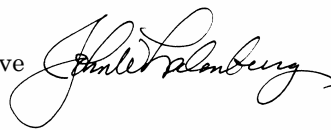


EXECUTIVE MESSAGE
&
ADOPTING ORDINANCES

December 5, 2005

TO: Pierce County Council

FROM: John Ladenburg, County Executive



SUBJECT: 2006 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	\$500,000
Licenses and Permits	110,000
Intergovernmental Revenues	54,000
Charges for Services	415,000
Miscellaneous – Interest Revenues	620,000
Carryover Balance (2005)	<u>1,131,693</u>
Total	\$2,830,693

B. General Fund Expenditures

Emergency Management	\$80,000	Emergency Coordinator position
Economic Development	120,000	Assistant Director (\$70,000) Reading Foundation program (\$50,000)
Sheriff	688,425	5 Neighborhood Patrol Officers (\$500,000) Full staffing allocation (\$125,000) Marine Services (\$63,425)
Superior Court	100,000	Court Commissioner and Legal Assistant (7-1-06)
Miscellaneous Current Expense	1,427,268	Several program changes
Special Projects	130,000	Performance Audit analysis (\$50,000) County Ombudsman (\$80,000)
Planning and Land Services	<u>285,000</u>	6 positions plus outside services
Total General Fund	\$2,830,693	

II. Other Funds

Rainier Communications Commission	\$(20,030)	Staff reduction (-\$70,030) and Special Council Project (+\$50,000)
Drug Investigation Fund	94,190	1 Deputy position
Parks Sales Tax Fund	1,812,950	Additional projects
County Road Fund	35,000	Lobbying activity
Second REET Parks	820,000	Additional projects
Paths and Trail Fund	2,194,950	Additional projects
Surface Water Management Fund	55,000	Trout and Lobbying activities
Parks Construction Fund	1,195,000	Additional Projects
Sewer Utility Construction	(375,000)	Project modifications
Fleet Rental	155,000	6 additional vehicle purchases
Tacoma-Pierce County Health Dept	<u>225,000</u>	Dental Alternatives program
Total Other Funds	6,192,060	
Total All Funds	<u>\$9,022,753</u>	

Adopting Ordinances & Resolutions:

For 2006, the County Council adopted a second Ordinance and one Resolution as companion documents to the Budget Ordinance. All three documents are included herein.

- Ordinance #2005-92s is the standard Budget Ordinance.
- Ordinance #2005-96s implements the 2006 Budget further by directing certain actions by Boards, Commissions, and Departments.
- Resolution #2005-138s declares certain County policy and/or requests information.

Sponsored by: Councilmember Shawn BunneyFile No. 17

Requested by: County Executive/Budget and Finance

ORDINANCE NO. 2005-92s

An Ordinance of the Pierce County Council Adopting the Annual Budget of Pierce County for the Fiscal Year 2006.

Whereas, the County Executive has submitted a balanced budget to the Council for fiscal year 2006; 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 2006, which includes (a) the creation of the Assigned Counsel Conflict Office in the General Fund, and (b) the creation of the REET Electronic Technology Fund.

General Fund Revenues:

Taxes	\$ 154,301,630
Licenses and Permits	8,964,520
Intergovernmental Revenue	27,405,110
Charges for Services.....	34,059,360
Court Fines	4,943,950
Miscellaneous Revenue	14,504,030
Use of Fund Balance	4,500,000
Carry Over	<u>1,131,693</u>
Total General Fund	\$ 249,810,293

General Fund Expenditures:

WSU PC Extension.....	\$651,320
Assessor-Treasurer.....	10,585,010
Prosecuting Attorney.....	22,762,940
Auditor	7,389,760
Emergency Management	3,009,950
Clerk of the Superior Court	4,606,080
County Council	3,560,870
County Executive	1,037,920
Communications.....	626,920
Budget and Finance	4,801,120
District Court	7,492,120
Juvenile.....	17,606,340
Economic Development	1,006,380

PROVIDED, up to \$50,000 of this appropriation shall be expended towards funding the Pierce County Reading Foundation.

PROVIDED, up to \$70,000 of this appropriation shall be utilized to hire an assistant Economic Development Manager.

Health Services.....	3,041,020
District Court Probation	2,750,100
Corrections.....	40,752,380
Sheriff	50,006,105

PROVIDED, one new position funded by the Drug Investigation Fund shall be dedicated to the Peninsula detachment.

PROVIDED, that all fees and fines collected from alarm business registration and false alarm fees shall be expended by the Sheriff only for the following items, and in the following order: first, to recover the cost of administering the alarm business registration and false alarm ordinance; second, for Sheriff Department capital, maintenance, and operational costs directly related to responding to false alarms; third, for other operational costs related to alarms such an education campaign to reduce the incidence of false alarms.

PROVIDED, one hundred percent (100%) of the boat launch fees realized at Lake Tapps and Lake Spanaway respectively shall be utilized by the Pierce County Sheriff for providing lake patrol at each lake.

PROVIDED, up to \$13,425 may be utilized by the Pierce County Sheriff to remove abandoned, or derelict vessels that are afloat from the waters in and around Pierce County.

PROVIDED, for the Marine Services Unit, in addition to the amounts provided in the proposed Executive’s budget, up to \$20,000 of this appropriation may be used for additional training and up to \$30,000 may be used for additional overtime.

PROVIDED, up to \$500,000 of this appropriation shall be used solely to fund/hire five additional neighborhood patrol deputies (NPD) (one each in the Peninsula and Foothills Detachments, and three in Central Patrol – assigned generally consistent with the map attached to this amendment), which shall be in addition to the current NPD program (three in the Central Patrol, one each in the Mountain, Peninsula, and Foothills Detachments), bringing the total NPD Program to a staffing total of 11 NPD’s; PROVIDED FURTHER, up to \$125,000 of this appropriation shall be utilized solely to ensure the full-time staffing of the Sheriff’s Department; PROVIDED FURTHER, that the Neighborhood Patrol Deputy Program shall be fully staffed as soon as is practicable and, from the effective date of this Ordinance, shall be considered a permanent on-going program similar to the Community Support Team (CST) Program.

Medical Examiner	1,701,920
State Auditor	172,100
Superior Court.....	12,252,390

PROVIDED, up to \$100,000 shall be utilized by the Court for hiring a Court Commissioner and related legal assistant effective July 1, 2006; PROVIDED FURTHER, prior to the expenditure of funds for this purpose, the Court shall present a feasibility plan to the Council for implementation opportunities for the use of electronic/video reporting in courtrooms, the electronic tracking of recoupment payment orders issued by the Court, and working with the Clerk of Superior Court, reconciliation of LINX and SCOMIS data in pending cases and the Council must adopt a resolution authorizing further expenditures.

Miscellaneous Current Expense	5,784,738
-------------------------------------	-----------

PROVIDED, up to \$12,500 of this appropriation shall be utilized by Aging and Long Term Care (Human Services) toward the Key Peninsula Community Services Center.

PROVIDED, up to \$20,000 of this appropriation may be utilized by the Firearms Advisory Commission for operational expenses.

Bond Debt Service	1,369,500
Prevention Services & Programs	1,450,000

PROVIDED, \$35,500 of this appropriation (undispersed funds) shall be allocated solely to the East Pierce County Domestic Violence Program.

Special Projects.....	2,530,010
-----------------------	-----------

PROVIDED, there shall be no expenditures towards the scanning, imaging, and restoring of historical records beyond the sum of \$25,000 until such time as the Executive provides the Council with an analysis and overview of the Historic Documents Program and the Council adopts a resolution authorizing the Program to move forward and authorizes further expenditures for this purpose.

PROVIDED, up to \$50,000 of this appropriation shall be expended by the Performance Audit Office to contract out for data and statistical analyses for County departments.

PROVIDED, up to \$80,000 of this appropriation shall be used to hire a County Ombudsman. The Ombudsman shall be employed by and at the discretion of the County Council, who shall establish the Ombudsman’s duties and responsibilities.

Parks and Recreation Services	5,965,210
Planning and Land Services	16,492,060

PROVIDED, up to \$100,000 of this appropriation shall be utilized to fund land use advisory commissions.

PROVIDED, the Department shall utilize up to \$20,000 of this appropriation to begin its review and examination of Pierce County’s Shoreline Master Plan and to begin the process to update the Plan.

PROVIDED, up to \$50,000 may be expended by the Pierce County Fire Marshal to contract out for services to facilitate and reduce its backlog of building and development permit review.

Assigned Counsel.....	12,234,930
Assigned Counsel Conflict Office.....	228,840
Human Resources.....	3,292,260
Building Remodel Projects	4,650,000
Total General Fund	\$249,810,293

Other Fund Expenditures & Revenues:

Veterans' Relief Fund.....	582,690
Geographic Information System Fund	3,109,710
Auditor's Maintenance and Operations	1,450,000
Criminal Justice Fund	872,100
Conservation Futures Fund.....	21,949,100

PROVIDED, up to \$50,000 of this appropriation shall be utilized by the Parks & Recreation Services Department to proceed with implementing Phase II of the Purchase/Transfer of Development Rights Program for agriculture resource lands. Upon completion of Phase I, and completion of the Strategic Plan for Economically Viable Agriculture in Pierce County, and the Council adopts a resolution authorizing further expenditures from this Fund, Phase II of the study may proceed.

Arts & Cultural Services.....	232,240
-------------------------------	---------

Dispute Resolution Center Fund	150,000
Pierce County Fair	184,060
Puget Sound Behavioral Health	12,222,850
Human Services Fund.....	79,409,920
Rainier Communications Commission	1,172,460

PROVIDED, there shall be no expenditures from this fund towards the proposed digital streaming and archiving system until such time as the Executive provides the Council with an implementation strategy and a report on the request for proposals for this purpose prior to it being put out for public bid.

PROVIDED, up to \$50,000 of this 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	132,000
Detention Center Commissary	700,000
Federal Forest Services Fund.....	160,700
Drug Investigations Fund.....	755,430
REET - River Improvement	5,918,220
911 System.....	5,467,090
Housing Repair Program	6,412,190
Community Development Fund.....	5,169,710
Low Income Housing Fee Fund	5,218,800
Homeless Housing Fund	1,235,000
Emergency Management Grants Fund	3,284,110
Endangered Species Act	204,400
Parks Impact Fee Fund.....	2,979,310
Parks Sales Tax Fund	5,436,030

PROVIDED, up to \$118,000 of this appropriation shall be utilized for maintenance and operation purposes at the following Gig Harbor Peninsula parks: The Fox Island Fishing Pier; the Hales Passage Community Center; Narrows Park; and Sunrise Beach.

Second REET Parks Fund	2,320,000
Second REET Roads Fund	5,171,820
County Road Fund.....	60,382,960

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.

PROVIDED, up to \$125,000 of this appropriation may be utilized by Government Relations for expenditure towards Pierce County's federal legislative efforts.

Paths and Trails	4,315,930
Surface Water Management Fund	25,917,630

PROVIDED, up to \$25,000 of this appropriation shall be utilized for the County's matching contribution towards the Cooperative Trout Enhancement Program (CTEP).

PROVIDED, up to \$30,000 of this appropriation may be utilized by Government Relations for expenditure towards Pierce County's federal legislative efforts.

PROVIDED, up to \$15,000 of this appropriation shall be utilized to support the Friends of the Hylebos Stream Team.

PROVIDED, no funds for acquisition of property for projects D340, Gig Harbor Basin Floodplain Acquisition; D170, Rocky Creek Key Peninsula Acquisition; D185, Mid-Nisqually Flood prone Property Acquisition; D184, South Prairie Creek Flood prone Property Acquisition; and D157, Clover Creek Habitat Acquisition, shall be committed or expended until the Public Works and Utilities Department reports to the Council Economic and Infrastructure Development Committee and presents an evaluation on all the projects of whether current regulations are sufficient to protect the property to be acquired without using the Surface Water Management Fund and the Council adopts a resolution authorizing those purchases to move forward and further expenditures from this Fund for that purpose.

Community Action.....	5,929,530
Tourism, Promotion, and Facilities Fund	956,060
Employee Assistance Program Fund.....	66,260
Family Justice Center Admin	675,180
REET Electronic Technology	124,000
Limited G.O. Bond Redemption.....	5,414,350
REET - Capital Improvement	10,676,770
1% For Arts Construction	460,270
Human Services Construction Fund	3,027,240
Permanent Jail Construction.....	1,876,360
Parks Bond Construction Fund	1,234,600
Parks Construction Fund.....	4,972,840
2501 Corporate Express Building.....	12,229,650
Public Works Construction Fund	33,357,000
Transportation Facilities	26,838,880

PROVIDED, there shall be no expenditures beyond the sum of \$25,000 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.....	48,984,330
Sewer Facilities Restricted Reserve	11,065,200
Sewer Utility Construction	27,732,290

PROVIDED, there shall be no expenditures beyond the sum of \$25,000 from this fund towards the pre-design of the Environmental Services Building expansion until such time as the Executive provides the Council with a detailed update on the project’s scope and a funding strategy for ultimate build out, and the Council adopts a resolution authorizing the pre-design to move forward and authorizes further expenditures from this fund for that purpose.

PROVIDED, no expenditures from this Fund shall occur for the projects listed in this proviso until such time as the Executive submits a report to the Council regarding:

(1) his plan to generate additional revenue through the lease or sale of land within the Chambers Creek Property; and (2) the size, scope and long- and short-term funding strategy for all projects currently under consideration on the Chambers Creek property and the Council adopts a resolution authorizing the projects to move forward and authorizes the further expenditures from this Fund for the following projects.

1) North Meadow Park.....	\$ 500,000
2) Entry Drive Road	\$1,076,270
3) Maintenance Facility Expansion.....	\$3,990,400
4) Central Meadow Park.....	\$3,000,000

5) Soundview Trail	\$ 889,240
6) Site Infrastructure	\$1,073,880
7) Reclaimed Water System.....	\$6,300,000
8) Revised Burlington Northern/Santa Fe Access	\$2,280,000

PROVIDED, up to \$125,000 of this appropriation shall be used to fund the extension of a sewer line to the Park Royal Community located in University Place.

Sewer Revenue Bonds	5,671,730
Chambers Bay Golf Course.....	15,993,950
Golf Courses.....	1,996,950
Airport Fund.....	601,730
Solid Waste Management Fund	4,971,130

PROVIDED, there shall be no expenditures beyond the sum of \$25,000 from this fund towards the pre-design of the Environmental Education Center until such time as the Executive provides the Council with a detailed update on the project’s scope and a funding strategy for ultimate build out, and the Council adopts a resolution authorizing the pre-design to move forward and authorizes further expenditures from this fund for that purpose.

Pierce County Ferry Services	12,461,870
Water Utility Fund.....	304,170
Equipment Rental and Revolving.....	12,529,550
Technology Services Fund.....	16,954,310
Facilities Management Fund.....	10,675,420
Radio Communications Fund	2,384,150
Fleet Rental	3,963,290

PROVIDED, one of the mid-size sedan (hybrid) purchases shall be for use by the Pierce County Auditor.

General Services	3,094,120
Self Insurance Fund.....	8,795,540
Workers' Compensation	3,064,600
Tacoma-Pierce County Health Department.....	<u>33,768,429</u>

PROVIDED, in addition to the funding level adopted by the Board of Health to support the alternative to fluoridation project, up to \$225,000 shall be used by the Department to fund a comprehensive dental health screening and prevention program for school-aged children in Pierce County.

TOTAL ALL FUNDS \$ 845,178,502

Section 2. As amended by this Ordinance, the 2006 Pierce County budget document is attached hereto as Exhibit A and incorporated by this reference.

Section 3. One million dollars of the unreserved fund balance in the General Fund shall be set aside and reserved solely for emergency use in the event a pandemic flu outbreak occurs in Pierce County during fiscal year 2006.

Section 4. Funds shall not, subject to existing signed contractual obligations, be expended on or towards the Historically Underutilized Business Program until such time as the Executive provides the Council with an updated cost-benefit analysis of the Program, the short- and long-term funding implications for the Program, and the Council adopts a resolution and/or ordinance authorizing the Program to move forward and authorizes further expenditures for this purpose.

Section 5. The total amount stated for each General Fund Department and for each of the Other Funds shall not be exceeded during 2006 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 6. The following loans are hereby authorized in fiscal 2006:

Maximum Amount	From	To	Interest Rate	Repayment Schedule
\$4,117,000	Self Insurance Fund	Corporate Express Fund Building	4%	By the end of 2012
Purpose: Emergency Operations Center Construction				
\$445,000	Sewer Facility Reserve Fund	Chambers Bay Golf Course Fund	4%	By the end of 2010
Purpose: Grow-In-Period				
\$5,245,090	Equipment Rental Fund	Transportation Facilities Fund	4%	By the end of 2008
Purpose: Rhodes Lake Facility and Transportation Services Building				
\$304,170	Sewer Facility Reserve Fund	Water Utility Fund	4%	By the end of 2010
Purpose: Start-Up-Costs				
\$3,000,000	General Fund	Sewer Utility Construction Fund	4%	By the end of 2008
Purpose: Chambers Creek Meadows Parks				

Section 7. 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 8. 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 2006 Budget showing the relation between the budgeted revenue and expenses and actual revenue and expenses to date in each fund or department.


Section 9. 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 2006 fiscal year. The Executive's Office shall provide a quarterly report to the County Council, which presents both the 2006 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 10. 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 2006 final budget document.


PASSED this 22nd day of November, 2005.

ATTEST

PIERCE COUNTY COUNCIL
Pierce County, Washington



Denise D. Johnson
Clerk of the Council



Shawn Bunney
Council Chair

John W. Ladenburg
Pierce County Executive
Approved _____ Vetoed _____ this
_____ day of _____
2005.

Date of Publication of
Notice of Public Hearing. _____
Effective Date of Ordinance. _____

ORDINANCE NO. 2005-96s

**An Ordinance of the Pierce County Council Implementing the 2006 Budget by
Directing Certain County Departments, Boards, and Commissions
to Take Certain Actions.**

Whereas, the Pierce County Council ("Council") enacted Ordinance No. 2005-92 on November 22, 2005, adopting the 2006 Budget for Pierce County; and

Whereas, in order to implement the 2006 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. By July 1, 2006, the Pierce County Council requests the Public Works and Utilities Department present to the Council any needed policy recommendations and/or modifications to the Pierce County Code, such as amendments to the Road Standards and other department manuals and any other policies to facilitate the illumination of arterial roadways in the unincorporated portions of the County particularly where safety issues, pedestrian and vehicular traffic congestion, and/or where residential development have become significant.

Section 2. The Prosecuting Attorney and Director of the Department of Assigned Counsel shall report quarterly to the Council's Public Safety and Human Services Committee to update the Committee on the progress and status of their Address and returned murder cases.

Section 3. The Director of the Parks and Recreation Services Department shall report quarterly to the Community Development Committee regarding the status of the Golf Course Enterprise Fund, including but not limited to actual versus projected revenue, the success of customer incentive programs and promotional marketing opportunities, and whether the projected number of rounds of golf is being met.

Section 4. 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 5. The Fleet Services Manager shall report to the Rules and Operations Committee during the first quarter of fiscal year 2006 regarding its plan and strategy for the purchasing of hybrid vehicles and vehicles that will utilize other alternative fuels including but not limited to biodiesel.

Section 6. The Parks and Recreation Services Department shall provide quarterly reports to the Council's Community Development Committee beginning March 1, 2006. These quarterly reports shall provide information regarding the status of park projects identified within the Capital Facilities Plan and a summary of revenue and expenditures made to date relative to these projects.

Section 7. The Office of Economic Development shall present Phase III of the Jobs Creation Study to the Council prior to March 31, 2006.

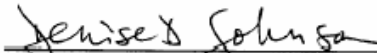
Section 8. The Aging and Long Term Care Division shall meet with the Public Safety and Human Services Committee during the first quarter of fiscal year 2006 regarding the funding levels, funding criteria, and identify a permanent funding source for senior centers in Pierce County.


PASSED this 22nd day of November, 2005.

ATTEST:

PIERCE COUNTY COUNCIL

Pierce County, Washington


Denise D. Johnson
Clerk of the Council


Shawn Bunney
Council Chair

Returned Unsigned Dec. 14, 2005
John W. Ladenburg
Pierce County Executive
Approved _____ Vetoed _____, this
_____ day of _____,
2005.

Date of Publication of
Notice of Public Hearing: Oct 26, 2005

Effective Date of Ordinance: December 13, 2005

RESOLUTION NO. R2005-138s

A Resolution of the Pierce County Council Implementing the 2006 Budget, Declaring Certain County Policy and/or Requesting Information from Agencies of County Government.

Whereas, the Pierce County Council ("Council") enacted Ordinance No. 2005-92s on November 22, 2005, adopting the 2006 Budget for Pierce County; and

Whereas, in conjunction with the 2006 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 Pierce County Department of Emergency Management and the Tacoma-Pierce County Health Department shall meet with the Rules and Operations Committee on January 30, 2006 and February 27, 2006 regarding their respective coordination, funding, planning, and emergency preparedness efforts for responding and reacting to a pandemic flu outbreak in Pierce County.

Section 2. The Executive's quarterly financial reports shall contain an update regarding the new full-time employee positions authorized by the 2006 Pierce County Budget.

Section 3. The Planning and Land Services Department (PALS) shall continue to provide monthly reports to the Council's Rules and Operations Committee beginning February 1, 2006. The reports shall include, but not be limited to, updates regarding how: (1) all departments in the planning and permitting process are being integrated into the PALS Plus system; (2) how and to what extent the Department is progressing relative to meeting the 20-minute wait time goal in fiscal year 2006; (3) whether the PALS Plus system is fully operational and implemented, which shall be accomplished by July 1, 2006; and (4) how the new employees and funding authorized in the 2006 Budget are helping accomplish the Department's goals, objectives, and performance measures as established by the Zucker Systems evaluation of the development process and the PALS Oversight Committee.

Section 4. The Parks & Recreation Services and Budget and Finance Departments shall meet with and report to the Community Development Committee in the first quarter of fiscal year 2006 to examine the feasibility of creating an enterprise fund for existing and proposed multi-purpose and community use facilities.

Section 5. The Executive is requested to work with the Council on the surplus of the 9th Street Pit property including, but not limited to, the cooperative development of the Request for Proposals and associated timelines. The Executive is further requested to report to the Community Development Committee by March 1, 2006, to brief the Committee on the progress in this regard.

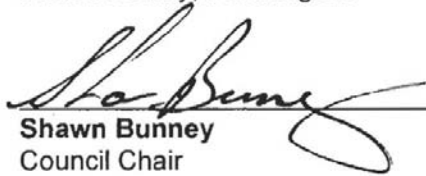
ADOPTED this 27th day of November, 2005.

ATTEST:

PIERCE COUNTY COUNCIL
Pierce County, Washington



Denise D. Johnson
Clerk of the Council



Shawn Bunney
Council Chair

October 17, 2005

TO: Pierce County Council

FROM: John Ladenburg, County Executive



SUBJECT: 2006 Pierce County Budget

Submitted herein is the proposed Pierce County Budget for fiscal 2006. This budget is constrained by the revenue limitations confronting county government (especially the 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, effective land use planning, regulation and permitting, new habitat preservation responsibilities, our transportation network, flooding concerns, and intergovernmental cooperation. It is my belief that this budget addresses these issues, and provides for cost-effective public services. The budget also reflects a great majority of the Council priorities expressed in its recent budget resolution.

Budget Summary Highlights

The proposed 2006 Pierce County Budget totals \$836,155,749, which is actually \$11.5 million below the 2005 budget (1.3%). The General Fund budget, however, will reflect a 3.6% increase, which will permit us to enhance several priority services.

This is the fifth 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 has made it impossible for us to meet all the budget requests from our department directors, or to fully meet our public service obligations.

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 still 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 alternatives to incarceration programs including: Breaking the Cycle, Drug Court, Alternative to Detention programs for juveniles, adult probation, day reporting, work crew, and increased county contributions for the Youth Assessment Center and the Family Justice Center. These programs decrease criminal activity and reduce future jail costs.

Third, we have substantially completed the staff and budget implications resulting from the termination of the **Sheriff's Lakewood contract**. All affected staff have been absorbed by transfers to Lakewood, filling Sheriff Department vacancies, new contracts, or new positions included in our 2006 budget.

Fourth, we will continue to allocate resources to **P.A.L.S.** in order to eliminate the permit backlog, and allow us to meet our review timelines in 2006.

Fifth, our **capital facility program** includes major improvements for parks and recreation facilities, our transportation infrastructure, the surface water management system, sewer utilities, and major remodeling at the County-City and Corporate Express Buildings.

Performance Measures

For the 2006 budget we are continuing the Performance Measures initiative. We have placed increased emphasis on specificity and have worked toward generating more "outcome" Measures. 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 implementation stage, and have proposed some ordinance modifications which reflect our early experience.

Our goal is to achieve a 2006 county-wide contract and purchasing participation rate of approximately 10%.

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 2006 revenues, with a comparison to the current year, is shown in the table below.

Our revenue projections are based largely upon the following assumptions:

- a) The local economy will grow at a moderate pace in 2006. The State and Pierce County are successfully emerging from the recent recession.
- 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 only slightly from their current levels, but the 2005 rate hikes will result in a large increase in investment revenues in 2006.
- d) We will continue to receive city contract revenues for several major services (principally police services, jail, roads maintenance, and court services).

GENERAL FUND REVENUE SUMMARY

	2006 Budget	2005 Budget	Absolute Change	Percent Change
Property Taxes	\$ 101,374,480	\$ 96,934,280	\$ 4,440,200	4.6 %
Sales Taxes	50,240,000	47,415,000	2,825,000	6.0
Other Taxes	2,187,150	2,189,070	(1,920)	(0.1)
Licenses and Permits	8,854,520	7,642,430	1,212,090	15.9
Intergovernmental Revenue	27,351,110	29,256,692	(1,905,582)	(6.5)
Charges for Services	33,644,360	33,395,427	248,933	0.7
Fines and Forfeitures	4,943,950	4,735,000	208,950	4.4
Interest Revenue	9,991,350	8,390,070	1,601,280	19.1
Other Miscellaneous Revenue	3,892,680	4,058,887	(166,207)	(4.1)
Subtotal Revenues	\$ 242,479,600	\$ 234,016,856	\$ 8,462,744	3.6 %
Fund Balance	4,500,000	4,408,500	91,500	2.1
Total Available Resources	\$ 246,979,600	\$ 238,425,356	\$ 8,554,244	3.6 %

- e) Only modest fee increases are proposed for P.A.L.S., and the Parks and Recreation department.

Based upon the above assumptions, and an in-depth review of our revenue patterns, we are projecting an increase in General Fund revenues of 3.6% in 2006.

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

Property Tax revenue collections are projected to increase by 4.6% in 2006. 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 6.0% in 2006. This is based upon the actual revenue patterns for 2005 Y-T-D, coupled with projections for moderate growth in the next 12-16 months.

Other Taxes will be essentially unchanged from 2005 (gambling taxes down, with timber and real estate administrative taxes up).

Licenses and Permits are projected to grow by 16% in 2006 due to the new animal license fees which will now be collected by the County. We are also assuming that the current high level of construction permit activity will continue into next year.

Intergovernmental Revenues reflect a sharp decline. This is due to projected declines in grant revenues, including the one-time H.A.V.A. grant received in 2005.

Charges for Services are estimated to be above the 2005 budget by .7%. This modest change is actually composed of many increases or decreases in specific revenue sources, the most significant being:

- 1) large increases in recording fees and indirect cost charges to other funds; with other increases due to the full year impact of the recent state enacted court fees.
- 2) large decreases for election cost reimbursement due to fewer elections currently scheduled for 2006, and the fact that the state does not reimburse for even year election costs.

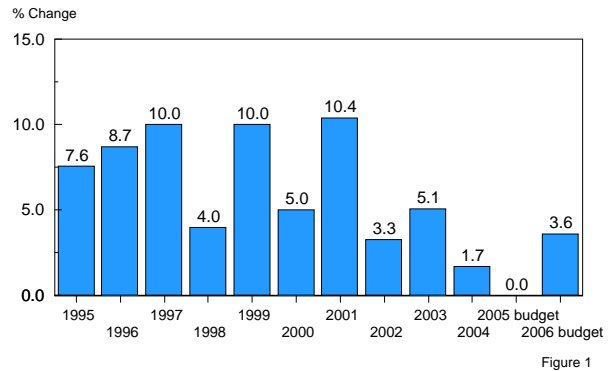
Fines and Forfeits are projected to be above the 2005 Budget by 4.4%, as the state once again will be able to suspend licenses for non-payment of traffic fines.

Interest Revenues are projected to generate a large increase in 2006, due to recent interest rate hikes, and modest rate increases projected in the next few months.

Miscellaneous Revenues will decrease by 4.1% in 2006, which largely reflects a decline in contributions, charges to other funds, and asset sales.

Prior Fund Balance use was budgeted at \$4,408,500 in 2005 for one-time Building Remodel expenses, and the Lakewood Transition process. In 2006 we have budgeted \$4.5 million for Building Remodel expenses in the County-City building.

Percent Change in General Fund Revenues



Comparative revenue increase figures for the last decade are shown in Figure 1. The increase of 3.6% in 2006 is in line with post I-747 revenue growth after 2001, with the exception of 2005 which is negatively impacted by the termination of the Lakewood police contract. In reviewing the recent figures versus 1995-2001 please keep in mind that:

- a) The end of the Sheriff's Lakewood contract (\$12,000,000) by itself equates to a 5% 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 1995-2001 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 reflected in the 2006 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 grants, storm reimbursements, special elections). This could well happen again as fiscal 2006 unfolds; thus pushing the final percent increase above the originally budgeted 3.6% figure.

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. The annual revenue loss for the first five years affected by this initiative is shown in the next table. The exact revenue loss over the next several years is difficult to precisely determine, but will likely reflect the same progression (close to \$5 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	20,071,000 est.
Total	\$ 56,585,000

These are very significant revenue losses, with the **annual amount in just fiscal 2006 equal to 8.1% of our General Fund budget**. The cumulative 5 year loss is equal to the construction costs of the New Jail. The Road levy is also affected by I-747, with the 2006 loss estimated at \$6,700,000 (\$5.4 million for the Road Fund and \$1.3 million law levy in the General Fund).

This initiative is causing an inexorable erosion in our financial foundation and will likely 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

The projected Revenue growth of 3.6% will be sufficient to continue most programs and staff at the 2005 levels, and to fund additions in priority areas as discussed below.

The next series of Expenditure tables summarize the 2006 General Fund Expenditure Budget, and compare it with the 2005 budget. The first table presents the General Fund according to **functional** category, while the second table simply lists each **departmental** budget.

Even with the 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% of the budget. **Approximately 93% of the budget increase in 2006 is allocated to Public Safety or Legal/Judicial services.** This emphasis on public safety and justice services continues the pattern established over the last decade.

As a cautionary note, the percentage change in a particular departmental budget as shown on the next page may not always be a valid indication of the extent to which that 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 2005 which are not renewed in 2006, or vice versa.
- b) Several departments have other unique items in 2005 which are not present in 2006 (special election costs, capital equipment purchases, one time projects, etc.).
- c) There could be significant changes in such annual "fixed costs" as insurance, information technology or space rental.

GENERAL FUND EXPENDITURES BY FUNCTION

	2006 Budget	2005 Budget	Absolute Change	Percent Change
General Government	\$ 34,481,250	\$ 34,450,810	\$ 30,440	0.1 %
Public Safety	115,334,620	112,574,936	2,759,684	2.5
Physical Environment	2,118,840	1,482,770	636,070	42.9
Legal & Judicial	67,155,430	61,979,808	5,175,622	8.4
Economic Environment	17,575,270	16,843,689	731,581	4.3
Mental/Physical Health	3,453,910	3,547,210	(93,300)	(2.6)
Cultural & Recreation	6,860,280	7,403,133	(542,853)	(7.3)
Transportation	—	143,000	(143,000)	(100.0)
Total General Fund	\$ 246,979,600	\$ 238,425,356	\$ 8,554,244	3.6 %

It is necessary to review each department's situation in some detail to determine what is happening in 2006. 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 3.6% budget increase for expenditures in line with recent post I-747 amounts.

Percent Change in General Fund Expenditures

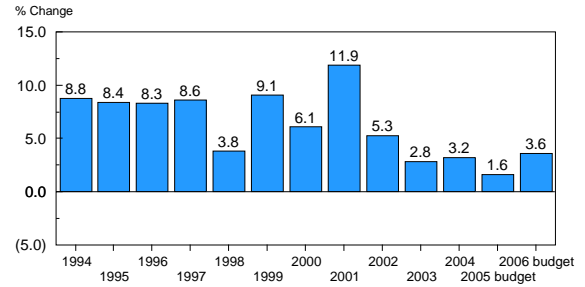


Figure 2

GENERAL FUND EXPENDITURES BY DEPARTMENT

	2006 Budget	2005 Budget	Absolute Change	Percent Change
Assessor/Treasurer	\$ 10,585,010	\$ 10,545,580	\$ 39,430	0.4 %
Assigned Counsel Conflict Office	228,840	—	228,840	—
Assigned Counsel	12,234,930	11,659,990	574,940	4.9
Auditor	7,389,760	8,078,160	(688,400)	(8.5)
Bond Debt Service	1,369,500	1,126,540	242,960	21.6
Budget & Finance	4,801,120	4,567,260	233,860	5.1
Building Remodel Projects	4,650,000	2,869,000	1,781,000	62.1
Clerk	4,606,080	4,309,610	296,470	6.9
Communications	626,920	638,040	(11,120)	(1.7)
Corrections	40,752,380	39,756,600	995,780	2.5
County Council	3,560,870	3,389,440	171,430	5.1
County Executive	1,037,920	995,900	42,020	4.2
District Court	7,492,120	7,213,590	278,530	3.9
District Court Probation	2,750,100	2,638,210	111,890	4.2
Economic Development	886,380	950,220	(63,840)	(6.7)
Emergency Management	2,929,950	2,748,880	181,070	6.6
Health Services	3,041,020	3,082,700	(41,680)	(1.4)
Human Resources	3,292,260	2,931,630	360,630	12.3
Juvenile	17,606,340	17,078,504	527,836	3.1
Medical Examiner	1,701,920	1,762,650	(60,730)	(3.4)
Miscellaneous Current Expense	4,357,470	5,438,145	(1,080,675)	(19.9)
Parks and Recreation Services	5,965,210	5,955,920	9,290	0.2
Planning and Land Services	16,207,060	15,327,197	879,863	5.7
Prevention Services & Programs	1,450,000	1,350,000	100,000	7.4
Prosecuting Attorney	22,762,940	21,875,945	886,995	4.1
Sheriff	49,317,680	46,598,615	2,719,065	5.8
Sheriff Transition	—	1,280,000	(1,280,000)	(100.0)
Special Projects	2,400,010	2,159,080	240,930	11.2
State Auditor	172,100	162,710	9,390	5.8
Superior Court	12,152,390	11,306,470	845,920	7.5
WSU PC Extension	651,320	628,770	22,550	3.6
Total General Fund	\$ 246,979,600	\$ 238,425,356	\$ 8,554,244	3.6 %

2006 MAJOR SERVICE & STAFFING CHANGES

The following is a listing of the major budget changes in services or staffing levels in 2006 for the General Fund departments:

Sheriff

- 6 new positions in the General Fund (Volunteer Coordinator, Crimestopper/P.I.O., 2 Detectives, 2 command staff)
- 2 new Detective positions in the Drug Investigation fund (to address meth/drug/identity theft issues)

Corrections

- Full year funding (6 positions) for the opening of a new jail pod (approved for October 1, 2005)
- 2 additional Correction Officer positions to reduce overtime

Prosecutor

- Budgeting for 2 victim advocate positions previously grant funded
- 2 new attorney positions ("returned murder cases")

Superior Court

- A full year funding for a new Judge and related Judicial Assistant and Court Reporter (previously approved for October 1, 2005)
- A new guardian-ad-litem position in place of professional contract services

Auditor's Office

- 4 Field Officers and related operating costs for animal control services
- 2 License Clerks and related operating costs for animal licensing services
- A budget allocation of \$493,360 for animal shelter costs

Emergency Management

- 1 new Fire Prevention Permit Coordinator
- 1 new Office Assistant

Juvenile

- 1 new Legal Assistant position
- An increase of \$110,000 in the General Fund financing for the Youth Assessment Center

Assigned Counsel

- 1 new Felony Attorney
- The creation of a "Conflict Office" with new staff consisting of 3 Attorneys and 1 Legal Assistant, largely funded by a reduction in outside attorney costs

Parks and Recreation

- The budget deletes county responsibility for the parks in the Peninsula Metro Park district, and

reflects the City of Lakewood assuming direct responsibility for Ft. Steilacoom Park with a \$190,000 contribution from the County for our share.

- 1 new Office Assistant is added at the L.C.C. (paid for with extra hire savings and a contribution from the City of Lakewood)

Clerk

- funding for a new Information Technology Specialist position

Human Resources

- 1 new Analyst position
- Moving staff to an 8 hour day basis

Medical Examiner

- 1 new .5 FTE Medical Investigator position

P.A.L.S.

- Allocation of "Backlog" monies for:
 - 5 new permanent staff positions (2 Project Managers, 2 Permit Techs, 1 Office Assistant for \$391,000)
 - Consulting Services \$200,000
 - Space Remodel \$120,000
- An increase in L.U.A.C.'s/Community Advisory Councils from \$50,000 in 2005 to \$100,000 in 2006

Communications

- The reduction of 1 Communications Assistant position

Miscellaneous Current Expense

- \$190,000 one-time bridge funding for the family dependency drug court
- \$232,300 (an increase of \$100,000) for the Family Justice Center

Special Projects

- A \$300,000 allocation for an historic document preservation program (new state fees)
- A \$45,000 allocation for the Charter Review Commission

Sheriff Transition

- This one-time allocation for the transition of Lakewood contract related staff will not be needed in 2006

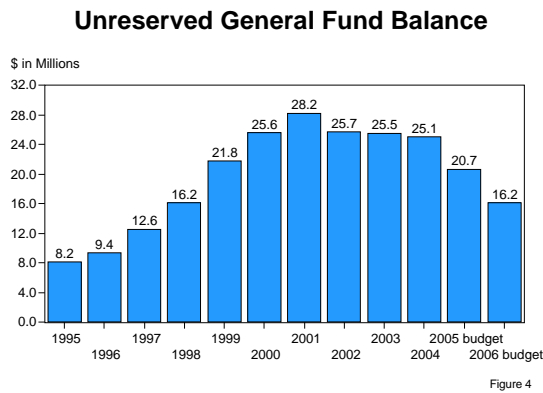
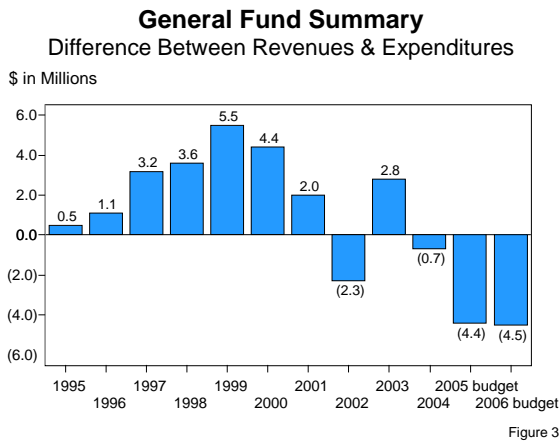
Building Remodel Projects

- \$4.5 million for County-City Building Remodel
- \$150,000 remodeling for the pet licensing function at the Annex

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 1995-2004 period, and the budgeted amounts for 2005-2006. As indicated in Figure 3, the trend through most of the 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 2004, and the budgeted deficits for 2005 and 2006, reflect a changed fiscal environment (I-747 related). In fiscal 2005 we have budgeted a \$4.4 million deficit, most which is for one-time expenses. The proposed 2006 budget also reflects a deficit (\$4.5 million); again for one-time expenses.



If the 2005 actual results match the budget, the Unreserved General Fund balance will be approximately \$20.7 million at the end of 2005 (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 2005, and in the middle of the range at the end of 2006 (as shown in Figure 5).

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

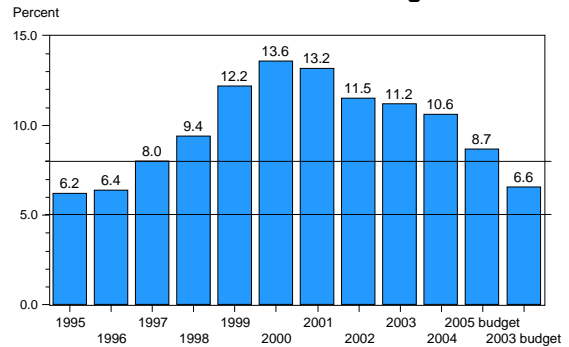


Figure 5

It should be noted that the preceding charts for 2005-2006 represent the budgeted figures. It is our hope that fiscal 2005 actual results will be modestly more positive than budgeted.

D. Tax Rates and Assessed Valuations

The growth in assessed valuation from 2005 to 2006 was approximately \$10.7 billion (20.1%), which is well above the average growth experienced in the last ten years. Approximately 20% of this growth is from new construction, with the remaining 80% due to revaluations of existing property. Percent changes in Assessed Valuation totals for the preceding ten years are shown in Figure 6 below.

Percent Change in Assessed Valuation

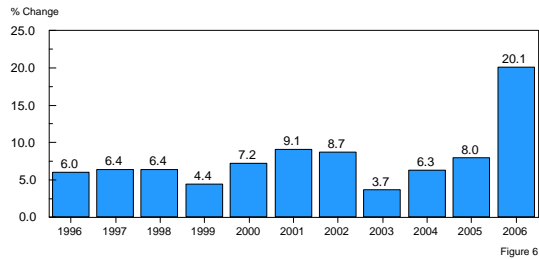


Figure 6

This huge growth in the valuation of existing property will result in **major tax rate decreases in 2006** as shown in the following table. This is the most significant decline in tax rates in at least the last two decades.

General Tax Rates	2006	2005
A. General Levy (\$1.80 max.)		
General Fund	\$ 1.3084	\$ 1.4971
Veterans Relief	0.0083	0.0097
Social Services	0.0185	0.0215
Total General Levy	\$ 1.3352	\$ 1.5283
B. Road Levy (\$2.25 max.)		
	\$ 1.8157	\$ 2.0806

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 2007. However, 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 2007, without the approval of any new tax increase measure, will be worse than fiscal 2006 for the following reasons:
 - a) the impact of I-747 becomes progressively worse with each passing year
 - b) the possible need to open another pod could add significantly to our Corrections Department expenses
 - c) medical insurance increases are likely to remain significantly above the level of general inflation.
 - d) State pension rates are scheduled to increase dramatically in 2007 and beyond.

- The decrease in **Community Action** is primarily due to reductions in the energy services and employment and training programs.
- This is the first full year of the new **Homeless Housing program** funded through recording fees.
- The 2006 budget for the **Housing Repair Program** is 18% less than 2005 primarily due to the completion of a large project in 2005.
- **Human Services** shows a slight increase in overall funding due to several program changes including a new Secured Detoxification program.
- The **Puget Sound Behavioral Health** fund decrease is primarily due to a new contract for food service, and a reduction in other professional services. These savings should assist in lowering the per bed daily cost.

Community Services & Human Services			
Fund	2006 Budget	2005 Budget	% Change
Arts and Cultural Services	\$ 232,240	\$ 264,750	(12.3)%
Community Action	5,929,530	6,810,733	(12.9)%
Community Development Fund	5,169,710	5,255,500	(1.6)%
Dispute Resolution Center Fund	150,000	132,020	13.6 %
Homeless Housing Program	1,235,000	125,000	888.0 %
Housing Repair Program	6,412,190	7,816,516	(18.0)%
Human Services	79,409,920	78,745,881	0.8 %
Low Income Housing Fee	5,218,800	4,100,000	27.3 %
Puget Sound Behavioral Health	12,222,850	13,678,880	(10.6)%
Tourism, Promotion, Facilities	956,060	1,082,000	(11.6)%
Human Services Construction	3,027,240	929,740	225.6 %
1% for Arts Construction	460,270	281,620	63.4 %

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, and in recent years the new recording fees for housing programs. Due to the vagaries of the grant funding process, these budgets often vary significantly from year to year. The following summarizes any significant **changes in the 2006 budgets**:

It is our belief that the funding from state and federal sources is not adequate 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 2006. However, even these potential new grants will probably be insufficient to cope with 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, most of which is budgeted in the Miscellaneous Current Expense account. In addition, many of the General Fund dollars allocated to the Health Department will in turn be budgeted for social and human services.

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

Public Works 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 2006 budgets, with comparisons to 2005, are show below:

Transportation Services Funds			
Fund	2006 Budget	2005 Budget	% Change
County Roads Fund	\$60,347,960	\$62,991,550	(4.2)%
P.W. Construction Fund	33,357,000	53,313,000	(37.4)%
Ferry Services Fund	12,461,870	13,947,330	(10.7)%
Airport Fund	601,730	585,554	2.8 %
Roads Second REET	5,171,820	10,736,680	(51.8)%
Transportation Facilities	26,838,880	26,600,000	0.9 %

The major items of note for next year are:

County Roads Fund – includes several new staff positions, and significant (but reduced) allocations for roadway construction.

Public Works Construction Fund – reflects a substantial capital construction program, although less than budgeted in 2005.

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

Roads Second REET – reflects a major capital improvement program in 2006, but less than that budgeted for 2005.

Transportation Facilities – includes 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 (\$6.0 million in 2006), there are several other county

funds which provide parks and recreation services or which construct, repair or enhance parks and recreation facilities. The 2006 Budgets for these funds are as follows:

Parks Funds	
Conservation Futures	\$21,949,100
Parks Impact Fees	2,979,310
Parks Sales Tax	3,623,080
Parks Second REET	1,500,000
Paths and Trails	2,120,980
Parks Bond Construction Fund	1,234,600
Parks Construction Fund	3,777,840
Golf Courses	1,996,950
Total	\$39,181,860

Although this \$39.2 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	2006 Budget	2005 Budget	% Change
Surface Water Management	\$25,862,630	\$20,252,880	27.7 %
Sewer Utility	93,828,550	81,343,770	15.3 %
Solid Waste	4,971,130	6,302,630	(21.1)%
Water Utility	304,170	198,750	53.0 %
River - REET	5,918,220	2,664,520	122.1 %

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

- **Surface Water Management** – the budget increase reflects a large capital improvement program of land acquisitions and construction projects, and the addition of 5 positions.
- **Sewer Utility** – the budget increase reflects an enhanced sewer capital improvement program, and the addition of 8 new positions. The budget also reflects a rate increase of 2.7% to match the impact of inflation on operating costs.
- **Solid Waste** – the 2005 budget included a major one time clean-up at one of the “dirty dozen” sites.

- **Water Utility** — the budget includes the construction of a well pump with related valves and meter.
- **River REET** — the 2006 budget reflects land acquisitions, studies, and the Setback Levee project near the Old Soldiers Home in Orting.

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	2006 Budget	2005 Budget	% Change
Equipment Services	\$12,529,550	\$12,706,240	(1.4)%
Information Services	16,954,310	16,209,980	4.6 %
Facilities Management	10,675,420	10,171,810	5.0 %
Radio Communications	2,384,150	2,258,750	5.6 %
Fleet Rental	3,808,290	3,521,020	8.2 %
General Services	3,094,120	2,900,800	6.7 %
Self Insurance	8,795,540	8,323,870	5.7 %
Workers Compensation	3,064,600	2,902,510	5.6 %

The following summarized any **significant** changes in the 2006 budgets:

Equipment Services Fund — the decrease results from a drop in both scheduled vehicle replacements, and requests for new additions to the fleet.

Information Services — reflects 1 additional position added for systems support functions.

Facilities Management — reflects 1 additional custodian position and the operating expenses for new county owned buildings.

Fleet Rental — the budget reflects the recent large increase in gasoline prices.

Many of these internal service funds will rely upon prior fund balance in order to support their 2006 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 2006 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 provide funding for an electronic document management system in the Assessor-Treasurer's office.
- 2) **911 System Fund** — includes major allocations for technology improvements as well as an annual allocation for the new E.O.C.
- 3) **REET Capital Improvement Funds** — includes a substantial construction and repair program affecting several county facilities.
- 4) **Chambers Bay Golf Course Fund** — provides for the construction of the course and clubhouse, which are scheduled to open in 2007.
- 5) **Corporate Express Building Fund** — provides monies for the remodeling of the building for occupancy by the Auditor's elected operation, General Services and the Sheriff's property room. Equally important, the budget funds the construction of a new Emergency Operations Center.

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 2006.

Medical and Dental Insurance Rates — initial renewal rates for Medical and Dental Insurance are in excess of the amounts included in the 2006 budget. We are in discussions with our insurance providers and labor unions, and hopefully these negotiations will result in the continuation of most aspects of our current medical and dental plans with reasonable cost increases.

Murder Cases — we are concerned about the impact of murder cases on expenses in both the Prosecutor's office and the Department of Assigned Counsel. Our concern revolves around both a) the "returned murder cases" resulting from the State Supreme Court decision which must be dealt with over at least 2005-2006 and b) the large number of "current" murder cases. Resources have been

budgeted in 2006 to deal with those cases, but we are not sure that these resources will be sufficient.

Extra Hire — the County is in the midst of analyzing the extent to which extra hire employees are performing work which is continuous or ongoing in nature, and thus these employees may need to be converted to permanent part-time status. Such status could result in additional costs for salary, time-off pay, and insurance benefits. The budget reflects the conversion of some extra hire positions to permanent status. However, a review of all such positions has not been completed, and thus additional cost impacts may need to be accommodated.

Impact of Hurricane Katrina — the long term impact of this devastating storm is still unclear. However, it is possible that negative economic repercussions could affect gasoline prices, interest rates, general economic activity, general levels of inflation, and insurance rates.

Gasoline Prices — recent dramatic increases in energy costs (especially gasoline) are placing pressure on the budgets which are heavy users of gasoline – Sheriff, Roads Maintenance, Sewer Utility, Parks and Recreation, etc. The 2006 budget reflects only a moderate inflation increase in gasoline prices from their current levels, and any increase beyond that level could cause budget difficulty for many of our operations.

SUMMATION

The 2006 budget that is being submitted to the County Council is based upon a set of relatively favorable economic conditions which we hope will “hold” throughout the year. These conditions include a prosperous local economy, robust building activity, increased property values, and rising interest rates which have generated additional revenue without as yet negatively affecting economic growth. These favorable conditions and the resulting revenue growth should allow us to moderately augment many of our highest priority services.

We have recommended the use of reserves for one time activities (building remodeling, a new Emergency Operations Center, capital equipment replacements, etc). Reserves should not be used for ongoing staff and programs.

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

- funding for public safety and judicial system improvements
- major new parks and recreation facilities, and the acquisition of a large number of parcels through the Conservation Futures fund
- a significant transportation improvement program
- improvements in the staffing levels at P.A.L.S. and related departments to deal with the permit backlog issue

