and the county's total \$327,000 contribution will be matched by the City of Tacoma. Other funding will also be provided by the Puyallup Tribe and the City of Lakewood. The Center will provide a coordinated response to victims of domestic violence and their children from a single location near the court system. It is a collaborative effort involving the community and the various criminal justice agencies.
- A \$110,000 potential contribution for the Youth Assessment Center in the Parkland-Spanaway area. This Center, which will be funded from several sources, will provide reception, assessment, crisis intervention, case management, referral and follow-up services for

up to 1,000 youth and families throughout the county. A similar center is also envisioned in the City of Tacoma if state funding and Tacoma budget allocations are secured.

New Jail Reserve

- Since the New Jail and the Remodeled Main Jail projects are completed and staffing is included in the Corrections budget, this account is being discontinued

Sheriff Transition

- With the termination of the Sheriff's Lakewood contract, we will be eliminating related positions from the Sheriff's budget. The majority of these employees have been a) hired by the City of Lakewood, b) slated for the 24/7 coverage, c) transferred to existing vacancies in the department, or d) been funded by new contracts or grants. However, there are approximately 15 employees who have not been covered by the above, and it is our recommendation that we provide one-time funding in 2005 for these individuals (from prior fund balance). Hopefully we can transition these employees into new vacancies/grants/contracts which develop in 2005.

Planning and Land Services

- Funding for the new “Directions Package” (13 staff beginning March 1) funded through both fee increases and the implementation of fees already approved
- Five new positions in the building division (4) and development engineering (1) to address backlog and timeline issues

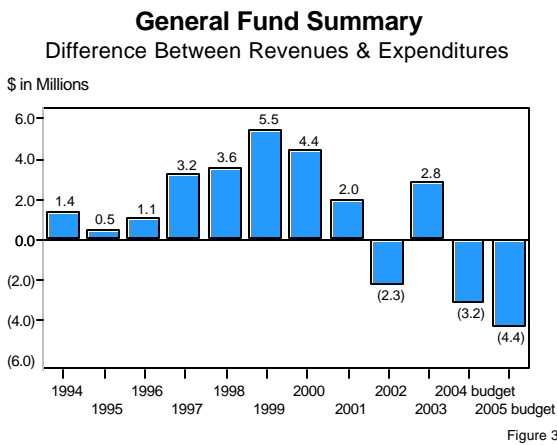
Auditor

- A new clerical position in the Recording division
- County match monies for our potential share of Help America Vote Act responsibilities (\$100,000)

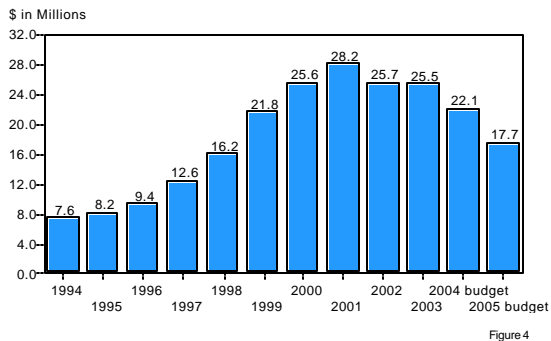
The remaining General Fund departments not mentioned above experienced a largely status-quo budget.

C. Use of Prior Fund Balance

Figure 3 and Figure 4 present the actual financial results for the General Fund during the 1994-2003 period, and the budgeted amounts for 2004-2005. As indicated in Figure 3, the trend during the last decade has been largely positive. Both a strong economy and prudent fiscal policies have produced favorable financial results. However, the actual results for 2002, and the budgeted deficits for 2004 and 2005, reflect a changed fiscal environment. In fiscal 2004 we have budgeted a \$3.2 million deficit, most which is for one-time expenses. The proposed 2004 budget also reflects a deficit (\$4.4 million); again for one-time expenses.

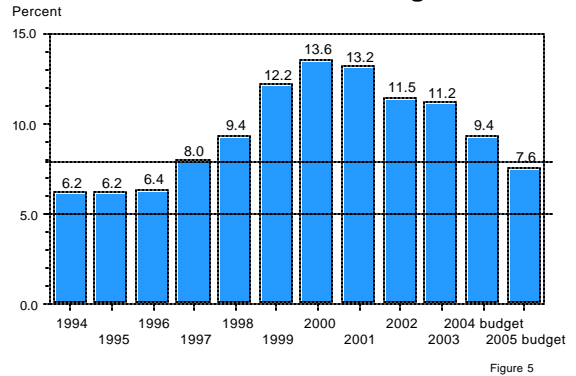


Unreserved General Fund Balance



If the 2004 actual results match the budget, the General Fund balance will be approximately \$22.1 million at the end of 2004 (see Figure 4). It is the County's policy to maintain a fund balance for emergency and working capital purposes which is between 5% and 8% of the budget. We will still be slightly above that range at the end of fiscal 2004, but slightly below the top of the range at the end of 2005 (as shown in Figure 5).

Unreserved General Fund Balance as a Percent of the General Fund Budget

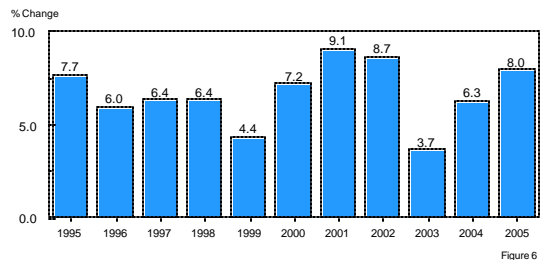


It should be noted that the preceding charts for 2004-2005 represent the budgeted figures. It is our hope that fiscal 2004 actual results will be slightly more positive than budgeted. However, the net fiscal impacts of the 2004 Lakewood police transition make projections somewhat uncertain.

D. Tax Rates and Assessed Valuations

The growth in assessed valuation from 2004 to 2005 was approximately \$3.9 billion (8.0%), which is above the average growth experienced in the last ten years. Approximately 36% of this growth is from new construction, with the remaining 64% due to revaluations of existing properties. Percent changes in Assessed Valuation totals for the preceding ten years are shown in Figure 6 below.

Percent Change in Assessed Valuation



The 1% revenue growth limitation, coupled with the growth in the valuation of existing property, will result in tax rate decreases in 2005 as shown in the following table.

General Tax Rates	2005	2004
A. General Levy (\$1.80 max.)		
General Fund	\$ 1.4940	\$ 1.5233
Veterans Relief	0.0095	0.0097
Social Services	0.0211	0.0215
Total General Levy	\$ 1.5246	\$ 1.5545
B. Road Levy (\$2.25 max.)		
	\$ 2.0765	\$ 2.1635

Please keep in mind that the County's General Fund share of the property tax is only 11% of the total. Most of the property taxes paid by our citizens are allocated to the State of Washington, Cities, and Local Schools.

E. Prognosis for Fiscal 2006

In this uncertain time it is difficult to confidently project ahead to fiscal 2006. Based upon our best "crystal ball" judgments, this is what we see:

- The state and local economies should enjoy a period of moderate growth over the next 24 months.
- It is likely that fiscal 2006, without the approval of any new tax increase measure, will be worse than fiscal 2005 for the following reasons:
 - a) the impact of I-747 becomes progressively worse with each passing year
 - b) State budget problems will likely result in more reductions in grants and allocations to local units of government
 - c) the impact of the New Jail (with the possible need for an additional pod) will add to our Corrections Department expenses
 - d) salary increases will be above the 1% property tax limitation, and health benefit increases will be significantly above the level of general inflation.
 - e) State pension projections reflect a dramatic increase for PERS and LEOFF rates, starting in mid 2005.
 - f) another significant property tax reduction initiative may be placed on the fall 2005 ballot.

the grant funding process, these budgets often vary significantly from year to year. The major 2005 changes are as follows:

- The decrease in **Community Action** is primarily due to reductions in the energy services and employment and training programs.
- The 2005 budget for **Community Development** reflects a reduction in the federal CDBG allocation.
- The 2005 budget for the **Housing Repair Program** is 10% less than 2004 due to decreases in the supporting housing programs.
- The 2005 budget for the **Low Income Housing Fee Fund** reflects the anticipated carryover of 2004 revenues to be made available during the funding rounds occurring semi-annually.
- **Human Services** shows a slight decrease in overall funding, which is composed of budget increases for the Mental Health and Chemical Dependency programs, and decreases for Building Projects, Aging and Long Term Care and Developmental Disabilities.
- The **Puget Sound Behavioral Health** fund reflects an overall increase in direct services projected for next year.

Community Services & Human Services			
Fund	2005 Budget	2004 Budget	% Change
Community Action	\$ 5,881,770	\$ 6,547,261	(10.2)%
Community Development	5,195,020	5,599,460	(7.2)%
Housing Repair Program	6,094,170	6,736,257	(9.5)%
Low Income Housing Fund	4,100,000	3,500,000	17.1 %
Human Services	93,270,270	93,504,940	(0.3)%
Puget Sound Behavioral Hlth	13,678,880	12,001,570	14.0 %
Total	\$ 128,220,110	\$ 127,889,488	0.3 %

II. OTHER COUNTY FUNDS

A great many of the County's programs are financed from sources outside of the General Fund. In total, these funds have combined expenditures well in excess of the General Fund budget. However, the nature of the revenue sources mandate that **these monies can only be used for specific activities**. Hence, they are budgeted and accounted for in separate funds. Summary figures for each fund can be found in the Total Expenditures/Expenses table of the General Overview section.

A. Community Services & Human Services Funds

The County is a major provider of community and human services through programs funded primarily from state and federal grants. Due to the vagaries of

It is our belief that the funding from state and federal sources is simply inadequate to finance the service levels which ought to be provided. We are working with state and federal agencies in an attempt to increase the funding levels, and it is possible that additional grant monies will be secured in 2005. However, even these potential new grants will probably be insufficient to cope with many of the human service needs in Pierce County.

Even though most of the funding for these human and community service programs comes from state and federal grants, the General Fund and other locally generated revenues still provide a sizeable contribution, as indicated in the following table. In addition, many of the General Fund dollars allocated to the Health Department will in turn be budgeted for social and human services.

AIDS Foundation.....	\$18,300
Alliance for Youth.....	20,000
Breast Cancer Awareness Center.....	20,800
Centro Latino.....	41,590
Community Action Grant Match.....	50,000
Day Care Referral Program.....	19,010
Domestic Violence Commission.....	101,250
D.U.I. Program.....	8,290
Emergency Food Network.....	11,650
Family Counseling Services.....	3,130
Involuntary Commitment Program.....	98,000
Mental Health Services in the Corrections operations.....	669,980
Pierce County Alliance – CRESTOS.....	7,490
Senior Centers.....	179,230
Sexual Assault – Allenmore.....	9,150
Social Service Programs (earmarked property taxes).....	1,124,750
Social Service (substance abuse program from liquor taxes).....	31,080
TACID.....	23,560
Community Action Beyond the Borders.....	25,000
Domestic Violence Hotline.....	28,050
YWCA Domestic Violence Shelter.....	56,950
Youth Assessment Center.....	110,000
Family Justice Center.....	127,000
	<u>\$2,784,260</u>

B. Transportation Services

The county has major transportation responsibilities, and accounts for these responsibilities and service costs in six major funds:

County Roads – roadway and traffic maintenance services, and allocations for construction projects

Roads Construction Fund – new construction and major roadway repair projects

Ferry Services – operating and capital expenses related to Ferry services to the Islands

Airport – capital, operating and maintenance expenses at the Pierce County Airport

Roads Second REET – major specific capital projects.

Transportation Facilities – major facility projects.

The 2005 budgets, with comparisons to 2004, are show below:

Transportation Services Funds			
Fund	2005 Budget	2004 Budget	% Change
Roads Fund	\$62,861,550	\$66,860,370	(6.0)%
Road Construction Fund	53,313,000	38,266,000	39.3 %
Ferry Services Fund	13,947,330	7,211,370	93.4 %
Airport Fund	535,830	585,610	(8.5)%
Roads Second REET	10,736,680	11,044,060	(2.8)%
Transportation Facilities	26,600,000	5,304,000	401.5 %

The major items of note for next year are:

Roads Fund – two new staff positions, and significant allocations for roadway construction projects and ongoing maintenance responsibilities.

Roads Construction Fund – reflects a substantially enhanced capital construction program.

Ferry Services fund – major allocations are provided for a new ferry boat, and repairs to the Anderson Island landing.

Roads Second REET – reflects a major capital improvement program in 2005

Transportation Facilities – construction of the Combined Roads Maintenance Facility, design for a possible Transportation Services Building, and construction of the Rhodes Lake Maintenance Facility.

C. Parks and Recreation Funding

Although the County's General Fund provides a direct allocation for parks and recreation services (\$5.9 million in 2005), there are several other county funds which provide parks and recreation services or which construct, repair or enhance parks and recreation facilities. The 2005 Budgets for these funds are as follows:

Parks Funds	
Conservation Futures	\$3,077,970
Parks Impact Fees	1,755,750
Parks Sales Tax	1,850,000
Peninsular Recreation Programs	320,000
Parks Second REET	3,003,260
Paths and Trails	2,743,120
Parks Bond Construction Fund	13,708,890
Parks Construction Fund	2,712,270
Golf Courses	1,104,200
Total	\$30,275,460

Although this \$30.3 million total includes some double counting (transfer between funds for project accounting purposes), the above allocations still represent an enormous commitment by the County and its citizens to greatly enhanced parks and recreation programs – both for new facilities as well as for annual programs and services.

D. Environmental Services

The county Public Works and Utilities Department has five funds which deal with environmental issues. These funds and budgets are listed below:

Environmental Services Funds			
Fund	2005 Budget	2004 Budget	% Change
Sewer Utility	\$81,363,770	\$81,890,090	(0.6)%
Surface Water Management	19,332,880	18,642,220	3.7 %
Solid Waste	4,765,630	4,902,140	(2.8)%
Water Utility	198,750	162,830	22.1 %
River - REET	2,664,520	1,779,800	49.7 %

The major aspects of each fund can be summarized as follows:

- **Sewer Utility** – the budget includes 9 new positions – 3 engineers in development engineering to speed-up the permit review turnaround times, 2 staff for capital and environment projects and documents, 2 treatment plant operators, and 1 information technology and 1 records specialist position (both shared with the solid waste and surface water management funds). The budget also reflects a rate increase (average 3%).
- **Surface Water Management** – the budget reflects 2 additional positions for inspections and basin plan implementation.
- **Solid Waste** – reflects a new supervisor position for the Pierce County Responds program.
- **Water Utility** – reflects an increased allocation for consulting services relative to the County's Water General Plan.
- **River REET** – the 2005 budget reflects flood plain land acquisitions, and the Old Soldiers Home Setback Levee project (whose status is currently uncertain).

E. Internal Service Funds

Internal Service Funds provide services, supplies, and equipment to other County departments, which pay for these services through various billing systems. In essence, these funds operate under the enterprise fund business model, except that their customers are other County departments. The long-range goal is to establish rates which will pay all

operating and capital costs, and to insure that the General Fund does not need to subsidize these activities.

Internal Service Funds			
Fund	2005 Budget	2004 Budget	% Change
Equipment Services	\$12,706,240	\$10,240,150	24.1 %
Information Services	16,056,770	15,497,760	3.6%
Facilities Management	10,171,810	9,918,760	2.6 %
Radio Communications	1,933,330	2,003,125	(3.5)%
Fleet Rental	3,521,020	3,724,720	(5.5)%
General Services	2,900,800	2,821,480	2.8 %
Self Insurance	8,323,870	8,221,350	1.2 %
Workers Compensation	2,902,510	2,785,060	4.2 %

The following summarized any **significant** changes in the 2005 budgets:

Equipment Services Fund – the increase results from both scheduled vehicle replacements, and requests for new additions to the fleet.

Information Services – reflects 2 additional positions added for systems development and support functions.

Many of these internal service funds will rely upon prior fund balance in order to support their 2005 budgets. This results from both the scheduled replacement of capital assets using depreciation reserves, and our desire to keep charges to other funds (especially the General Fund) to a minimum.

F. Special Revenue & Other Funds

The remaining County Funds have been established by state law or county ordinance to separately record the revenues and expenditures associated with specific programs. The most important 2005 budget highlights are:

- 1) The **Imaging System** fund contains major allocations to preserve the oldest records in the Auditor's Office, image the "property cards" and other documents in the Assessor's office, and assist in the preservation of official county records in the Public Works department.
- 2) **911 System Fund** includes major allocations for technology improvements as well as partial funding for the new E.O.C.
- 3) **REET Capital Improvement Fund** – includes a substantial construction and repair program affecting several county facilities.
- 4) **Chambers Creek Golf Course Fund** - provides for the design costs for both the course and clubhouse, and the 2005 course construction expenses.

- 5) **Emergency Management Grants Fund** - reflects the continued increase in the number and dollars from federal emergency management grants (mostly related to homeland security). The proposed budget for next year is now up to \$4.9 million.

III. UNRESOLVED ISSUES

Most issues are resolved during the budget preparation and adoption process. However, there are usually several issues which will “play-out” later once the new year is underway, and as developments unfold or new information becomes available. This budget is not unusual in that respect. We have several issues that are still in their formative stages, and which will need a resolution, and perhaps additional funding, in 2005.

Pension Rates – the State Department of Retirement is recommending that **extremely** large increases in Pension rates be enacted on July 1, 2005. The proposed increases are as follows:

	Current Rate	Proposed Rate	% Increase
PERS	1.40%	5.21%	272%
LEOFF	3.26%	4.72%	45%

Further dramatic increases are proposed for 2007 and 2009. If these increases are approved by the State Legislature as proposed, the additional **unbudgeted** costs in 2005 (we budgeted 12% as of July 1, 2005) would be:

General Fund	\$	2,000,000
Other Funds		1,300,000
Total	\$	3,300,000

Since this is a mid-year increase, the full cost impact in 2006 would be double the above figures.

We will diligently follow this issue in early 2005 as the State addresses retirement system rates through its 2005-2007 budget process. If rate increases which approach the levels referenced above are approved, we may be forced to modify our 2005 budget in mid-year. That modification would likely result in a reduction in service and staffing levels.

Office Space/Courtrooms — we are renting at least 200,000 sq. ft. of office and storage space, at an estimated cost in excess of \$2,000,000. This problem becomes more acute each year, and needs to be addressed in the near future. A more immediate space problem concerns the Superior Court, which

needs additional courtrooms, judges chambers, and space for support staff. We are hopeful that the remodeling of the Corporate Express Building, the City's vacating the County-City Building, the move of Community Services to the P.S.B.H. facility, and the potential purchase of the “Hess Building” will provide the needed county-owned space.

Habitat Preservation — the County's responsibilities under the Endangered Species Act are still unfolding, and subject to a future series of federal and state guidelines, plan approvals, modified practices, and Council adopted regulations.

We have already budgeted significant monies to fund our participation in this process, to assist in the generation of the necessary regulations and plans, and to finance several capital improvements. It is uncertain whether additional allocations may be required to fully comply with all that will be eventually mandated by this Act.

New Jail Operation — we originally planned to house an average daily population of 1,412 when the New Jail first opened in 2003. However, the jail population levels have consistently remained below 1,300, and thus we reduced our staffing levels accordingly in 2004. Compliance releases still occur, but are not at a level thus far which would cost justify opening a new 84 bed pod. This could change in the future due to any number of factors, and we need to be prepared to respond as circumstances require (hence the proposed September tax measure).

Emergency Operations Center — both the Executive and Council feel that the current location of the emergency operation center in the basement of the County-City Building is inappropriate. It is our current plan to partner with the City of Tacoma (and perhaps other jurisdictions) to co-locate a permanent joint facility at the Corporate Express Building. We are in the early stages of design and cost estimation, and have not yet finalized the financial plan for the project.

New Jail Construction Costs — we have completed and opened the New Jail, and completed the remodeling of the Main Jail. Due to several construction and system cost issues which have yet to be resolved, we do not have a final total cost figure for the New Jail project. It is our belief that monies in the Jail Construction fund (e.g. interest earnings) will be sufficient to pay for any additional expenses without the need for a General Fund allocation.

SUMMATION

The 2005 budget is being submitted to the County Council at a time of unusual fiscal stress. Issues surrounding the general state of the economy, Homeland Security responsibilities, the crippling affects of I-747, and the impact of the State's fiscal difficulties argue for a cautious approach to next year's budget. We are also advising caution with regard to the use of any fund balance reserves. It is my view that the use of reserves should only be for one-time activities or projects (e.g. new facilities, building remodeling, transition expenses), or for emergencies. They should not be allocated for ongoing staff and programs.

Despite these pressures and uncertainties, this budget moves us forward in many vital arenas:

- funding for Sheriff's Department full 24/7 patrol coverage
- major new parks and recreation facilities and improvements
- a significant transportation improvement program
- major improvements in the staffing levels at P.A.L.S. and the Sewer Utility to deal with permit backlog issues and the implementation of the Directions Package

