



## Snohomish County Council

**Committee:** COW  
**ECAF:** 2022-1075  
**Motion:** 22-060

**Analyst:** Nicole Gorle

**Date:** October 18, 2022

### Consideration:

The Executive requests Council consider approving Ordinance 22-060 which would authorize the Executive to execute an Interlocal Agreement with the Snohomish Health District and all documents necessary to effectuate the agreement. Additionally, approval of this ordinance would ratify any document previously executed by the Executive in furtherance of effectuating the Interlocal Agreement.

### Background:

On June 8<sup>th</sup> Council approved a Notice to withdraw from the Snohomish Health District through Motion 22-248, and on August 24<sup>th</sup> approved a Common Interest and Non-Disclosure and Joint Defense Agreement with the Snohomish Health District through Motion 22-030. These actions set in motion the integration of the Health District into the County, which must take place by the end of the year.

Three Ordinances have been transmitted to Council for consideration that are necessary for the integration of the Health District into the County.

- **Ordinance 22-060 – Interlocal Agreement with the Health District, transferring its employees, operations, powers, duties, enforcement, and assets to the County.**
- Ordinance 22-061 – Creating the Health Department, fund, and other operational aspects of the new department.
- Ordinance 22-062 – Repealing the establishment of a Health District in County Code, and changing references of the Health District, to Health Department throughout code.

### Current Proposal:

Scope: Ordinance 22-060 would approve the Interlocal Agreement with the Snohomish Health District transferring public health operations and authority; addressing consolidation planning, permits and regulatory actions; environmental health permits and enforcement; transfer of employees to the County; handling of existing contracts and grant agreements, liabilities, obligations, and litigation; transfer and processing of records; transferring of all assets to the County; administration and implementation of agreements; district dissolution; and termination of the agreement (once the district dissolves).

If there are any legal actions relating to this agreement, they will be handled in the Superior Court in Snohomish County unless they need to be taken up in Federal court, in which case they will be handled in Federal District Court, Western District of Washington.

The ILA and Ordinance include ratification language so that any documents executed by the Executive prior to this ILA without Council approval are ratified. In speaking with the Executive's office, there are currently no documents that they are aware of needing ratification.

Duration: The agreement is effective upon execution and will terminate once the Health District dissolves or sooner if agreed to by both parties. There are various things that need to take place prior to the dissolution of the Health District, of which could take a few months, or a few years.

Fiscal Implications:

The Executive has included just over \$28 million in the 2023 recommended budget and 176.37 FTE for the Health Department. The Health District, while being integrated into the County come January 1<sup>st</sup>, will be adopting a 2023 budget. The District is not anticipated to adopt their budget until December, but has released a preliminary budget<sup>1</sup>. Ongoing conversations are taking place between the Executive and Health District pertaining to their preliminary budget as it exceeds what was considered to be a health assumption of funding needed included in the 2023 County budget by roughly \$600k (and includes 13 new FTE).

	Health District Adopted Budgets			County Health Dept.
	2020 Adopted (pre Covid)	2021 Adopted	2022 Adopted *	2023 Exec Rec
<b>Revenue</b>	\$16,754,005	\$15,982,387	\$31,533,994	\$28,094,228
<b>Expenditure</b>	\$16,754,005	\$15,982,387	\$31,533,994	\$28,094,228
<b>FTE</b>	105.25	111.6	142.05	176.37

\* Please note, the Health Districts 2022 adopted budget includes \$10 million of COVID-19 related revenue and expenditures.

**Sectional Analysis**  
**Ordinance 22-060 - Snohomish County & Snohomish Health District ILA**

**Section 1 – Transfer of Public Health Operations and Authority**

*1.1 – Creation of County Department of Public Health* – Requires the County create a Health Department, Board of Health, and adopt a 2023 budget with funding beginning January 1, 2023.

*1.2 – Transfer of Code Authority and Repeal of District Code* – Withdrawal from Health District will take effect at 11:59 p.m. on December 31, 2022.<sup>2</sup>

The Health Districts Code is assigned to the County until the County Board of Health can adopt their own code (going into effect January 1, 2023 at midnight). This is to avoid a lapse in services. The District will repeal their code once the County has adopted their own.

*1.3 – Assumption of Authority and Operations* – The County will take on all District operations (excluding wind-up duties) at 12:00 a.m. on January 1, 2023.

*1.4 – Resolution of Outstanding Issues after December 31, 2022* – While every effort will be made to complete the transition of authority and assets prior to December 31, there are a couple issues that will be handled in the following manner if not resolved:

- **Contracts/Grants/Restricted Funds** – The County will assume responsibility to temporarily manage those that have not yet been approved for assignment to the County.
- **Grant-funded positions** – The County agrees to fund any grant funded position not yet approved for assignment from the District’s General Fund balance or County’s General Fund balance.
- **Rucker Building** – If the title hasn’t been transferred, the County will lease the building until the title is transferred.

<sup>1</sup> See Attachment 1 – Health District 2023 Preliminary Budget

<sup>2</sup> The Health Department, created through Ordinance 22-061, goes into effect December 31, 2022.

The County will provide various services to the Health District in support of their wind-up, including administrative, financial, and information services and records support. The District must obtain and hold a bond from the Transfer Date to dissolution and will provide one of its Board of Health members to serve as the Districts Auditing Officer who will pre-audit all claims for payment from the District.

## **Section 2 – Consolidation Planning**

Requires the Integration Policy Group continue to meet for the purpose of continued planning/coordination of the transfer.

## **Section 3 – Permits and Regulatory Actions**

County must acquire all permits, approvals, and licenses necessary to operate a County Health Department. Once acquired, the District will transfer all rights and obligations under these to the County on the Transfer Date.

## **Section 4 – Environmental Health Permits and Enforcement**

*4.1 – Permitting* – Outlines the handling of appeals/conditions/permits upon transfer of the District to the County and ensures all previously approved permits by the District remain in effect upon transfer. Clarifies that all complete applications prior to the transfer will be subject to the laws and regulations in place at the time of the applications approval.

*4.2 – Enforcement* – On the Transfer Date, the County assumes enforcement of environmental health permit conditions, Health District Code (and future County Board of Health), and multiple actions currently seeking enforcement as outlined in Exhibit A.

*4.3 – Pending Hearing Examiner Matter* – On the Transfer Date, one existing matter will continue forward with the Districts Hearing Examiner. All others will be heard by the County’s Hearing Examiner in accordance with Chapter 2.02 SCC.

*4.4 – Pending Action Before PCHB* – An existing appeal before the Washington State Pollution Control Hearing Board will transition to the County, through collaborative work of legal counsel.

## **Section 5 – Employees**

On the Transfer Date, all Health District employees will become County employees and the County assumes all employer responsibilities. The County will recognize existing collective bargaining relationships and may engage in collective bargaining for the soon to be County employees, that may take effect on or after the Transfer Date.

Prohibits the District from engaging with the unions to amend contracts for terms that would extend beyond the Transfer Date and prohibits the District from hiring new employees after December 19, 2022 (except contract employees).

## **Section 6 – Contracts and Grant Agreements**

*6.1 – Contracts* – The District shall identify contracts that are not assignable to the County by November 30, 2022 and notify the County of those contracts. Non-assignable contracts will terminate

prior to the Transfer Date. For all assignable contracts, the District transfers all rights and obligations to the County on the Transfer Date and the County agrees to take on sole responsibility of these contracts. Any contracts entered into after the execution of this ILA will include language assigning rights and obligations to the County, but the District may not initiate a competitive process or solicit for materials and services for a contract that would be awarded and/or executed after December 31, 2022.

*6.2 – Grant, Loan, and Funding Agreements* – Similar to contracts, identify assignable agreements, grant rights, and obligations to the County. Assignment of these agreements to the County will take place on the Transfer Date.

*6.3 – Third Party Real Property Leases, Licenses, and Rights-of-Entry* – To the extent allowed by law, all of the Districts interests in this area are assigned to the County upon the Transfer Date. The District is prohibited from entering into any new leases, sub-leases, license, or real property agreements without County approval after the execution of this ILA. If the District requests to enter into one of these agreements after execution of the ILA, the County has 30 days to respond to the request or the request will be deemed denied.

## **Section 7 – Transfer of All Assets**

*7.1 – Personal Property* – Upon the Transfer Date, all of the districts personal property including funds, cash, investments, receivables, work in progress, personal property, vehicles, furnishings, fixtures, equipment, electronics, software, records, intellectual property, and other personal property of any nature shall be passed to and vested in the County. The District will create an inventory of all personal property, but both parties acknowledge that an unintentional omission of an item from this list is possible and does not preclude it from being transferred to the County. The Treasurer is authorized to transfer all District funds, except those restricted by third party approval, and investments currently held by the Treasurer, to the County upon the Transfer Date. The County is authorized to issue warrants and payments against the District’s 2022 appropriations to pay for 2022 costs paid out in the calendar year 2023.

*7.2 - Real Property* – Transfer’s the Rucker Building to the County on the Transfer Date. Transfer of the property is contingent on the County either:

- Entering reimbursement agreements with local jurisdictions that funded the Rucker Buildings acquisition<sup>3</sup>; or
- Obtaining an agreement relinquishing rights to the building from each local jurisdiction that provided funding.

Target date for one of the above options to be executed by is December 15, 2022.

*7.3 - Disclaimer of Warranty* – With the transfer of assets to the County, the District does not make any warranties, promises, or guarantees concerning the assets or building and the County acknowledges that it is assuming these assets in an “as-is” condition.

## **Section 8 – Liabilities, Obligations and Litigation**

*8.1 – Liabilities and Potential Litigation* – For all existing Health District claims/liabilities, the County assumes responsibility. For potential claims, they will be covered by the Districts insurer if allowable and if not, the County will assume liability. The County and District are to work collaboratively to identify any potential claims/litigation that may arise after Transfer Date.

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<sup>3</sup> There are currently no funds included in the proposed 2023 budget if jurisdictions were to be bought out of the Rucker building.

*8.2 – Active Litigation* – Outside of one case currently being litigated in Thurston County, the District doesn't know of any litigation where they are the defendant right now. Should something arise between now and the Transfer Date the parties will work together with the District insurer to manage the litigation.

## **Section 9 – Records**

*9.1 – Transfer of Records and Data* – District records and data are part of the assets transferred to the County and will be transferred as is. Both parties will work together to inventory records and record keeping systems that are to be transferred to the County. Data saved in OneSolution and Paycom will be maintained in perpetuity for public records and retirement purposes.

*9.2 – Public Records Processing* – County assumes responsibility for public records requests upon the Transfer Date. Any requests that come in between now and then will be coordinated between the County and District. Prevents the District from setting a deadline date for a public record request between January 1 – 8, 2023.

*9.3 – Potential Public Records Litigation* – The District and County will work to identify any potential litigation/claim risks tied to public records requests. The County will take on, and indemnifies the District, for any public record claim or litigation that hasn't been filed as of the Transfer Date.

*9.4 – Active Public Records Litigation* – The District is a defendant in one case, currently in Thurston County Superior Court (19-2-6100-34), currently on appeal to Washington Supreme Court. Representation of this matter will transfer to the County.

## **Section 10 – Administration and Implementation Agreements**

Designates administrators of the agreement for each Party. Lacey Harper for the County and Shawn Frederick for the District. Recognizes that this ILA is the basic legal structure, and additional "Implementation Agreements" will be necessary to facilitate the transfer. For those not changing policy and/or for \$50,000 or less, the Administrators can execute them. Anything outside of that will need Council and District Board approval.

## **Section 11 – District Dissolution**

Health District and District Board of Health will remain active until operations are wrapped up. Cost of wrapping up District affairs will be borne by the County.

## **Section 12 – Termination**

The ILA will terminate upon dissolution of the District, or through mutual agreement of the parties.

## **Section 13 – Compliance with Laws**

Parties agree to comply with Federal, State, and local laws covering this ILA.

## **Section 14 – Venue**

Legal actions arising relating to this agreement will go to the Superior Court in Snohomish County, or Federal District Court, Western District of Washington if applicable.

**Section 15 – No Third Party Beneficiaries**

This Agreement is between the County and District, and no other party involvement is allowed.

**Section 16 – No Separate Entity**

Parties agree no other parties are needed to carry out this Agreement.

**Section 17 – Notice**

Notices provided by either Party under this Agreement shall go to the assigned Administrator in Section 10.

**Section 18 – Amendment and Waiver**

Amendments shall be in writing and signed by the Parties.

**Section 19 – Severability**

If one section, portion, sentence, or clause is found invalid, it doesn't impact the rest of the agreement.

**Section 20 – Ratification**

Ratifies all prior actions taken by either party consistent with this Agreement.

**Section 21 – Execution, Counterparts and Filing Agreements**

Signature section approving the Interlocal Agreement.

**2022 Budget:** n/a

**Future Budget Impact:** Yes

**Handling:** Urgent – Execution of this ILA is Urgent in order for staff to proceed on aspects of preparing for the integration of the District into the County.

**Approved-as-to-form:** Yes

**Risk Management:** Yes

**Executive Recommendation:** Approve

**Attachment:**

- Attachment #1 – Health District 2023 Preliminary Budget

**Amendments:** None

**Request:** For Council to consider taking action on October 26, 2022.

# 2023 Preliminary Budget



October 20, 2022



# Today's Topics

- Review of the preliminary budget



# **2023 Budget Calendar**

# 2023 Budget Calendar

Date	Meeting	Purpose
September 13, 2022	Budget Ad-Hoc	Meeting Follow-up and Process Overview
September 20, 2022	Budget Ad-Hoc	Starting Fund Balance and Prevention Services
September 27, 2022	Budget Ad-Hoc	Update Fund Balance and Environmental Health
October 4, 2022	Canceled	Canceled
October 11, 2022	County Council	Budget Presentation
October 11, 2022	Budget Ad-Hoc	Preliminary Budget Review
October 18, 2022	Budget Ad-Hoc	Review Final Balanced Budget
October 20, 2022	Program Policy	Update BOH
October 26, 2022	PHAC/Administration	Update PHAC/ BOH
October 27, 2022	Executive Committee	Update BOH
November 8, 2022	Board of Health	Public Hearing
December 13, 2022	Board of Health	Budget Adoption

# **Review Current Financials**

# Finance Update – Draft Budget

- 2023 Preliminary Budget
  - \$26,030,296
  - With 154.47 FTE
  - As of today, surplus of \$1,858,272
- 2023 Initiative Budget
  - \$28,688,024
  - With FTE 171.31
  - As of today, balanced budget position

# Estimated Fund Balance

2023 Preliminary Budget - Estimated Ending Fund Balance at 12/31/2023 (as of 10/18/2022)

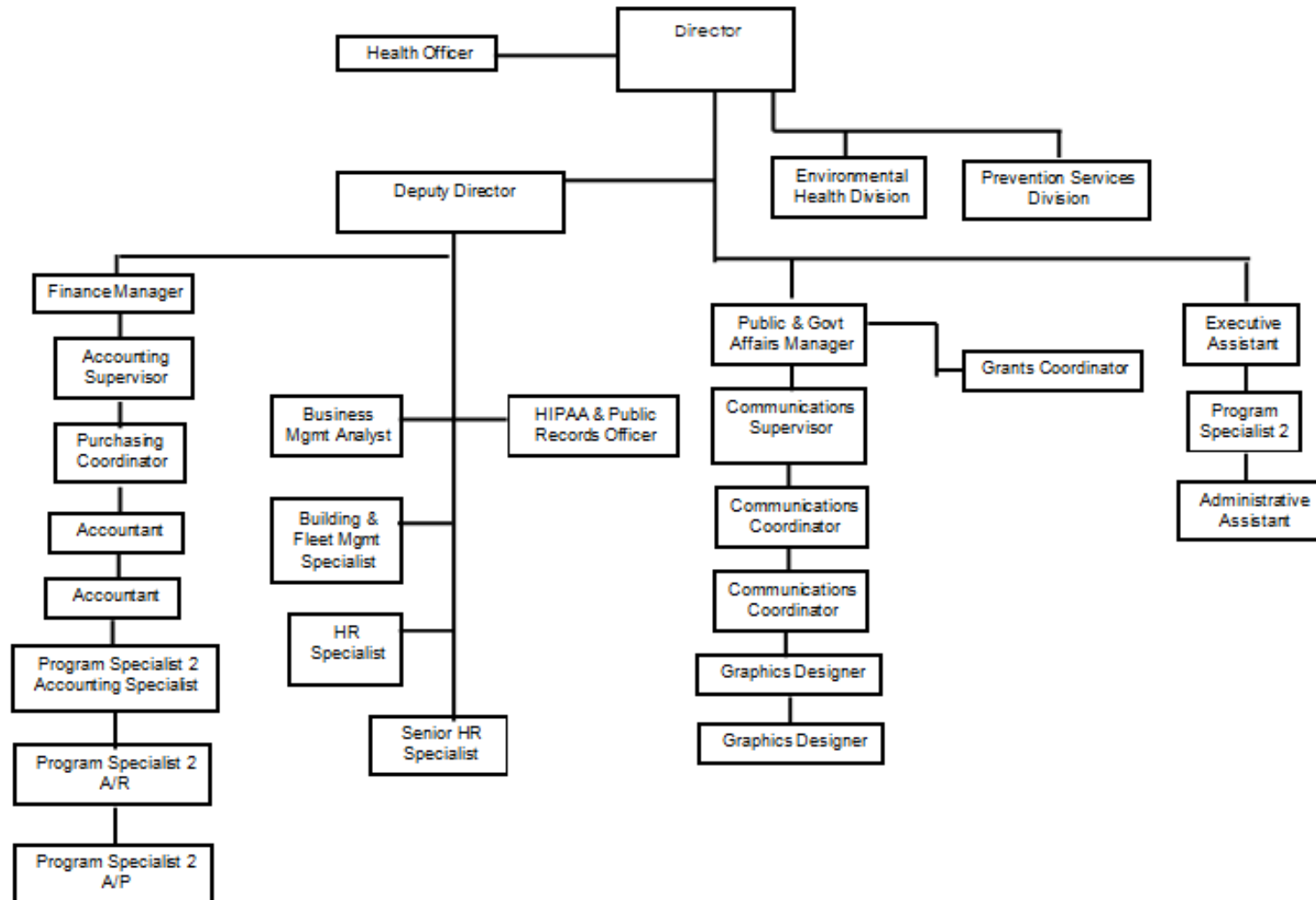
	Beginning Fund Balance 01/01/2022 <sup>1</sup>	Revenues <sup>2</sup>	Expenditures <sup>2</sup>	Estimated Beginning Fund Balance 01/01/2023 <sup>1</sup>	2023 Budgeted Revenues	2023 Budgeted Expenditures	Estimated Ending Fund Balance 12/31/2023
Administrative Services Division		4,402,058	(4,614,284)		4,210,438	(6,198,068)	
Prevention Services Division		22,196,567	(19,130,375)		17,798,174	(13,181,567)	
Environmental Health Division		6,459,770	(5,516,374)		6,679,412	(8,651,229)	
<b>Total Agency</b>	<b>19,545,943</b>	<b>33,058,395</b>	<b>(29,261,033)</b>	<b>23,343,305</b>	<b>28,688,024</b>	<b>(28,030,864)</b>	<b>24,000,465</b>
						657,160	

<sup>1</sup> Includes unreserved and reserved funds.

<sup>2</sup> Forecast based on 2022 Actuals January to August, 2022 Budget Amd 2 (as of 9/27/22) September - December

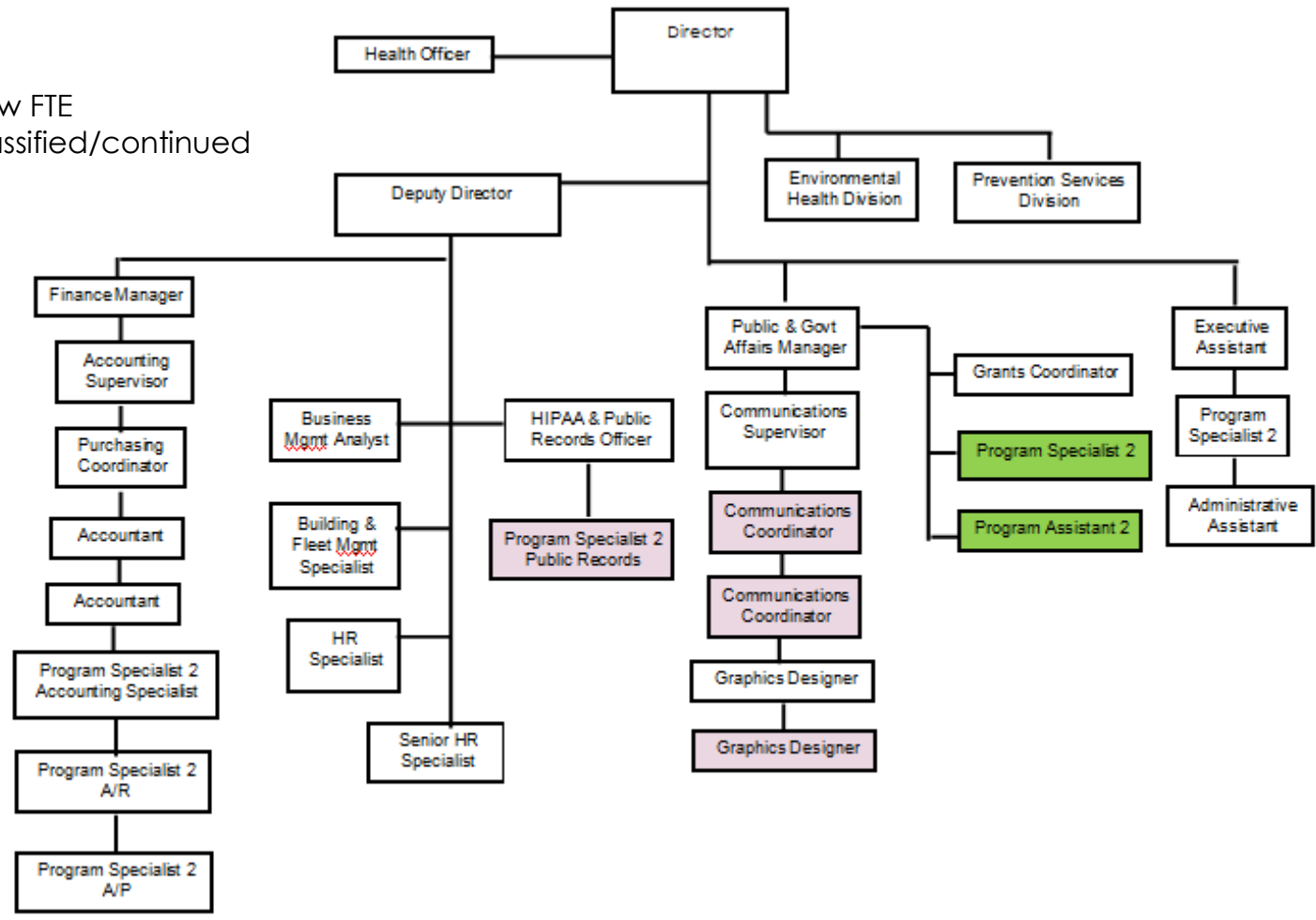
# Administration

# Administration - Current



# Administration Proposals

Green = New FTE  
 Pink = Reclassified/continued





# Administration Proposals

- Public Records – ARPA funding
  - 1.0 FTE, \$65,000
- Communications team
  - Extend 3.0 FTE past June 2023, \$75,000 overall savings in general fund with elimination of Policy Analyst position
- Call Center
  - 2.0 FTE, \$165,000
  - Software, \$20,000

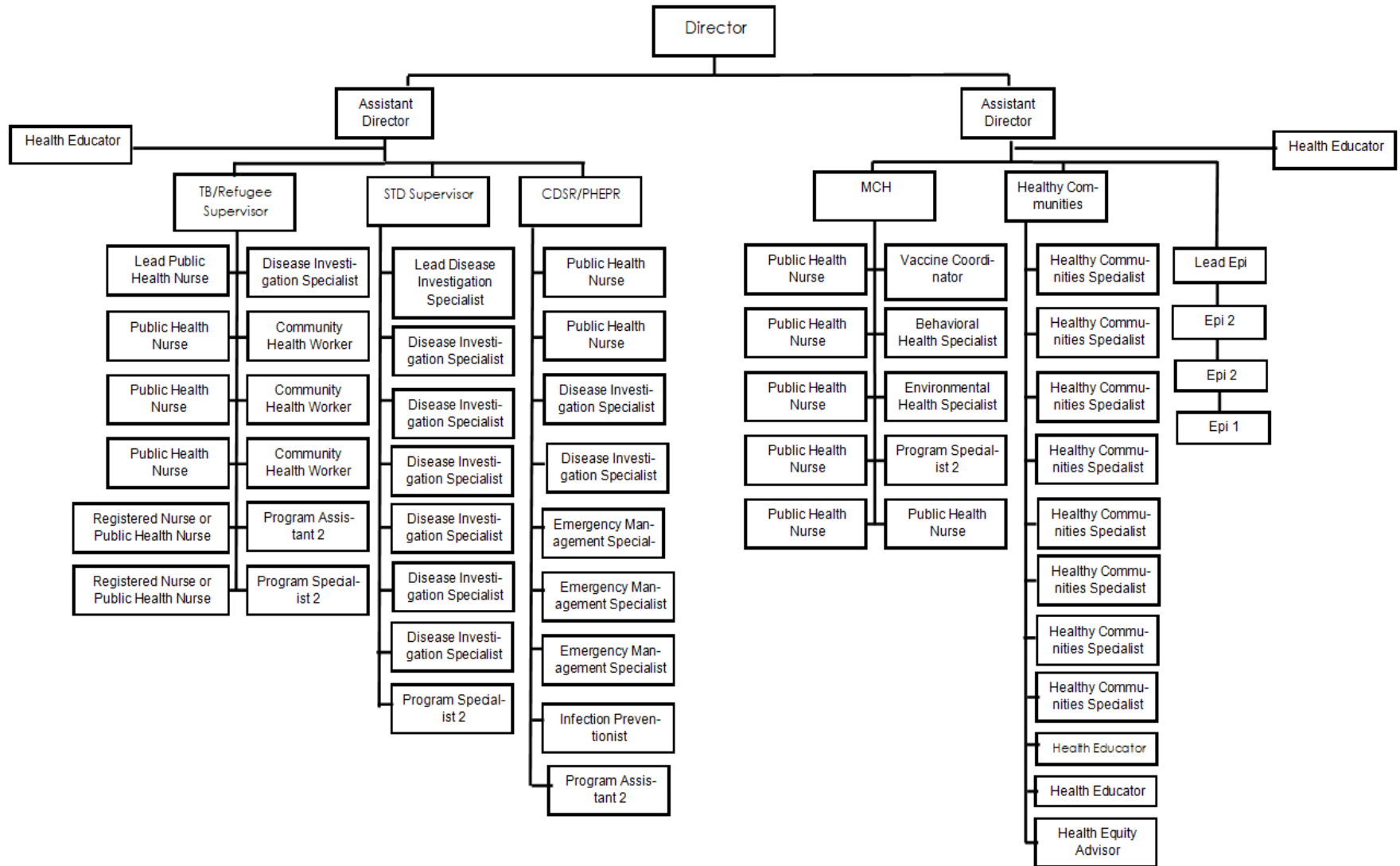
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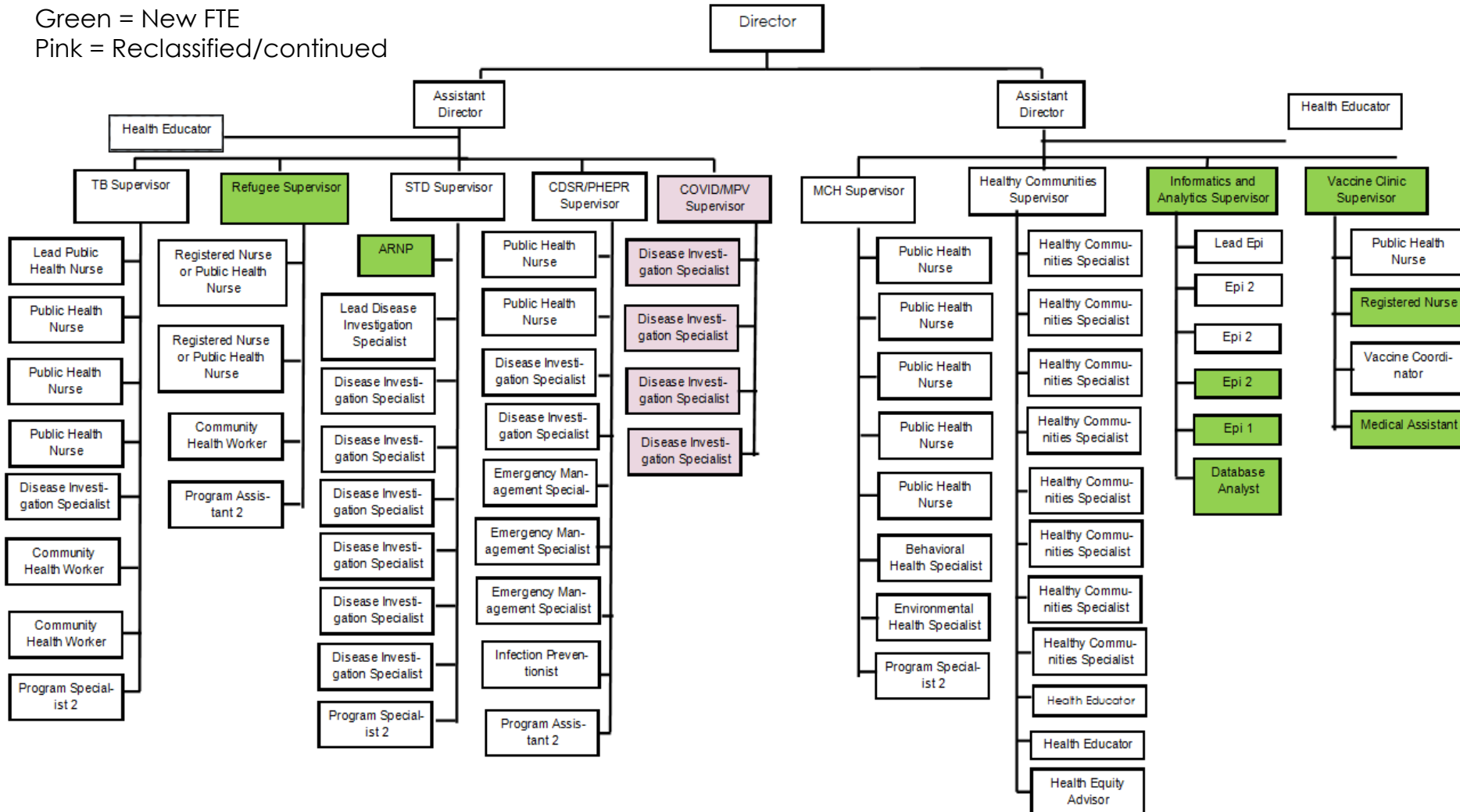
# Prevention Services

# Prevention Services - Current



# Prevention Services Proposals

Green = New FTE  
 Pink = Reclassified/continued



# Prevention Services Proposals

- Analytics and Informatics program
  - 4 new FTE, \$416,752
- Vaccine Clinic
  - 3 new FTE, \$394,626
- STD Clinic
  - 0.5 new FTE, \$129,629
- Refugee Health
  - 1 new FTE, \$112,273
- COVID/MPV – ARPA funding
  - 5.75 FTE, \$400,000

# Prevention Services Proposals

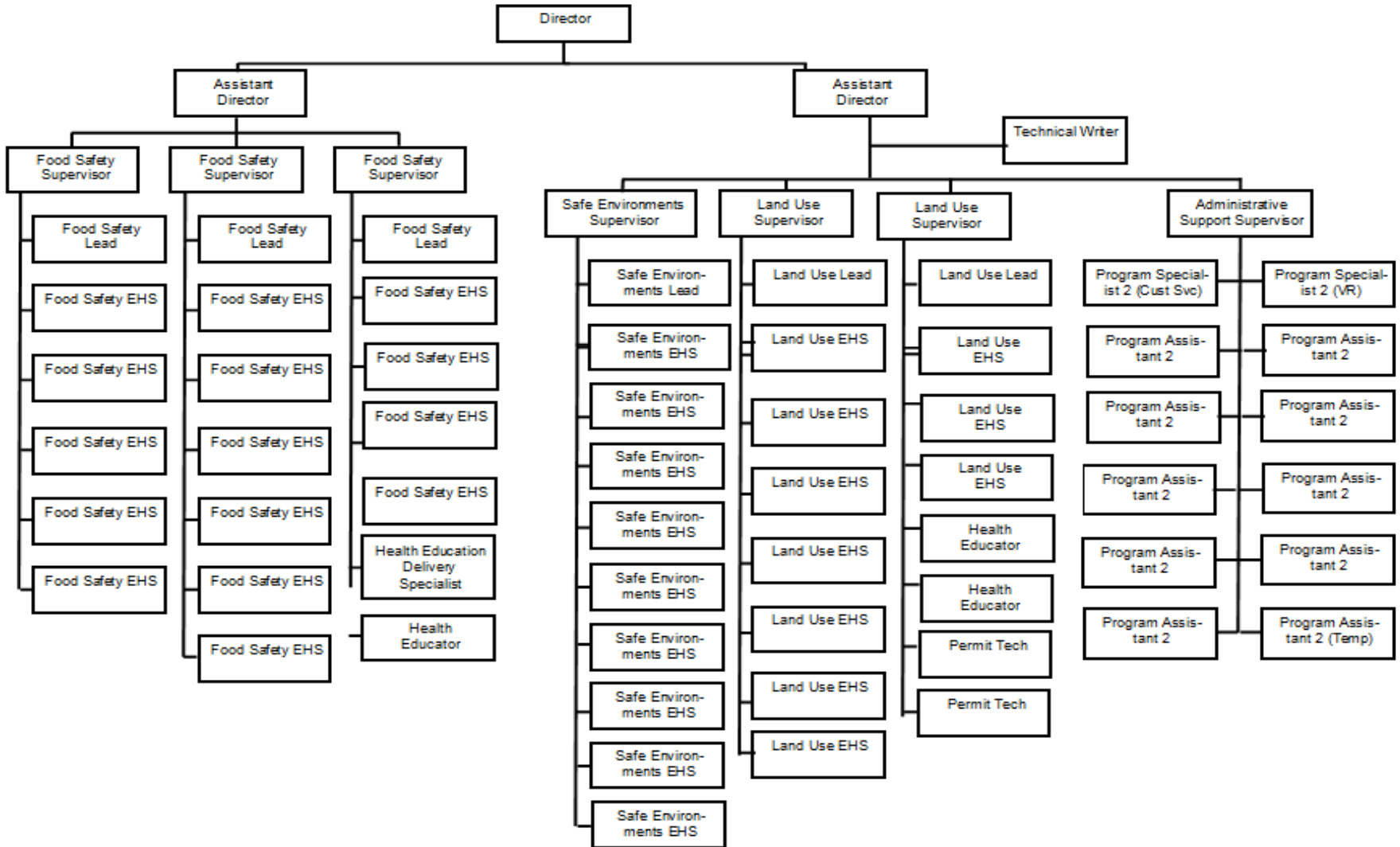
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# **Environmental Health**



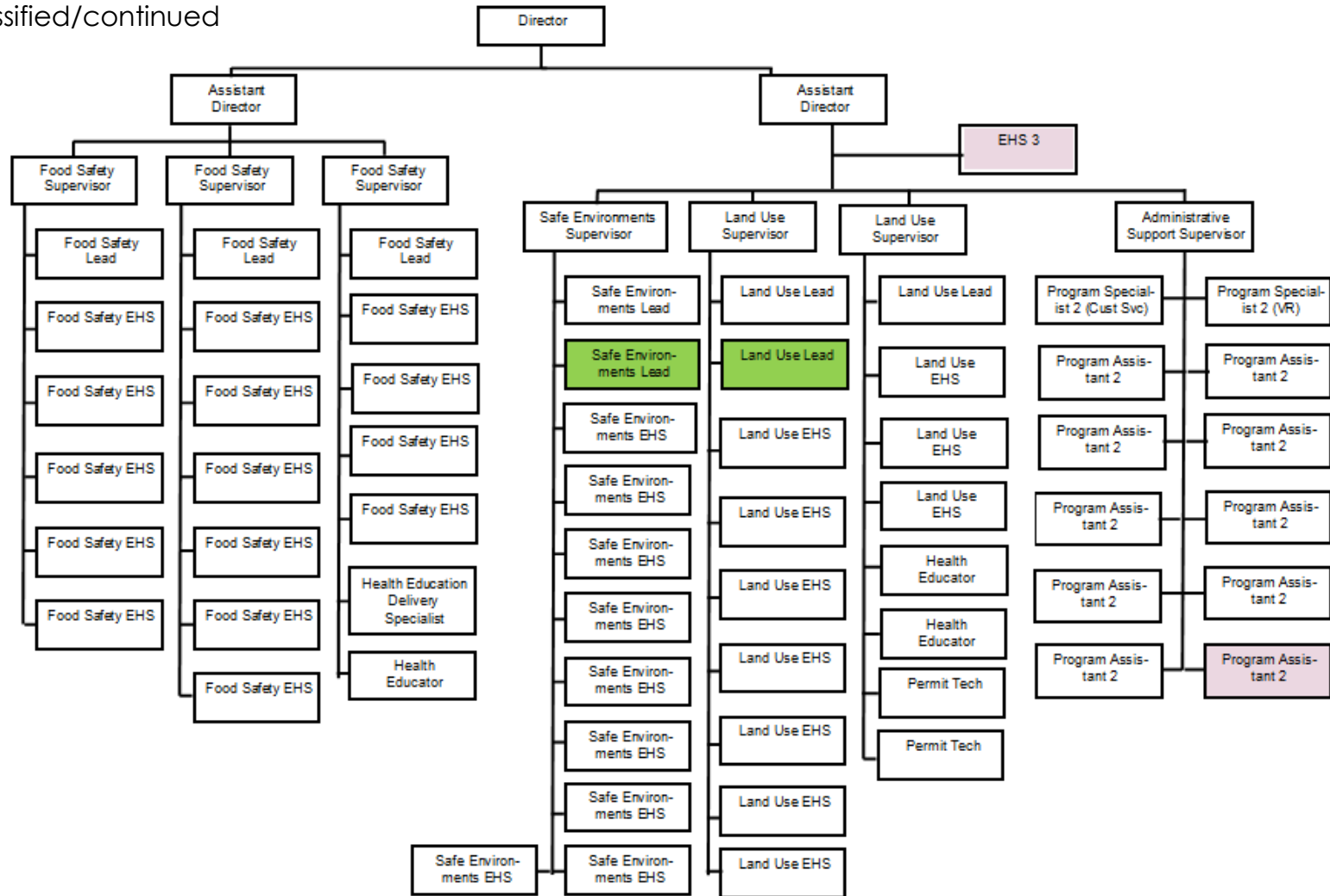
# Environmental Health - Current



# Environmental Health Proposals

Green = New FTE

Pink = Reclassified/continued



# Environmental Health Proposals

- EHS III Land Use
  - 1.0 FTE , \$101,000
- EHS III Safe Environments
  - 1.0 FTE, \$101,000
- Reclassify Technical Writer position to an EHS III and make permanent
  - No significant impact
- Hire previously approved contract temp position as a permanent PA II staff member
  - No significant impact
- Increase all fees by 2% to cover 2022 COLA
  - ~\$96,500, but only \$79,500 included in budget proposal to be conservative

# Environmental Health Proposals

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# Next Steps

# Discussion

- Committee briefings
  - Program Policy 10/20
  - PHAC 10/26
  - Administration 10/26
  - Executive 10/27
- First reading at BOH November 8, 2022
- If no changes, will not see through the November committees
- Second reading at BOH December 13, 2022



# Questions?

**PUBLIC HEALTH**  
always working for a safer & healthier  
**SNOHOMISH COUNTY**