

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
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** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: A RESOLUTION adopting revised financial policies for the Emergency Fund.

Summary and background of the Legislation: Due to the COVID-19 pandemic and related economic downturn, the City’s revenues have been and will continue to be significantly reduced from estimates established prior to the pandemic. Simultaneously, the City has realized and continues to realize significant, previously unforeseen expenses to address the emergency.

The Emergency Fund exists for City expenses during an emergency or expenses that could not have been anticipated during the annual budget adoption. The COVID-19 emergency has presented both challenges; accordingly, the 2020 Revised and the 2021 Adopted leverage some of the balance of the Emergency Fund to address emergency expenses and reduced revenues.

The existing financial policies for the Emergency Fund, last adopted in 2016 during a much different economic scenario, require that the City make contributions to maintain the Emergency Fund at \$60 million in 2016 dollars, inflated annually by CPI-U. The policy does not define a process for rebuilding the reserve after a significant drawdown of funds.

Due to the severe and prolonged revenue shortfall, increased expenses, and anticipated length of the COVID-19 emergency, it is not realistic for the City to meet the fund balance requirements for the Emergency Fund in the immediate future. This legislation calls for the replenishment of the Emergency Fund to satisfy the target balance within a period of five years, sooner if practically possible.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ___ Yes X No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ___ Yes X No

Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

If the City were to follow the Emergency Fund policies as currently written, it would never be able to use the balance without replenishing it in less than a year. This does not reflect the reality of a longer-term or more significant emergency such as the COVID-19 pandemic.

Is there financial cost or other impacts of *not* implementing the legislation?

No.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

Not directly.

b. Is a public hearing required for this legislation?

No.

c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?

No.

d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times*

No.

e. Does this legislation affect a piece of property?

No.

f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?

Not applicable.

g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).

Not applicable.

List attachments/exhibits below:

Summary Attachment A – Emergency Fund Financial Policies, as revised since adoption of Resolution 31717 in 2016