



SCA Public Issues Committee

DRAFT MINUTES

October 8, 2014 – 7:00 PM

Renton City Hall

1055 S Grady Way, Renton WA 98057

1. Welcome and Roll Call

PIC Chair Mayor Bernie Talmas, Woodinville, called the meeting to order at 7:02 PM. 28 cities had representation ([Attachment A](#)). Guests present included Bob Keller, Sammamish City Council; Bill Peloza, Auburn City Council; John Stilin, Redmond City Council; Tom Vance, Sammamish City Council; Layne Barnes, Maple Valley City Council; Benson Wong, Mercer Island City Council; Diane Carlson, King County; Edie Gilliss, City of Seattle.

2. Public Comment

Chair Talmas asked if any member of the public had any public comment. Seeing none, Chair Talmas closed the public comment portion of the meeting.

3. Approval of the September 10, 2014 Minutes

Councilmember Chris Roberts, Shoreline, moved, seconded by Councilmember Kate Kruller, Tukwila, to approve the September 10, 2014 meeting minutes.

The motion passed unanimously.

4. Chair's Report

Chair Talmas reported that the SCA Leadership met with King County Executive Dow Constantine earlier in the day and the SCA Finance Committee met with Dwight Dively, Director of King County Office of Performance, Strategy and Budget (PSB) on Monday, October 6, 2014 to discuss the 2015/2016 biennial budget for the county. Chair Talmas noted that both meetings included productive, frank, and open discussions surrounding the county budget. While this topic will be covered later in the agenda, Chair Talmas highlighted that SCA has had a significant effect and the county is paying attention to SCA members' concerns. Chair Talmas emphasized that it continues to be crucial that SCA members stay united and continue relaying the messages on impacts of the King County budget to the cities of King County.

Chair Talmas reported that the PIC Operating Policies state that the Chair of the PIC is to appoint the nominating committee members for the next year in October. The nominating committee consists of one representative from each of the four regional caucuses: North, Snoqualmie Valley, South, and South Valley. The current PIC Nominating Committee consists of two new members; Mayor Leanne Guier, Pacific, and Councilmember Ed Prince, Renton, (both appointed in 2014) and two more experienced members, Council President Hank Margeson, Redmond, and Councilmember Ross Loudonback, North Bend. Chair Talmas announced that in order to keep a good mixture of experienced and new members, he has reappointed the

existing PIC Nominating Committee members to serve an additional term. Chair Talmas stated that next year, it is likely that there will be a vacancy in either the North or Snoqualmie Valley caucus. PIC members joined Chair Talmas in applause, thanking the members of the PIC Nominating Committee for all their hard work.

5. Executive Director's Report

Deanna Dawson, SCA Executive Director, reported that more detail will be given later in the agenda on the 2015/2016 King County biennial budget and Metro transit issues. Dawson highlighted that the County Council has put further Metro cuts on hold, and from all signals will not be making additional cuts in 2015, barring new information. SCA has been putting pressure on the County Council to look at the cuts already made and search for ways to backfill and restore service in those areas. This is especially important in communities that are not getting good service currently. Dawson noted that SCA thanks the Council for its responsiveness to the concerns being raised by SCA and our cities.

Dawson reported that the Economic Development Council of Seattle and King County (EDC), formerly enterpriseSeattle, has given a seat on their Executive Committee to SCA. Some, but not all, of SCA member cities are members of the EDC and have seats on their Board. Dawson reported that SCA has a reciprocal membership with the EDC, and she has a seat on their Board as well. Many of the decisions at the EDC are made by that smaller Executive Board. Dawson noted that the SCA Board discussed this issue at its September meeting and agreed that it would be best to have an elected official in that role, rather than staff and that the member be a SCA Board member, and someone whose city is a member of the EDC. The SCA Board has therefore recommended that the member be Mayor Nancy Backus, Auburn, and she will be attending her first meeting tomorrow, October 9, 2014. Dawson noted that Mayor Backus will be a strong voice for SCA on the EDC Executive Committee, and ensure that the organization is listening to the needs of cities.

Dawson gave an update on the school siting item that was continued from last month. Staff is still working on this item, and she is hopeful that it will come back to the PIC at its next meeting.

Dawson provided an update on Board of Health Secure Medicine Take Back Regulations. Dawson reported that on September 30, 2014, Alameda County's pioneering drug disposal law was upheld in federal court. Dawson continued that this is very important to King County as the Board of Health here adopted a similar measure on June 12, 2013. Dawson highlighted that Mayor David Baker, Kenmore, was instrumental in this moving forward. King County will now be able to move ahead with the Secure Medicine Take Back Program which will result in medicine take back sites being located at pharmacies throughout King County. Combined with the recent DEA draft ruling allowing approved pharmacies to take back controlled substances, the ruling will lead to improved public health through the appropriate disposal of medicines and the reduction of preventable deaths from drug overdoses.

Dawson gave an update on sustainable funding for Public Health. In September PIC members discussed the public health shortfalls for both the current year and the 2015-2016 biennium and heard about the proposed health department clinic closures resulting from that shortfall.

Members asked SCA staff to bring back a resolution supporting sustainable funding options for public health services for their consideration. Staff is working on this, and working on what options there may be to provide sustainable funding for public health. Dawson reported that Patty Hayes, Interim Director of Public Health – Seattle and King County, has asked that SCA staff to sit on a Public Health roundtable where public health-related legislation is vetted. Dawson continued that at the September meeting of the roundtable, Representative Pollet reviewed his proposed E-cig / vaping legislation. The bill would require retailers to pay a \$250 retailer license fee. It would also enable a vapor product excise tax, generally paralleling the tax on cigarettes – a portion of those funds would be used for public health services. The legislation would address a number of areas, including prohibiting sales to persons under age 21, labeling and disclosure of nicotine content in vaping products and requiring child resistant packaging for vapor products containing nicotine. She noted SCA staff will bring back more information and potentially a position supporting such legislation in November.

Dawson reported that since the September PIC meeting, Federal Way has worked out a partnership with King County to keep the Federal Way Public Health clinic open on a temporary 2 year basis, and Auburn and community groups are working hard on partnerships to keep the Auburn Public Health clinic open as well. But even if these efforts are successful, there is a large funding gap in public health.

Dawson commented on the pre-PIC workshop concerning issues that small cities are facing. When other burning topics for a pre-PIC workshop are not apparent, SCA will conduct a meeting with small cities to discuss issues and challenges currently facing small cities.

Dawson reported that she and Snoqualmie Mayor Matt Larson, SCA Vice President and Board member, have been meeting and will continue to meet with SCA member cities. Dawson noted that they are learning a lot and look forward to hearing more about members' needs.

6. Area Agency on Aging for Seattle and King County Appointments

Chair Talmas reported that the PIC Nominating Committee did not receive nominations for the appointment to the Area Agency on Aging for Seattle and King County. Chair Talmas asked that PIC members help spread the word about this opportunity and SCA staff will send out another call for nominations.

Chair Talmas reported that the Area Agency on Aging for Seattle and King County, AAA, has requested that SCA nominate an elected official to serve on the Agency's Advisory Council. The mission of the AAA is to develop a community that promotes quality of life, independence and choice for older people and adults with disabilities in King County.

Chair Talmas stated any member interested in serving or who has questions, should contact SCA staff.

Mayor Dave Hill, Algona, inquired on the meeting schedule. Doreen Booth, SCA Policy Analyst, replied that the meetings are scheduled on the second Friday of the month from 12pm-2pm.

7. Military Bases and Regional Centers

Doreen Booth, SCA Policy Analyst, provided a brief overview of the item. Pierce County Executive Pat McCarthy requested that PSRC's Growth Management Policy Board consider whether military facilities should be designated as regional employment centers in Vision 2040 and Transportation 2040. Booth briefly reviewed the proposal and read the SCA's GMPB caucus's proposed motion aloud. Booth explained that implementation of the proposal would result in two military facilities, JBLM and Naval Base Kitsap being designated as regional centers with the remaining facilities designated as countywide centers.

Mayor Bernie Talmas, Woodinville, noted that such designation could lead to more fighting over limited dollars.

Council President Hank Margeson, Redmond, GMPB's caucus chair, noted there are eight existing manufacturing industrial centers in the Puget Sound region. He noted that there are many differences between military facilities and such centers, including access to federal funds for military bases and the lack of land use control on military bases. Council President Margeson reported that the caucus is sensitive to military facilities and recognizes they can drive economic activity and are job centers but feel like existing center designations are not appropriate; that we are trying to fit a square peg into round hole. The caucus would like to have a more deliberate, thoughtful planning process around this issue, including bringing more stakeholders to the table.

Council President Hank Margeson, Redmond, moved, seconded by Councilmember Kate Kruller, Tukwila, to bring back to the next meeting of the PIC, the following potential policy position:

SCA supports deferring the consideration of designating military facilities as regional centers to the Vision 2040 update in 2018. This would allow the region the opportunity to consider the questions around designating military facilities within a larger planning context. SCA recognizes that military facilities are regional economic drivers and that the facilities have impacts on the communities adjacent to them, however, more work needs to be done prior to considering such regional center designations, including greater public outreach efforts and the implementation of PSRC's Regional Centers Report.

Mayor Matt Larson, Snoqualmie, noted that military bases have a lot of employees but the money they make generates economic activity outside the base. He asked if PSRC's federal transportation funds would be used for on base projects. Doreen Booth responded that the federal dollars would not go into the base but cities that host the facilities could apply for funds for roads accessing the bases. For example, the city of Lakewood could apply for funds for roads accessing JBLM on lands outside the base. Booth further noted all jurisdictions the change might apply to already have regional centers (Everett, Seattle, Pierce County, Lakewood, Kitsap County, and Bremerton). The proposed change would not add new applicants for funds but add potential project locations into the funding process.

Councilmember Kruller, asked for a direct answer, does the designation affect funding of other projects? Booth noted this was hard to answer; if bases were designated, then there could be additional projects in the mix that could score higher than other projects and be funded.

Councilmember Kruller noted that Tukwila was concerned that a process and criteria exist for centers designations and if the criteria is bad, the criteria should be changed; it should not be bent to accommodate something that does not fit.

Council President Margeson agreed that maybe military facilities do not fit into existing center designations and maybe some other designations need to be created.

Councilmember Tom Stowe, Beaux Arts Village, asked for clarification of who raised the issue – it was noted that it was Pierce County Executive Pat McCarthy.

Councilmember Barry Ladenburg, SeaTac, noted that it was challenging do long-term planning around military bases. He noted that local jurisdictions have little or no control over whether bases close, for example.

Councilmember Tom Odell, Sammamish, agreed, and questioned how the designation and dollars spent in developing an area would be treated if a base were to close.

Mayor Talmas noted that the position advocated by the caucus was not that of denying the designation altogether, but rather that it should go through the normal process at PSRC rather than being moved forward at this time. He noted the concern that such military centers could be competing for transportation dollars. Talmas further noted that since cities cannot control what occurs on base, funds could be devoted to off base access and potentially wasted if the base were to close.

Council President Margeson noted the timing for updating Transportation 2040 is 2018. The caucus is suggesting this be considered as part of that regular update.

Deputy Mayor Catherine Stanford, Lake Forest Park, suggested calling out the planning process year 2018 in the motion. Council President Margeson agreed.

The motion passed unanimously.

8. Arlington/Marysville Manufacturing Industrial Centers

Doreen Booth, SCA Policy Analyst, provided an overview of the item. The cities of Arlington and Marysville are jointly pursuing PSRC designation of a new regional manufacturing industrial center (MIC). Booth reviewed the main criteria for MIC designation; the existence of 10,000 jobs with at least 20,000 jobs planned for, and noted that the proposal does not meet the minimum requirement. The area has been designated as a manufacturing industrial center in local comprehensive plans, and in countywide planning policies through actions of the Snohomish County Council and Snohomish County Tomorrow countywide planning organization. Booth noted the Letter of Intent from Arlington and Marysville addresses three key requests:

1. Request that PSRC accept the application when it is submitted.
2. Request that PSRC quickly engage in a policy discussion to create a multiple tier centers framework.

3. Request that the cities be included in the regional discussion.

Booth noted that there are two other potential manufacturing industrial centers that are waiting until they reach the minimum employment criteria to apply for an MIC designation: Sumner-Pacific MIC and the South Tacoma (Nalley Valley) MIC.

Booth briefly reviewed the Regional Centers Report and discussed PSRC's 2017 scheduled proposal to look at creating tiers within regional growth centers. She noted that the proponents want to speed up that work. Arlington and Marysville expressed the need for timely action to ensure that the infrastructure is in place to capture current economic development opportunities. The current opportunities relate to suppliers for the 777x and 787 aerospace projects.

Booth then read the SCA GMPB's caucus recommendation aloud.

Deanna Dawson, SCA Executive Director, asked Mayor Leanne Guier, Pacific, for her city's position on this item, given that Pacific could also be eligible for the new status being advocated for by Arlington/Marysville.

Mayor Guier stated that Pacific agrees with the position proposed by the caucus. Pacific agrees that areas should meet the current minimum criteria. With all the development going on in Sumner, the Sumner/Pacific MIC designation may not be far off.

Council President Hank Margeson, Redmond, moved, seconded by Councilmember Tom Stowe, Beaux Arts Village, to bring back to the next meeting of the PIC, the following potential policy position:

SCA supports maintaining the Puget Sound Regional Council's (PSRC) current Manufacturing Industrial designation policy, including the existing employment threshold of 10,000 jobs. SCA also supports PSRC maintaining the scheduled implementation of PSRC's Regional Centers Report, recognizing that the creation of tiers within regional centers designations may be recommended by that work.

Council President Margeson noted that at the October GMPB meeting, University Place gave a presentation on their regional growth center application. They finally met the threshold after 13 years of work. The designation will be approved by the GMPB next month. He noted that is how center designations are supposed to work; cities put in the work needed and apply when they meet the criteria. Council President Margeson said that if there is future justification for having tiers, PSRC can implement them but that justification does not exist now. Accepting the Arlington/Marysville application would be changing the rules in the middle of the game.

Doreen Booth noted that she talked to Mayor Suzette Cooke, Kent, who said that Kent has spent a great deal of money out of its general fund over the years to make infrastructure improvements supporting Kent's Manufacturing Industrial Center. She noted other cities should do the same.

Council President Margeson said that if Arlington/Marysville had designated industrial land available, companies looking for such properties would come to them.

Councilmember Tom Odell, Sammamish, noted that the pressure is starting to build for the aircraft that will follow Boeing's 737. The next small airplane project will be huge and may be part of Arlington/Marysville's thinking in such a designation. He noted we will want to make sure King County has an opportunity to participate in the aircraft project, and that all jurisdictions are treated fairly.

Councilmember Kate Kruller, Tukwila, stated Tukwila thought we should hold true to the criteria. She also noted it was worth studying the multi-tier proposal, but that that work had not yet been done.

Councilmember Barry Ladenburg, SeaTac, noted that the proposal is trying to get jobs to local areas. He noted that there is more money coming to the area. Councilmember Ladenburg suggested maybe moving up the timing of PSRC studying this issue in order to not delay the work.

Council President Margeson noted that idea was also brought up at the GMPB meeting. PSRC staff noted they wanted to see all the comprehensive plans adopted first, followed by a centers market study. Given their workload and budget, PSRC said they did not have the staff to move the project up in the timeline and additional resources would be required to do so.

The motion passed unanimously.

9. Youth and Community Athletic Facilities

Lyset Cadena, SCA Senior Policy Analyst, gave a briefing on the request from the Washington Recreation and Park Association to submit a letter of support to the Governor supporting re-establishing competitive grant funding for the Youth Athletic Facilities program administered by the Recreation and Conservation Office. The Recreation and Conservation Office (RCO) is a small state agency that manages grant programs to create outdoor recreation opportunities, protect the best of the state's wildlife habitat and farmland, and help return salmon from near extinction. The RCO supports several organizations, one of them being the Recreation and Conservation Funding Board. The Recreation Conservation Funding Board (Board) was established by Initiative 215 in 1964 and helps finance recreation and conservation projects throughout the state.

Cadena mentioned the Board administers several grant programs, one of them being Youth Athletic Facilities. The Youth Athletic Facilities program provides funding to acquire, develop, equip, maintain, and improve community athletic facilities. The grant program was approved by Washington voters as part of Referendum 48, which helped fund the Seattle Seahawks stadium. An initial \$10 million was contributed by the Seattle Seahawks "team affiliate" in December 1998.

Cadena stated that during the Recreation and Conservation Office (RCO) budget process, the RCO asked communities to submit letters of interest for youth athletic facilities. The RCO

received interest from 193 agencies and organizations asking for nearly \$40 million in state grants to fix local athletic fields and other outdoor sporting facilities. The state has no other grant program that can meet these needs. The Recreation Conservation Funding Board is requesting a capital budget appropriation of \$12 million to fund the Youth Athletic Facilities grant program with general obligation funds.

Mayor Matt Larson, Snoqualmie, asked for clarification on the funding mechanism for the RCO when it was created in 1964. Cadena stated that the RCO currently receives funding from the gas tax imposed on boaters, but that the \$12 million is specifically for the Youth and Community Athletic Facilities program. This program does not have current funding and was funded with money from the Seattle Seahawks team affiliate in 1998.

Mayor Dave Hill, Algona, asked whether the additional funding will be made available to small cities. Cadena answered that funding would be allocated through a competitive grant process made available to all local jurisdictions and non-profit organizations.

Councilmember Kate Kruller, Tukwila, mentioned that the \$40 million ask in grants from agencies and organizations are inadequate to address the needs of communities. More grant dollars are needed to enhance community fields.

Deputy Mayor Catherine Stanford, Lake Forest Park, moved, seconded by Mayor Nancy Backus, Auburn, to bring back to the next meeting of the PIC, the following potential policy position:

SCA supports re-establishing competitive grant funding for the "Youth Athletic Facilities" program administered by the Recreation and Conservation Office (RCO).

This support may be expressed through a letter to the Governor stressing support for this program.

Council President Hank Margeson, Redmond, pointed to page 60 in the PIC packet that summarized the grants for sports fields program. He mentioned that finding fields in local communities have become challenging and pointed to the list of organizations that submitted grant requests. Council President Margeson stated that these organizations have an impact in local communities.

Councilmember Marlla Mhoon, Covington, asked for clarification on whether funding for the Board was part of the voter's initiative that passed in 1964. Cadena answered that the Board is funded based on the initiative the voters passed and they administer several grant programs. The Youth Athletic Facilities program is one of several grant programs the Board administers.

Councilmember Mhoon asked whether it was the intent of the voter to fund the Youth Athletic Program and now it's not being funded. Cadena answered that the Youth Athletic Program was not intended to be funded from the initiative that created the Board. The Youth Athletic Program was funded from the initial \$10 million from the Seahawks.

Councilmember Amy Ockerlander, Duvall, stated that without grant funding many communities will lose their fields. There is huge demand for sports facilities and cities do not have the money to support these sports facilities. Ockerlander also mentioned that if cities build new fields, it would bring new revenue to the community and help the economic base by attracting more teams to those cities.

Mayor Hill asked for a clarification on whether the \$12 million additional money would be in addition to the \$60 million the Recreation and Conservation Office receives. Cadena answered that the Recreation and Conservation Office budget supports several organizations, one of them being the Recreation Conservation Funding Board. Under the Recreation Conservation Funding Board is the Youth Athletic Facilities program. The \$60 million pays for the support efforts of the Recreation and Conservation Office and the \$12 million would be a separate amount of money dedicated to the Youth Athletic Facilities program.

Councilmember Toby Nixon, Kirkland, asked how the Board reached the \$12 million figure. Councilmember Nixon also stated that the \$12 million figure is not enough and should be larger.

Dawson indicated that staff would report back on this.

Deputy Mayor Stanford mentioned that Councilmember Ockerlander did an eloquent job of stating the need. There are many projects in our communities that would benefit from funding. Deputy Mayor Stanford stated she was unsure how the Board reached the \$12 million figure when the need is \$40 million. She is unsure how many other funds are available to fund these types of facilities and maybe the letter should include language suggesting finding a sustainable funding source for the program. Deputy Mayor Stanford also noted that often it takes more than one grant source to fund a project.

Mayor Larson mentioned that Snoqualmie has been unsuccessful in securing grants to fund athletic facilities. He also stated that most of the time these grants require a 2 to 1 matching funds. Mayor Larson reported that 35% of the population in Snoqualmie is younger than 18 years old and many of the children using the fields in Snoqualmie are not from that community. Mayor Larson stated that the \$12 million will not spread very far and we need to ask for more funding.

Councilmember Mhoon asked whether a letter of support would reduce funding to protect salmon recovery. Cadena answered that the \$12 million would be allocated in the capital budget as a line item dedicated to the Youth Athletic Fields program.

Councilmember Kruller discussed the success of Starfire Sports, a youth sporting facility in Tukwila, a facility that is always packed with people from across the region and is the practice field for the Seattle Sounders FC. Starfire Sports began as the dream of one family in Normandy Park and is now a regional facility that is operated as a nonprofit partnership with the City of Tukwila.

The motion passed unanimously.

10. King County Executive Proposed 2015/2016 Biennial Budget

Chair Talmas introduced the item. He noted that the County Council would be adopting the budget prior to the next PIC meeting. This is an opportunity for PIC members to give feedback to the SCA Board on what priorities they had, so that the Board could in turn communicate those issues to the County Council. This is also an opportunity for members to ask questions, which SCA staff will work with the County to answer.

Treasurer Gerend reported that SCA met with King County Executive Dow Constantine and Dwight Dively, Director of King County Office of Performance, Strategy and Budget (PSB) on October 6, 2014 to discuss the 2015/2016 biennial budget for the county.

Treasurer Gerend noted that the King County Biennial Budget is \$8.9 billion, not including the capital budget.

Deanna Dawson, SCA Executive Director, gave PIC members 3 handouts: 1) questions about the budget submitted by SCA staff; 2) questions and comments submitted by Treasurer Gerend; and 3) a matrix of responses to those questions prepared by Dively. She also drew members' attention to a staff memo on Metro contained in the PIC packet on pages 74-82. She noted that Dively and Diane Carlson from the County were revising the matrix of responses, and that the final version would be distributed after the meeting electronically.

Treasurer Gerend noted that many questions were answered in the two hour meeting with SCA's Finance Committee. He noted it was impressive SCA received the responses so quickly. Treasurer Gerend explained how King County puts together its budget; departments prepare their own budgets which are then put together as the King County budget. It is important that SCA members on regional committees provide input during the year so that members' input can be part of a department's proposed budget. Gerend also noted that King County has been responsive and want SCA to continue to be involved.

Dawson walked the PIC through the discussion with Dively and concerns raised to date by cities. She started by noting that cities had raised many concerns regarding Metro funding, particularly with regards to reserve funds and policies. Cities want the Council both to avoid making the 2015 cuts, but also to restore service for some of the cuts made in 2014. The Executive's budget contains \$6 million in the biennium for alternative services. This is a good start, but it is unclear how much service could be restored with this and the amount may need to be increased.

Cities also raised a number of concerns about public health funding. A long-term sustainable funding source needs to be secured. Cities are concerned about potential clinic closures. This is a countywide issue, not just an issue for Federal Way and Auburn. Cities also raised concerns about fees to farmers markets increasing dramatically.

On a more general level, cities have raised questions about overhead rates (the amount, and consistency), reserve policies across departments, and overall transparency. She quoted a

question asked by a City Manager: “It’s hard to get a handle on exactly what financial condition the County is in given the conflicting info and perspectives being aired. This seems to be true for Metro, Regional Animal Care, Public Health and the King County Sheriff’s Office. This in turn makes it hard for us to plan and adopt our own budgets. What’s your advice?”

In the meeting with Dively, he walked SCA members through the budget. In response to the question about how the County is doing financially, he noted that this was dependent on the fund. Funds that had dedicated funding sources were doing well. Funds dependent on sales taxes (e.g. Metro) were volatile. And funds that were dependent on federal and state funding (e.g., public health) were in trouble. Property tax dependent funds are not keeping pace with inflation, due to the 1% cap. Dively also noted that people are spending a smaller percentage of their income on taxable goods than in times past. These factors contribute to a structural gap in the County’s general fund.

In the meeting with SCA Dively discussed the County’s overhead charges. Dively explained to SCA that the County charges many overhead rates (e.g., Executive Office, Council, HR, Risk Management) consistently across the departments on a per employee basis. But those departments may not allocate the charge internally on the same basis. For example, the public health department allocates these charges out to its different divisions on a salary basis. In that department, this has the effect of making the overhead rate go up for the EMS division both because they are not facing the same layoffs that other divisions are, and also because their employees (paramedics, doctors) tend to have higher salaries. The public health/EMS budget also appears to have a higher than normal overhead this year due to a previous undercharge for work stations that is being corrected. Some cities have questioned whether this is properly charged as overhead rather than coming out of the contingency fund, and this is being looked into.

Dively also noted that other internal service funds may be charged differently depending on use (IT, facilities). Per Dively, the County is working to build additional financial policies this year, to have more consistency between departments.

Dively discussed the public health budgetary challenges with SCA. The funding challenges are largely due to two drivers: decreases in Medicaid Administrative Claiming (down to \$6 million from \$12 million) and State Flexible funding (same level as 2001). Poor accounting in public health masked some of these issues from being discovered and addressed earlier. The department thought it could use revenues/reserves brought in through environmental health to cover shortfall, and thought they had a fund balance they did not have. As Dively described it, they “spent twice and collected once.” Dively noted that there were decentralized finance divisions within public health, and that this issue was being reviewed and addressed. SCA also discussed the farmers market issue with Dwight, as noted previously in the discussion. This is an area that is being reviewed. SCA leadership also discussed this issue in their meeting earlier in the day with Executive Constantine.

Dively also discussed the Metro budget in his meeting with SCA. Their discussion focused largely on the reserve policies at Metro. Dively described the 5 reserve funds at Metro in order of (in his words) least controversial to most controversial:

- 1) Operating reserve (now 30 days of operating expenses, was 15 days from 2011 – 2014);
- 2) Bond reserve– Set by Council at 1 year of Debt service;
- 3) Capital reserve– Set by Council to cover cost of capital commitments (max 6 years);
- 4) Revenue Fleet Replacement – Set by Council at 30% of the projected replacement costs of the entire revenue vehicle fleet. (This is being reviewed by Council now. It was also the subject of criticism in the peer review report. The Council is considering reducing this to 20%); and
- 5) Revenue Stabilization Reserve – Created in 2011 by Council, per the adopted policies “Funds in the Transit Revenue Stabilization Reserve shall be used to moderate future fare increases and to mitigate the impact of cost increases and revenue declines. “ No ceiling or floor was established in the adopted policies. The Executive has proposed amending this policy to have the fund contain 50% of the next year’s projected sales tax revenues to ensure that cuts would not have to be made in a recession. (See SCA memo.)

Dawson noted that in discussions with the Executive earlier, he had noted that the fleet replacement fund was used by Metro not just for replacing fleet, but also for fleet maintenance. Councilmember Tom Odell, Sammamish, asked whether fleet maintenance should be covered by operational reserves instead of the revenue fleet reserve fund. Dawson responded that as discussed with the Executive earlier, some of these “reserves” may be being used for purposes that are not what would normally be understood as a “reserve.” This topic is expected to be addressed further in the written responses being prepared by the County to SCA questions. It may also be a topic that the Regional Transit Committee (RTC) may wish to review.

Dawson noted that cities were questioning the proposed amended policy on the revenue stabilization reserve, and questioning why Metro would be cutting service in order to build up reserves. This is also an issue that the County Council appears to be asking.

Dawson asked for members to provide feedback on these and other issues. In addition to commenting at the meeting, members are encouraged to follow up via email or call.

Mayor Matt Larson, Snoqualmie, mentioned that the Executive made a point of noting that the last two votes for Metro failed and Metro is constantly in crisis. The Executive wants to build up the reserve to keep up with the system needs. Dawson noted that cities were questioning this rationale, noting that Metro had been able to weather the last recession without making cuts, and only making cuts now as revenues were increasing.

Mayor Talmas, Woodinville, noted that he had asked the Executive earlier in the day if this isn’t the right time to use reserves. Dawson noted that based on the budget numbers, Metro would not need to dip into reserves in 2015/2016 to avoid making cuts. Talmas noted that the Executive had responded to his question by saying this was a policy decision for the Council to make.

Mayor Dave Hill, Algona, was impressed as to how candid the county staff was. Mayor Hill mentioned talking to his congressional delegation about changes in funding for Medicare. He noted that while the federal government may be having to pay out less, this was resulting in a lack of local funding. It wasn't a true cost savings, but rather a shift to who was bearing the cost.

Mayor Hill went on to express difficulty with making comparisons when every department is allowed to pay different overhead rates. Dawson clarified that the different departments appeared to be charged the same rate for general overhead. The differences were in how the departments were asking their internal divisions to pay that cost.

Councilmember Chris Roberts, Shoreline, discussed the top two line items in the budget, the cost of the Sheriff's Department and the cost of the jail. He noted these costs need to be kept under control and wanted to see SCA raising these questions. Dawson noted that there were a couple of questions asked on public safety in the questions submitted to the County, and agreed that this was an issue that should be pressed further.

Deputy Mayor Dan Grausz, Mercer Island asked if Metro's use of reserve funds was typical for County departments. He questioned the high levels of reserves at Metro, and wondered if other departments were similarly high in reserves. Dawson noted that Dwight Dively had indicated that the high levels of reserves proposed for the revenue stabilization reserve was due to Metro being heavily dependent on sales tax, which is volatile. Deputy Mayor Grausz asked about the capital reserve. He wondered if other capital reserve funds also contained funding for all projects. Dawson agreed that this was something to follow up on getting answered.

Councilmember Kruller liked that King County is being transparent. She noted that the County had made a big deal about utilizing LEAN processes, and asked whether that process was being used consistently across departments. Mayor Talmas commented that in SCA's meeting with the Executive earlier in the day, he had noted that the LEAN processes had been successful in helping the County address budgetary challenges. Councilmember Kruller noted that it appeared that there was a lack of consistency between departments on reserves and other financial policies that should be addressed. Dawson noted that Dively had made comments in their meeting about the need for greater consistency between departments. She noted that the SCA meeting with Dively had given her and the Finance Committee greater confidence as it was apparent that Dively and his team were trying to get on top on financial issues in the various departments. Larson stated that this issue had also come up in conversations with the Executive.

Councilmember Odell felt the discussions need to continued, and the issues of Metro's reserves explored further. He appreciated the work towards more transparency as that has been an issue with Metro.

Councilmember Barry Ladenburg, SeaTac, noted that Metro is a division within the transportation department, and that its fleet replacement is separate from other areas at the

County which may cause inefficiencies. He also noted that having Metro and Sound Transit separate may also create inefficiencies in this area. He wondered whether the County's policies on reserves were being driven by a desire for a higher bond rating.

Councilmember Marilla Mhoon, Covington, agreed that perhaps the amount of reserves may be related to a bond rating. She also noted the transit system needs to be sustainable. She shared that a company can lay people off but that may not be as easy for government. Councilmember Mhoon felt we need to look at stability. She noted we are not in a recession right now, but it's a cycle and we will be again. Mhoon noted that we should not spend reserves while the economy is going well.

Councilmember Tom Stowe, Beaux Arts Village, agreed with the comments of Councilmember Roberts related to jail and Sherriff's Department costs. Dawson agreed to follow up on concerns about Sheriff and jail costs.

Deputy Mayor Grausz said that for Mercer Island, the areas of the budget most in play are Metro, the Sherriff's Department, and Public Health. Mercer Island has lost confidence in Metro, and feels very burned by the whole Prop 1 campaign. Mercer Island was hit very hard by the September cuts, and lost 75% of its service. They would like the County not just to avoid future cuts, but also to address those communities hit hardest by prior cuts, which may not have been necessary. Dawson agreed, and noted that expansion of the \$6 million in the proposed budget for alternative services may need to be expanded to address these needs.

Mayor Nancy Backus, Auburn, stated that Auburn has been working with the Executive to find opportunities for keep the Auburn Public Health clinic open for two years while long term sustainable funding options are found. Mayor Backus noted there will be impacts to EMS services and emergency rooms as clinics close. She also noted that costs will be higher in the long term.

Chair Talmas reminded members to send additional comments to Deanna Dawson and to keep talking to your King County Councilmembers.

11. Metro Transit Service & SCA Ad Hoc Committee Update

Lyset Cadena, SCA Senior Policy Analyst, noted that SCA Executive Director Deanna Dawson had previously highlighted the transit service issues and Metro budget. The King County Council had introduced two ordinances. The first ordinance dealt with the 30% reserve in the revenue fleet replacement fund; this ordinance would reduce the 30% reserve to 20%. The second ordinance would establish a permanent ongoing transit audit function.

Cadena also discussed the Seattle ballot measure. She noted that because the 2015 cuts were now likely off the table, Seattle would use funds obtained through the levy (if successful) to add additional service.

Cadena stated that the SCA ad hoc transit committee has not met since August but is in the process of deciding how to proceed in light of two new developments – the Peer Review Report

and action from the King County Council to defer the February 2015 service reductions. Cadena asked the PIC members for feedback on areas of concern for the committee to focus on. Deanna Dawson, SCA Executive Director, mentioned that during the SCA Board's meeting with the Executive there was discussion about a new Regional Transit Task Force (RTTF). The new RTTF would involve many stakeholders beyond cities and SCA would be involved in the planning discussions. Mayor Matt Larson, Snoqualmie, stated that the new RTTF would be revisiting the productivity criteria. Mayor Bernie Talmas, Woodinville, mentioned that the new RTTF would be a more streamlined committee, and not as lengthy a process as in the past.

Deputy Mayor Dan Grausz, Mercer Island, stated that Mercer Island bus service was decimated after the September 2014 service reductions. Many community meetings and council meetings were held to discuss the impacts of the September 2014 service reductions. Deputy Mayor Grausz mentioned Mercer Island is meeting with Metro later this month to come up with an analysis of Mercer Island's needs. Mercer Island would like to reinstate the September 2014 cuts, but the city recognizes it might have to include improvements to bus service on the Island to make it more efficient. Deputy Mayor Grausz also noted that park and rides on the Island were full. He noted that Metro is a regional system, but solutions may need to be city specific due to geography and citizen needs. SCA can be an advocate to get Metro to work with individual cities.

Dawson stated that the \$6 million for alternative transit service in the Executive's budget may not be sufficient; SCA could ask the Council to add additional funding for these types of services to address the needs of communities like Mercer Island.

Councilmember Marlla Mhoon, Covington, stated we are asking the State and the King County Council for more money and asked where is all this money is going to come from. Councilmember Mhoon reminded members that the voters turned down a funding mechanism for Metro. Dawson agreed, but noted that the amount of funds in reserves currently may be sufficient to address some of this need.

12. AWC Draft Legislative Agenda

Deanna Dawson, SCA Executive Director, gave a brief overview of AWC's draft Legislative Agenda. Dawson asked members to provide feedback to AWC on issues that their cities might have concerns with or issues that were not addressed that should be. Dawson noted that at the Joint AWC/SCA event on October 22, AWC would be talking about new strategies to help cities be more effective in Olympia.

Dawson noted that transportation was still a major concern for cities. SCA will be holding a conversation on October 31 to discuss member cities priorities on transportation. She noted that the SCA leadership team had discussed transportation with the Executive earlier in the day and that he had indicated that King County will not be making funding for Metro a part of its 2015 legislative session "ask," although the County was still committed to working toward a statewide transportation package.

Dawson reviewed the list of AWC priorities, and asked members for feedback.

Mayor Matt Larson, Snoqualmie, noted he was pleased to hear the County Executive say he would push for lifting the 1% property tax cap. Mayor Larson noted there has been a great deal of compounded loss over the years and he would like to push for jurisdictions to have the option to raise property taxes more than 1%.

Councilmember Chris Roberts, Shoreline, a member of the AWC Legislation Committee, noted that this handout is just the major priority list. AWC sent a request out today for other priorities to be sent to AWC by October 10. Councilmember Roberts noted that it is expected that more state-shared revenues to cities will be reduced this session. AWC is pushing for a new partnership between the state and the cities. Councilmember Roberts noted all cities are not supportive of an increase in the 1% property tax cap and encouraged cities to share their preference with AWC and legislators.

Councilmember Ross Loudonback, Snoqualmie, stated that at a recent Snoqualmie Valley Governments candidate's forum, legislators were clear there is no additional funding coming from the state this year. Councilmember Loudonback also reminded members that the 1% property tax came about because some jurisdictions had continual "emergencies" that led to a 6% annual increase. He felt we still needed to have a cap on increases.

Councilmember Amy Ockerlander, Duvall, made a case for the need to restore the Public Works Trust Fund. She also noted that Duvall's administration is proposing to increase every tax the city imposes to balance the budget.

Deputy Mayor Catherine Stanford, Lake Forest Park, felt it was advisable for SCA to consider supporting an increase in the property tax cap. She noted there are some pitfalls but also opportunities to ensure pitfalls are addressed in the language of the bill.

Councilmember Toby Nixon, Kirkland, stated the Kirkland City Council was unanimously in support of AWC's draft Legislative Agenda, including lifting the 1% property tax cap, and noted Kirkland will include some of the AWC items on their legislative agenda. Councilmember Nixon noted that Kirkland felt the property tax increase should be based on population growth and inflation, not a fixed amount, but tied to a growth factor.

Councilmember Barry Ladenburg, SeaTac, had concerns with the wording of the property tax item. He also suggested public disclosure request issues related to costs of meeting such requests should be addressed.

Council President Hank Margeson, Redmond, felt that SCA should take an active role in the AWC agenda. He noted that the McCleary decision is clouding everything that happens in the state and further noted that nothing substantial will happen until McCleary is resolved. Council President Margeson stated the Legislature needs to solve the McCleary issues first before addressing any other issues. SCA could help coalesce all of the cities legislative agendas.

Councilmember Tom Odell, Sammamish, supports the AWC agenda. He noted that AWC represents the entire state and we need to look out for ourselves and present a united message

in King County. Councilmember Odell agreed with Council President Margeson that McCleary should be addressed early by the legislature.

Dawson indicated that SCA would defer to AWC to bring issues of statewide concern to the legislature. Unless members requested, SCA would not take its own position on any of these items. Mayor Larson asked for feedback on whether SCA members would like to bring back for consideration a position of support for raising the 1% property tax cap. Members agreed that they would like to have such a position brought back for consideration at the November meeting. Dawson asked whether the proposed position should be in support of inflation plus population growth, as suggested by Kirkland. There was no consensus at the table. Some preferred that approach, while others preferred to have a fixed cap. Staff will bring back alternative options for PIC to consider next month.

13. Upcoming Events

The next SCA Networking Dinner will be a joint event with Association of Washington Cities (AWC) on Wednesday, October 22, 2014 at 5:30 PM at the Renton Pavilion Event Center.

An SCA conversation regarding Transportation Funding is scheduled for Friday, October 31, 2014 from 9:00 AM to 11:00 AM in the Clarke Room (Room 102) at the Mercer Island Community and Event Center.

The next Public Issues Committee Meeting is scheduled for Wednesday, November 12, 2014 at 7:00 PM at Renton City Hall.

14. For the Good of the Order

Chair Talmas asked if any member had comments for the good of the order. Seeing none, Chair Talmas closed this portion of the meeting.

15. Adjourn

The meeting was adjourned at 9:06 PM.

**2014 Roll Call – Public Issues Committee Meeting
October 8, 2014**

City	Representative	Alternate	Other	Staff
Algona	Dave Hill	Dawn Dofelmire		
Auburn	Nancy Backus	Bill Pelosa		
Beaux Arts	Tom Stowe	Richard Leider		
Black Diamond	Janie Edelman	Tamie Deady		
Bothell	Andy Rheaume	Tom Agnew		
Burien	Nancy Tosta	Stephen Armstrong		
Carnation	Jim Berger	Lee Grumman		
Clyde Hill	Barre Seibert	George Martin		
Covington	Marlla Mhoon	Margaret Harto/Jeff Wagner		
Des Moines	Melissa Musser	Jeanette Burrage		
Duvall	Amy Ockerlander	Scott Thomas		
Enumclaw	Mike Sando	Liz Reynolds		
Federal Way	Dini Duclos	Jeanne Burbidge		
Hunts Point	Joseph Sabey			
Issaquah	Tola Marts	Stacy Goodman		
Kenmore	David Baker			
Kent	Bill Boyce	Dennis Higgins		
Kirkland	Toby Nixon	Shelley Kloba		
Lake Forest Park	Catherine Stanford	Tom French		
Maple Valley	Erin Weaver	Layne Barnes		
Medina	Michael Luis			
Mercer Island	Dan Grausz	Benson Wong		
Milton	Jim Manley	Debra Perry		
Newcastle	Lisa Jensen	John Drescher		
Normandy Park	Shawn McEvoy	Susan West		
North Bend	Ross Loudenback	Ken Hearing		
Pacific	Leanne Guier	Vic Kave		
Redmond	Hank Margeson	John Stilin		
Renton	Ed Prince	Denis Law		
Sammamish	Tom Odell	Bob Keller	Tom Vance	
SeaTac	Barry Ladenburg	Mia Gregerson		
Shoreline	Chris Roberts	Chris Eggen		
Skykomish	Henry Sladek			
Snoqualmie	Kingston Wall	Matt Larson		
Tukwila	Kate Kruller	Verna Seal		
Woodinville	Bernie Talmas	Susan Boundy-Sanders		
SCA				Deanna Dawson Kristy Burwell Lyset Cadena Doreen Booth

Electeds present are highlighted in gray. Cities represented are **bolded**.