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| **Executive Decisions** | 1. **Whether to proceed with procuring a fiscal officer for the KCRHA:**
* A designated point-of-contact (POC) is needed to manage and move the fiscal work (identified below) forward. The workgroup recommends procuring third party services with Seattle start-up funds before the CEO is in place thru March 2021 (CEO is expected to be in place in September). Once the CEO is in place, and a CFO is appointed (approximately late November/early December), the work can begin transitioning to the KCRHA.
	+ The workgroup has begun identifying third party resources for this work and is soliciting preliminary cost estimates. The workgroup recommends using a vendor that is already under contract with King County to avoid the need for RFP which would add significant time to procurement.
1. **Whether to proceed with procuring payroll services for the KCRHA:**
* Payroll services will need to be in place before the CEO is in place. The workgroup recommends procuring these services with a third party. The goal with this procurement would be to enter into a short-term contract, to provide immediate payroll services that could be retained or supplanted after the CFO is in place.
	+ The workgroup has identified two options for payroll procurement. Both options are similar in price. The workgroup has identified a vendor already under contract with King County that could be utilized in order to avoid the need for RFP.
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Background & Context

City and County finance staff had been meeting bi-weekly since March to prepare the KCRHA fiscal operations for a January 2021 start. The workgroup has proceeded to set up the KCRHA in the same manner as a special district.

The workgroup has created a fund for the KCRHA with County treasury, as required in the KCRHA ILA “Safeguarding of funds” clause. The fund is operational but holds no revenues or expenditures at this point.

The workgroup has filed for a Federal Employer ID (FEID), currently delayed due to IRS backlog from processing COVID stimulus payments. The workgroup anticipates receiving a FEID in early September.

The FEID application uses the Yesler Building as its address, current discussions about mothballing the Yesler Building need to consider this. Should the building become mothballed, the address would need to be changed with the IRS at that time.

Once the FEID is received, the workgroup will file for a State Employer ID (SEID). The SEID is required before the KCRHA can be filed as an entity with the State Auditor’s Office.

Obtaining a FEID and SEID will allow the workgroup to begin putting in the place the minimal fiscal structure needed before the KCRHA can receive revenues from the City and the County. These include:

* Establishing bank accounts
* Establishing accounts payable
* Procuring cash management and investment services

Once the KCRHA has these items in place, it can receive revenues, e.g. the City’s start-up funding can be transitioned to KCRHA (approximately $2M in one-time start-up funding was set aside by the City for staffing and operations for the remainder of 2020). The City could also expend the start-up funds through contract.

However, there are several fiscal components that are not as straightforward as those listed above and that need to be in place before the KCRHA CEO is in place. Also, the workgroup cannot move forward on these items without Executive decision. These include:

* Procuring insurance
* Procuring payroll services
* Establishing records management

Additionally, the KCRHA will need a designated Point-of-Contact (POC) to oversee all of the above items as they are put in place. The POC is essential to move this forward and would ideally have familiarity with all these services, but at minimum would be able to handle the work before the CEO is able to appoint a CFO to the KCRHA.

Insurance services need special consideration. Based on the workgroups research, at a minimum KCRHA needs the following types of insurance before the CEO is in place: directors & officers liability insurance, commercial general liability insurance, and workers’ compensation coverage. Once the CEO is in place, the KCRHA will have a need for additional types of insurance. The workgroup has identified some options for moving this forward, but no work has been done beyond that.

In the same manner, records management needs consideration. Ideally this would begin just after the CEO is in place. King County’s Archives, Records Management, and Mail Services (ARMMS) and City of Seattle’s City Records Management Program (CRMP) will need to work with the CEO to establish a way forward.

A final consideration is the 21-22 budget process for County and City. Budget staff will need to ensure alignment with the “Provision of funds” clause in ILA. Decisions will need to be made around how central rates will be allocated to KCRHA staff. The workgroup has not dedicated effort to this.

The City and County workgroup has concluded meeting and desires to transition this work back to King County DCHS.

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