SEATTLE CITY COUNCIL

Select Budget Committee

Agenda

Session I at 9:30 a.m. & Session II at 2 p.m.

Thursday, October 17, 2024

9:30 AM

Council Chamber, City Hall
600 4th Avenue
Seattle, WA 98104

Dan Strauss, Chair
Maritza Rivera, Vice-Chair
Joy Hollingsworth, Member
Robert Kettle, Member
Cathy Moore, Member
Tammy J. Morales, Member
Sara Nelson, Member
Rob Saka, Member
Tanya Woo, Member
Chair Info: 206-684-8806; Dan.Strauss@seattle.gov

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SEATTLE CITY COUNCIL

Select Budget Committee

Agenda

October 17, 2024 - 9:30 AM

Session I at 9:30 a.m. & Session II at 2 p.m.

Meeting Location:
Council Chamber, City Hall, 600 4th Avenue, Seattle, WA 98104

Committee Website:
http://www.seattle.gov/council/committees/budget

This meeting also constitutes a meeting of the City Council, provided that the meeting shall be conducted as a committee meeting under the Council Rules and Procedures, and Council action shall be limited to committee business.

Only written public comment will be accepted at this meeting. Please submit written comments to all Councilmembers four hours prior to the meeting at Council@seattle.gov or at Seattle City Hall, Attn: Council Public Comment, 600 4th Ave., Floor 2, Seattle, WA 98104. Business hours are considered 8 a.m. - 5 p.m., Monday through Friday. The deadline is 4:30 p.m. the business day before a meeting with a start time of 9:30 a.m.

Please Note: Times listed are estimated

Policy Considerations

Central Staff will present analyses related to aspects of the 2025 and 2026 Proposed Budgets, including how the proposed budgets are balanced, and identify initial department-specific policy options for the Select Budget Committee's consideration.

Session I - 9:30 a.m.

If time permits during Session I, the Select Budget Committee may discuss Session II agenda items.

A. Call To Order

B. Approval of the Agenda

C. Items of Business

1. **Office of Planning and Community Development (OPCD)**

Supporting Documents: Presentation
Central Staff Memo

Briefing and Discussion

Presenters: Lish Whitson and Ben Noble, Director, Council Central Staff

2. **Office of Arts and Culture (ARTS)**

Supporting Documents: Presentation
Central Staff Memo

Briefing and Discussion

Presenters: Asha Venkataraman and Ben Noble, Director, Council Central Staff

3. **Seattle Channel**

Supporting Documents: Presentation
Central Staff Memo

Briefing and Discussion

Presenters: Brian Goodnight and Ben Noble, Director, Council Central Staff

Session II - 2:00 p.m.

If time permits during Session I, the Select Budget Committee may discuss Session II agenda items.

D. Items of Business

4. **Seattle Department of Human Resources (SDHR)**

Supporting Documents:
Presentation
Central Staff Memo

Briefing and Discussion

Presenters: Karina Bull and Ben Noble, Director, Council Central Staff

5. **Seattle Department of Construction and Inspections (SDCI)**

Supporting Documents:
Presentation
Central Staff Memo

Briefing and Discussion

Presenters: Ketil Freeman and Ben Noble, Director, Council Central Staff

E. Adjournment

600 Fourth Ave. 2nd Floor
Seattle, WA 98104

SEATTLE CITY COUNCIL

Legislation Text

File #: Inf 2574, **Version:** 1

Office of Planning and Community Development (OPCD)

Office of Planning and Community Development (OPCD)

2025 – 2026 Proposed Budget
Policy Considerations

Select Budget Committee | October 17, 2024

Lish Whitson, Analyst

Budget Summary

	2024 Adopted	2025 Proposed	% Change	2026 Proposed	% Change
Operating Appropriations by BSL					
Design Commission	$0.7 M	$0.8 M	10.9%	$0.8 M	4.9%
Equitable Development Initiative	$25.3 M	$26.6 M	4.9%	$27.6 M	3.8%
Planning and Community Development	$9.9 M	$10.7 M	8.2%	$10.5 M	(1.6%)
Total Appropriations	**$35.9 M**	**$38.0 M**	**6.0%**	**$38.9 M**	**2.3%**
Total FTE	**52**	**48**	**(6.8%)**	**48**	**-**
Revenues					
General Fund	$7.8 M	$7.7 M	(0.7%)	$8.1 M	5.4%
JumpStart Fund	$21.5 M	$23.3 M	8.5%	$23.7 M	1.6%
Short-Term Rental Tax	$5.9 M	$6.2 M	4.7%	$6.3 M	0.9%
Real Estate Excise Tax I (REET I)	$0.7 M	$0.8 M	10.9%	$0.8 M	4.9%
Total Revenue	**$35.9 M**	**$38.0 M**	**6.0%**	**$38.9 M**	**2.3%**

SEATTLE CITY COUNCIL
CENTRAL STAFF

Policy Consideration

(Slide 2/2)

1. Comprehensive Plan Supplemental Environmental Impact Statement (SEIS)

The OPCD Budget includes $350,000 for a Supplemental Environmental Impact Statement (SEIS) to "support proposed zoning changes within existing Regional and Urban Centers with the goal of allowing more height and development capacity for housing." The scope for the SEIS will define what zoning changes can be considered in the future.

The Council may want to provide direction to OPCD regarding Council priorities.

Options:

A. Reallocate proposed funding for the SEIS to other Council priorities.

B. Impose a proviso on the funding for the SEIS to provide additional guidance on the scope of the SEIS, to ensure Council priorities are considered in the SEIS

C. No change

Questions?

SEATTLE CITY COUNCIL
CENTRAL STAFF

2025–2026 PROPOSED BUDGET

POLICY CONSIDERATIONS PAPER

OFFICE OF PLANNING AND COMMUNITY DEVELOPMENT

Central Staff Analyst: Lish Whitson

This paper highlights selected policy considerations related to the Office of Planning and Community Development's (OPCD's) 2025-2026 Proposed Budget. Considerations included here are not intended to be exhaustive and others may surface as Central Staff continues its analysis of the proposed budget. For more information about OPCD's 2025-2026 Proposed Budget, please see the 2025-2026 Proposed Budget Overview Papers.

Policy Considerations

1. **Supplemental Environmental Impact Statement (SEIS)**

   OPCD's 2025-2026 Proposed Budget includes $350,000 in JumpStart Payroll Expense Tax funds for development of a Supplemental Environmental Impact Statement (SEIS) to analyze changes to zoning in Regional and Urban Centers in response to new policy direction in the Mayor's One Seattle Comprehensive Plan. The SEIS is intended to "support proposed zoning changes within existing Regional and Urban Centers with the goal of allowing more height and development capacity for housing." These changes were not part of the scope for the One Seattle Comprehensive Plan EIS, scheduled to be released in December 2024, and were therefore not analyzed.

   If funded, the Executive will determine the scope of the SEIS. If and when the Executive proposes legislation to increase height and density in Regional and Urban centers, the scope of changes studied under the SEIS will determine the types of changes the Council can consider. If the Council supports this work moving forward, it may want to add a proviso to guide the scope of the SEIS either by imposing limits on the changes that can be considered or by adding additional topics that the Council believes should be considered in conjunction with height and density increases, such as protecting the City's tree canopy, increasing access to grocery stores, support for job growth, or new opportunities for homeownership.

   Options:

   A. Reallocate proposed funding for the SEIS to other Council priorities.

   B. Impose a proviso on the SEIS dollars to provide additional guidance regarding the topics or alternatives to be studied in the SEIS.

   C. No change.

600 Fourth Ave. 2nd Floor
Seattle, WA 98104

Legislation Text

File #: Inf 2575, **Version:** 1

Office of Arts and Culture (ARTS)

OFFICE OF ARTS AND CULTURE

2025 – 2026 Proposed Budget
Policy Considerations

Select Budget Committee | October 17, 2024

Asha Venkataraman, Analyst

SEATTLE CITY COUNCIL
CENTRAL STAFF

Budget Summary ($ in 000s)

	2024 Adopted	2025 Proposed	% Change	2026 Proposed	% Change
Operating Appropriations by BSL					
Arts and Cultural Programs	$12,000	$12,000	0.1	$10,100	(18.2)
Cultural Space	$1,000	$900	(13.0)	$900	1.1
Leadership and Administration	$4,700	$5,200	10.5	$5,400	3.6
Public Art	$4,900	$5,200	5.8	$5,200	1.2
Operating Subtotal	$22,900	$23,600	2.9	$21,600	(8.4)

SEATTLE CITY COUNCIL
CENTRAL STAFF

Budget Summary ($ in 000s)

	2024 Adopted	2025 Proposed	% Change	2026 Proposed	% Change
Appropriation Totals (Operating + Capital)					
Total Appropriations	$22,900	$23,600	2.9	$21,600	(8.4)
Total FTE	41	44	5.8	44	0
Revenues					
General Fund	$0	$0		$0	
Other Source(s)	$31,560	$10,928	(65.4)	$7,753	(29)
Total	$31,560	$10,928	(65.4)	$7,753	(29)

Policy Consideration

(Slide 1/1)

1. Ongoing admissions tax appropriation to SPR and CEN

The 2025-2026 Proposed Budget would replace General Fund of $884,000 in SPR for Downtown Buskers, Arts in Parks, and Teen Performing Arts with admissions tax and replace General Fund and Seattle Center Fund of $1.3 million in CEN for Festál, Northwest Folklife Festival, and cultural administration staff with admissions tax on an ongoing basis.

Options:

A. Make appropriations swapping admissions tax for General Fund and Seattle Center Fund one-time in 2025 or over the biennium rather than ongoing

B. No change

Policy Consideration

(Slide 1/1)

2. Downtown Activation Plan (DAP) funding

The 2025-2026 Proposed Budget would appropriate $2.5 million in one-time admissions tax funds in 2025 to support DAP for implementation in 2026.

Options:

A. Reduce proposed appropriations and use funding for other Council priorities

B. Impose a proviso on proposed appropriations to align with Council priorities

C. No change

Budget Legislation

SEATTLE CITY COUNCIL
CENTRAL STAFF

(Slide 1/1)

1. CBO Admissions Tax 2024 Amendments ORD

This legislation would amend the code to allow: 1) admissions tax funds to be appropriated to ARTS for the operation of the office in addition to current uses; 2) any revenues collected from the admissions tax to be appropriated to any department to use for arts-related purposes; and 3) remove the requirement to develop policies with the opportunity for the Seattle Arts Commission to comment on drafts and submit them to Council for approval via resolution.

Options:

A. Pass

B. Amend and pass as amended

1. Limit the scope of the changes to which departments can directly receive appropriations:
   a. Include a sunset date or time-limited period
   b. Choose a minimum percentage of admissions tax to be guaranteed to ARTS with the remaining amounts to be available to be appropriated to other departments
2. Do not strike 5.40.120.C and require updates to ARTS fiscal policies to continue receiving Council approval with consultation with the Seattle Arts Commission.

C. Do not pass

Questions?

SEATTLE CITY COUNCIL
CENTRAL STAFF

2025-2026 PROPOSED BUDGET

POLICY CONSIDERATIONS PAPER

OFFICE OF ARTS AND CULTURE

Central Staff Analyst: Asha Venkataraman

This paper highlights selected policy considerations related to the Office of Arts and Culture's (ARTS) 2025-2026 Proposed Budget. Considerations included here are not intended to be exhaustive and others may surface as Central Staff continues its analysis of the proposed budget. For more information about ARTS's 2025-2026 Proposed Budget, please see the 2025-2026 Proposed Budget Overview Papers.

Background

State law allows the City to collect a tax on admissions to events across Seattle and the revenue from that tax fully funds ARTS. The City has collected a 5 percent admissions tax since 2000 and appropriates the revenues to support arts-related purposes. In addition, in December 2023, the King County Council passed legislation imposing a 0.1 percent sales tax to increase funding to arts, heritage, scientific, and historic preservation organizations, described further below.[1]

Doors Open[2]

The Doors Open tax is anticipated to collect $100 million annually, with at least 25 percent of funding going to organizations outside of Seattle.[3] Entities eligible for funding must be King County-based non-profit organizations[4] whose primary purpose is advancement and preservation of science or technology, the visual or performing arts, including zoology, botany, anthropology, heritage, or natural history and who make programming and experiences available to the general public. Individual artists are not eligible for direct funding. Application deadlines for 2025 one-time operating and capital grants occurred in September and notification of awards will occur in December. Additional programs will be included in subsequent grant cycles, with additional criteria. The King County Council is currently considering the implementation plan for Doors Open. Understanding the opportunities for new funding that Doors Open represents, the Council may want to explore how the City uses its funding to support arts organizations.

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[1] King County Council, Ordinance 19710 (passed Dec. 5, 2023) *available at* https://kingcounty.legistar.com/LegislationDetail.aspx?ID=6362399&GUID=64E53459-40A9-4740-9F6B-6F276A6F0FE4.

[2] Doors Open programs for the 2024-2025 grant cycle are "Sustained Support," which provides one-year, unrestricted funding to meet the day-to-day needs of arts, preservation, heritage, and science and technology organizations and "Doors Open Facilities," which help organizations acquire, build, or renovate the brick-and-mortar buildings and spaces that make cultural experiences possible.

[3] *See* 4Culture, Doors Open, *available at* https://www.4culture.org/doors-open/.

[4] Organizations that meet the state definition of non-profits but are not 501(c)(3) organizations may be eligible with a fiscal sponsor that meets eligibility requirements. Doors Open eligibility excludes individual artists, heritage professionals, and independent science and cultural workers, agencies of the state or any of its political subdivisions, any municipal corporation, any organization that raises money for redistribution to multiple cultural organizations, or any radio or television broadcasting network or station, cable communications system, Internet-based communications venture or service, newspaper, or magazine. *Id.*

Policy Considerations

1. Appropriating admissions tax funding to Seattle Parks and Recreation (SPR) and Seattle Center (CEN) on an ongoing basis

The 2025-2026 Proposed Budget would appropriate $884,000 of admissions tax proceeds to SPR in 2025 and $900,000 in 2026 for Downtown Buskers, Arts in Parks, and the Teen Performing Arts Program. It would appropriate $1.25 million of admissions tax proceeds to Seattle Center in 2025 and $1.3 million in 2026 for Festál, the Northwest Folklife Festival, and for cultural administration staff managing Festál. See the SPR and CEN Budget Overview Papers for more detail. Admissions tax revenue would replace General Fund or Seattle Center Fund support for programs and staff in these departments and make the replaced funds available for other purposes on an ongoing basis. Since the 2019 Adopted Budget, admissions tax revenue has supported a portion of the costs ($460,000) to support Festál at the Seattle Center. The 2024 Adopted Budget included $764,000 of one-time admissions tax revenue to support Festál and the Northwest Folklife Festival.

This would be the first time the City has directly appropriated admissions tax funds to these departments on an ongoing basis. This change would require amendments to SMC 5.40.120, which states that all admissions tax proceeds must be appropriated to the Arts and Culture Fund and to ARTS (see Budget Legislation below). The funds would support staff and programming in these departments previously supported by General Fund or Seattle Center Fund, making less admissions tax revenue available on a permanent basis for other arts-related purposes such as grants funding to arts and culture organizations. Seattle's arts sector is still struggling to recover from the impacts of the pandemic, reflected by the proposal in the 2025-2026 Proposed Budget to add $2 million in 2025 and in 2026 for challenged organizations to address a wider need for almost $44 million. Additionally, historically high inflation has decreased the purchasing power of existing dollars. Given these factors, the Council may want to consider whether it wants to use admissions tax revenue to provide ongoing support to other departments.

The Council could consider approving this swap one-time for 2025 or for the biennium rather than ongoing so it can continue to consider the state of need for arts and culture funding through ARTS programs in the next biennium, including but not limited to information about how Doors Open is impacting the funding landscape and the Council's decision regarding the proposed legislation amending admissions tax policies.

Options:

A. Make appropriations swapping admissions tax for General Fund and Seattle Center funds for these programs one-time for 2025 or for the biennium rather than ongoing.

B. No change.

2. Downtown Activation Plan (DAP) funding

The 2025-2026 Proposed Budget would appropriate $2.5 million of one-time admissions tax funds in 2025 to support DAP, for implementation in 2026. See the Office of Economic Development Policy Considerations Paper Attachment 2 for a complete description of DAP investments in the 2025-2026 Proposed Budget. The budget describes the following uses for these funds as follows:

- Neighborhood Arts, Culture, and Festival Activations ($495,000): performances and temporary installations to activate Cal Anderson Park (LGBTQ+ culture); Sam Smith Park (Black culture); Jefferson Park (Asian-American and Pacific Islander culture); and Discovery Park (Native culture).
- Community Engagement and Cultural Inclusion ($530,000): grant opportunities to develop activations to attract visitors to neighborhoods, showcasing their history and cultural diversity.
- HopeCorps: Activations and Installations ($356,000): events or activations to continue DAP HopeCorps investments focused on the Chinatown-International District, Little Saigon, King Street Station, Union Street Plaza, and Pioneer Square. The 2024 Adopted Budget included $1 million in one-time admissions tax funds for HopeCorps activation downtown.
- Visual Arts Installation at Benaroya Hall ($195,000): art installations in conjunction with Seattle Department of Transportation and other City strategies to improve safety and walkability of 3rd Avenue between King Street Station and Benaroya Hall.
- Alleyway Activations - Visual Art Installations ($160,000): activating alleys to draw the public to underutilized spaces.
- Union and King Street Station Plaza Visual Art installations and Performance Events ($795,000): continuation of 2024 DAP funding to support Pioneer Square and the Chinatown-International District while activating transit stations. The 2024 Adopted Budget included $1 million in one-time admissions tax funds for activations in and around King Street Station.

Most of these investments are specific to Downtown or neighborhoods adjacent to Downtown. The Council may wish to change or expand the locations to which these funds apply or provide more specific direction to advance its priorities. The Council could also scale or use these funds to instead restore proposed reductions to ARTS, increase appropriations to existing ARTS grant programs, supplement funding for challenged arts and culture institutions, or other arts-related Council priorities. The Council may want to consider the changing funding landscape implicated by Doors Open in these decisions.

Options:

A. Reduce proposed appropriations and use funding for other Council priorities

B. Impose a proviso on proposed appropriations to align with Council priorities.

C. No change.

Budget Legislation

1. **CBO Admissions Tax 2024 Amendments ORD**

   Since the formation of ARTS in 2002, the share of admissions tax revenue appropriated directly to ARTS has gradually increased, from 20 percent in 2002 to 100 percent in 2018.[5] At various times the City has passed legislation to temporarily reprogram portions of the admissions tax revenue for other purposes, in response to economic conditions or fiscal concerns.[6]
   Currently, SMC 5.40.120 requires that all admissions tax funds be deposited in the Arts and Culture Fund and appropriated to ARTS for:

   - Arts-related programs and one-time capital expenditures that keep artists living, working, and creatively challenged in Seattle;
   - Initiatives and programs to build community through the arts and create opportunities for the public to intersect with artists and their work;
   - Initiatives and programs that provide art opportunities for youth in and out of school; and
   - Payment of the City's rent adjustment obligations to Seattle Arena.

   Admissions tax funds are currently allocated to departments other than ARTS through interdepartmental agreements or with ARTS as a pass through, billing back to ARTS for reimbursement. Funds are first appropriated to ARTS and can then be used by other departments, as is currently the case for CEN and SPR. Regardless of whether the Council passes this legislation, other departments could continue to use admissions tax for arts-related purposes.

   This legislation would amend the code to allow: 1) admissions tax funds to be appropriated to ARTS for the operation of the office in addition to the purposes described above; and 2) any revenues collected from the admissions tax to be appropriated to any department to use for arts-related purposes. Appropriating funds directly to the department receiving them increases budget transparency and is aligned with how other funds throughout the City are appropriated. However, ARTS would no longer have the primary oversight function that it currently exercises over all of admissions tax inherent to direct appropriation of funds to the department with relevant subject matter expertise. The Council may want to consider engaging in a longer-term discussion with ARTS about the impacts that would result from such a policy change, unintended or otherwise, on its office, of other departments using admissions tax without collaboration with ARTS, and on the arts and culture community more broadly.

   Given that Doors Open is available to organizations but not individual artists, the Council may want to wait to make ongoing changes to admissions tax policy to consider the impacts of a changed funding landscape once the Doors Open implementation plan is approved by King County and funds are awarded in December 2024. More broadly, the City may want to consider how grant

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[5] In 2002, ARTS was appropriated 20 percent of the tax; in 2009, the appropriation increased to 75 percent; and in 2015, the appropriation successively increased to 100 percent (80 percent in 2016, 90 percent in 2017, and 100 percent in 2018 and onwards). The City passed legislation in 2018 that allowed the use of admissions tax to accommodate contract obligations related to the redevelopment of arena space into Climate Pledge arena.
[6] *See* ORD 120975 (2002) (excluding receipts from men's professional football and baseball games for appropriation to the Arts account for 2001); ORD 121657 (2004) (decreasing appropriations from 20 percent to 15 percent for 2005); ORD 123460 (2010) (appropriating 25 percent of the 75 percent going to ARTS to Seattle Parks and Recreation for 2011).

programming is structured to support individual artists; ARTS is in the process of finalizing its internal strategic plan, and the Council may want to review it before making changes to admissions tax policy. Unlike previous legislation, this legislation does not limit the ability to appropriate admissions tax revenue to other departments either through a time restriction or a percentage allocation, a strategy the Council may also want to consider.[7]

SMC 5.40.120.C currently directs ARTS to develop policies for using funds in the Arts and Culture Fund, including fiscal policies regarding retaining revenues to ensure the long-term fiscal health of ARTS funding obligations, and submit them to the Council via resolution for adoption. This section also directs ARTS to update these policies to address ongoing budget needs and priorities.[8] The proposed bill would remove this requirement and a requirement that the Seattle Arts Commission (SAC) be able to comment on drafts of policies. While striking this section would not preclude ARTS from making updates to reserve policies in the future, it would remove the requirement for consultation with SAC in the drafting process and Council approval via resolution. The Executive has indicated that it does not believe any other department is currently required to share draft policy revisions with external stakeholders.

If the Council does not pass this legislation, all admissions tax funds will continue to be appropriated to ARTS, and ARTS will need to continue sending policy updates to Council for its approval in consultation with the SAC. Rather than directly appropriating funds to support other departments in the 2025-2026 Proposed Budget (including $884,000 that would fund arts-related programs in SPR and $1.25 million that would fund arts-related programs at Seattle Center described above), these funds would need to be re-appropriated to ARTS, either for potential further allocation to other departments or for retention in ARTS for other purposes (see Policy Consideration 1).

Options:

A. Pass the legislation as transmitted.

B. Amend and pass the legislation as amended.

   1. Limit the scope of the changes or timeline:

      a. Include a sunset date or time-limited period for admissions tax to be appropriated to any department.

      b. Choose a minimum percentage of admissions tax to be guaranteed to ARTS with the remaining amounts to be available to be appropriated to other departments, with or without a sunset date or time limit.

   2. Do not strike 5.40.120.C and require updates to ARTS fiscal policies to continue receiving Council approval with consultation with the Seattle Arts Commission.

C. Do not pass.

[7] *See* FN 5, *supra*.

[8] Adopted in 2011, Resolution 31327 established financial policies for minimum reserves and the Council subsequently adopted revisions to those financial reserve policies through Resolutions 31507 in 2014 and Resolution 31976 in 2020.

600 Fourth Ave. 2nd Floor
Seattle, WA 98104

SEATTLE CITY COUNCIL

Legislation Text

File #: Inf 2577, **Version:** 1

Seattle Channel

SEATTLE CITY COUNCIL
CENTRAL STAFF

Seattle Channel
2025 – 2026 Proposed Budget
Policy Considerations

Select Budget Committee | October 17, 2024

Brian Goodnight, Analyst

SEATTLE CITY COUNCIL
CENTRAL STAFF

Policy Consideration

(Slide 1/4)

1. Programming & Staffing Reductions

Seattle Channel is funded by revenues raised from franchise fees on cable providers' gross revenues.

Funds are deposited into the Cable TV Franchise Fund and may be used for:

a) Administration of the Cable Customer Bill of Rights and costs the City is obligated to fund under the terms of its franchise agreements

b) Operating and capital support for the Seattle Channel

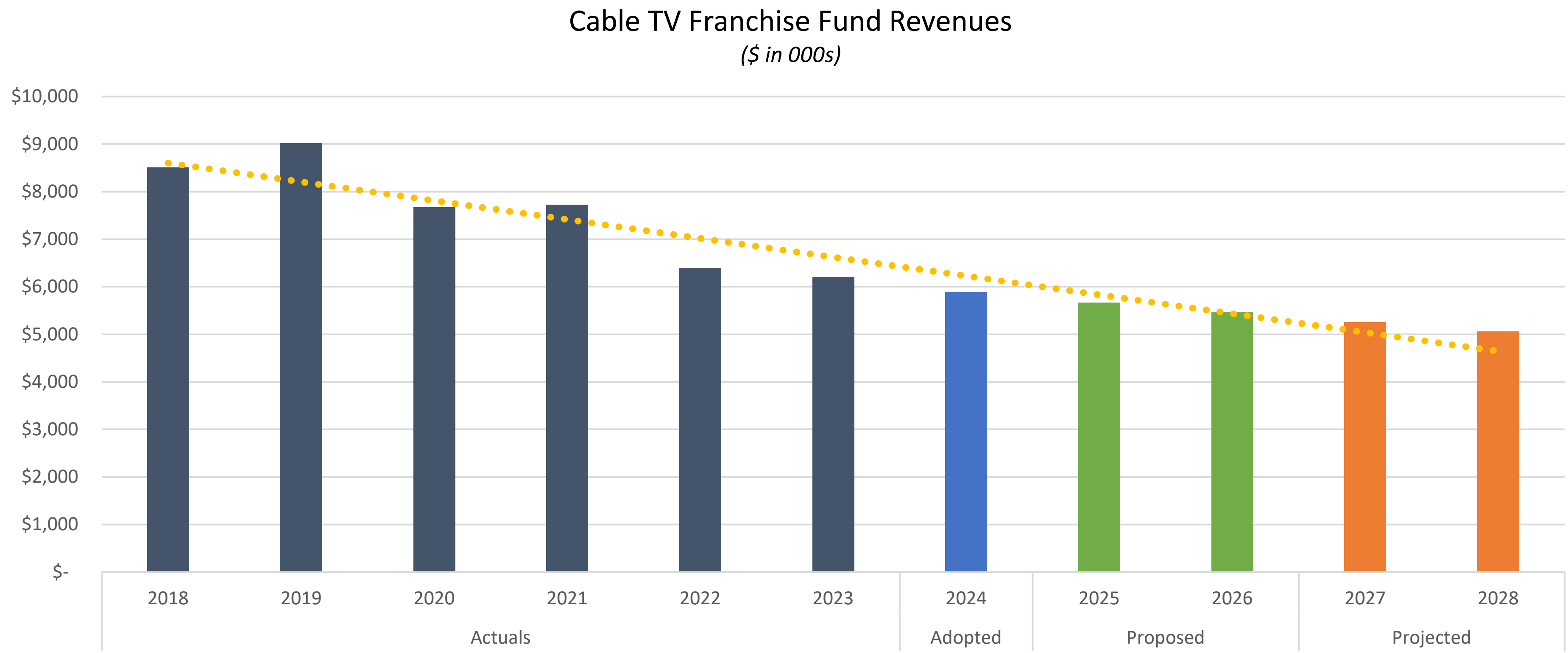
c) Programs and projects that promote technology literacy and access

d) Interactive technology to provide ways for residents to access City services

Policy Consideration

(Slide 2/4)

Cable franchise revenues have been declining for many years, likely due to customers switching away from traditional cable television service



Policy Consideration

(Slide 3/4)

- 2025-2026 Proposed Budget would reduce Seattle Channel's budget by $1.6 million and 6.0 FTE (7 City employees impacted)
- Elimination of all non-governmental programming – including City Inside/Out, CityStream, Art Zone with Nancy Guppy, and Book Lust with Nancy Pearl – and related contracts and work arrangements with outside producers, hosts, and crews
- Remaining programming would consist of basic City Council and Executive coverage
- Proposed budget also zeros out a Capital Improvement Program project used to maintain, replace, and upgrade production systems – approx. $372,000

SEATTLE CITY COUNCIL
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Policy Consideration

(Slide 4/4)

Options:

A. Full Restoration – To restore to current operating levels, the Council would need to add $1.6 million and 6.0 FTE in 2025, and $1.65 million in 2026. To restore the capital project, the Council would need to add $372,000 in 2025; $384,000 in 2026.

B. Partial Restoration – The Council could restore some of the staffing and funding; there are logical groupings for restoration. For example, one option would be to add $920,000 and 4.0 FTE to continue approx. 50% of the non-governmental programming. Other options may be possible.

C. Explore Alternative Models – The Executive has indicated that staff are exploring new revenue and partnership models. In addition to other options, the Council could request the Executive to provide a report in 2025 on its findings and conclusions on the feasibility of other operating models.

D. No Change

Questions?

SEATTLE CITY COUNCIL
CENTRAL STAFF

2025-2026 PROPOSED BUDGET

POLICY CONSIDERATIONS PAPER

SEATTLE CHANNEL

Central Staff Analyst: Brian Goodnight

This paper highlights selected policy considerations related to Seattle Channel's 2025-2026 Proposed Budget. Considerations included here are not intended to be exhaustive and others may surface as Central Staff continues its analysis of the proposed budget. For more information about Seattle Channel's 2025-2026 Proposed Budget, please see the Seattle Information Technology (IT) portion of the 2025-2026 Proposed Budget Overview Papers.

Policy Considerations

1. **Programming & Staffing Reductions**

   In 1997, the responsibility for the precursor to Seattle Channel moved from the Seattle Public Library to the Executive group that operated the City's website, which would later become Seattle IT. The service has been known by many names throughout its history – Seattle Municipal Television, Channel 28, TVSea – but it eventually became Seattle Channel in 2002. Today, Seattle Channel airs live government meetings and press conferences, arts coverage, a public affairs show, a news/lifestyle magazine show, community features, and panel discussions and interviews with local leaders. The 2023 Annual Report for Seattle Channel describes highlights from its nearly 700 productions, outreach and viewership numbers, and awards and honors.

   Cable Franchises and Revenues

   The operations and activities of Seattle Channel are funded by revenues raised from franchise fees assessed on cable providers' gross revenues. In 2010, the Council adopted a cable franchise fee of 4.4 percent for all cable franchises.[1] In addition, individual franchise agreements with cable providers include a fee in support of public, educational, and government access, which is set at 0.4 percent of gross revenue for current cable providers. The franchise agreements also specify the provision of public, educational, or government channels (including Seattle Channel) without charge and to all subscribers.

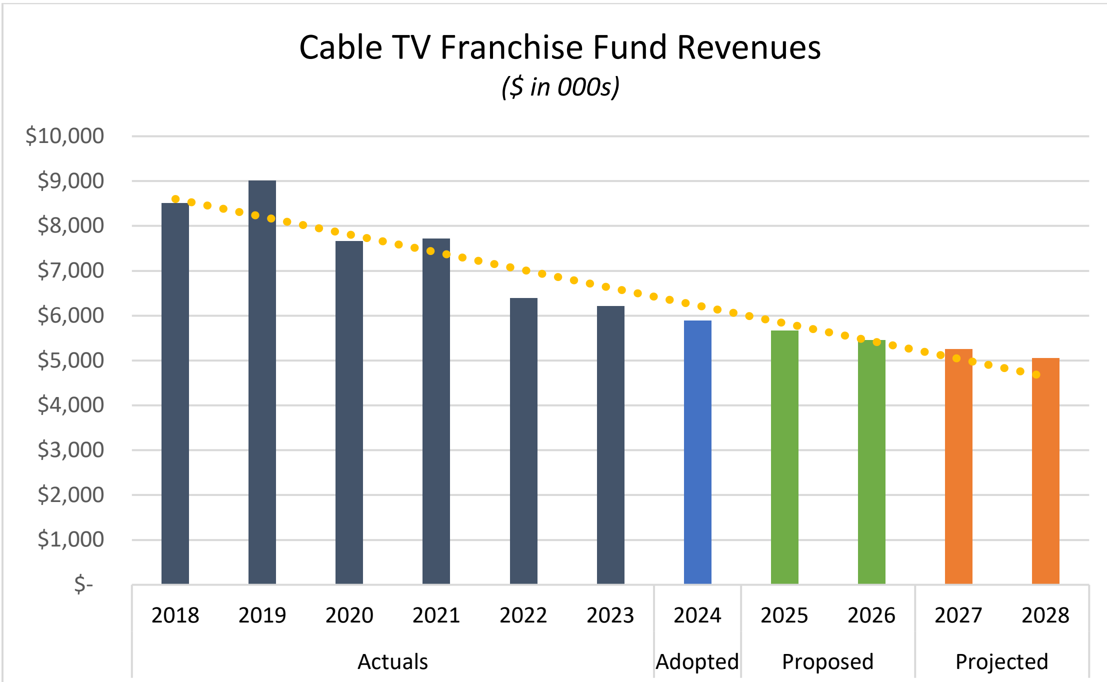
   The revenues generated from the franchise fees and public, educational, and government access fees are deposited into the City's Cable Television (TV) Franchise Fund. Expenditures from that fund follow guidance from policies adopted by the Council in 2001.[2] According to those policies, funds may be used for: (a) administration of the Cable Customer Bill of Rights and costs the City is obligated to fund under the terms of its franchise agreements; (b) operating and capital support for the Seattle Channel; (c) programs and projects that promote technology literacy and access; and (d) use of innovative and interactive technology to provide ways for residents to access City services.

[1] ORD 123461 (November 2010)

[2] RES 30379 (August 2001) provided financial policies for General Fund Subfunds, including a subfund that received cable franchise revenues. In December 2017, Council adopted ORD 125492 pertaining to the structure of the City Treasury which, among other things, created the Cable TV Franchise Fund as a separate fund.

For many years, likely due to customers switching away from traditional cable television service towards streaming, cable franchise revenues have been declining. Chart 1 shows total budgetary revenues for the Cable TV Franchise Fund from 2018 through 2028. The chart displays actual amounts for 2018 through 2023, the adopted budget amount for 2024, proposed budget amounts for 2025 and 2026, and financial plan projections for 2027 and 2028.

Chart 1: Cable TV Franchise Fund Revenues 2018–2028



As the chart shows, revenues have generally declined over the last decade, from a high of about $9 million in 2019 to a proposed amount of $5.7 million in 2025, with continuing projected declines. Table 1 shows the 2024 Adopted and 2025-2026 Proposed uses of the Cable TV Franchise Fund revenues.

Table 1: Cable TV Franchise Fund Usage ($ in 000s)

	2024 Adopted	2025 Proposed	2026 Proposed
Citywide Public Records Act	$78	$59	$62
Digital Equity & Engagement	$2,033	$2,433	$2,551
Indirect Costs	$870	$734	$768
Open Data	$311	$370	$387
Privacy	$19	$28	$29
Seattle Channel	$3,572	$1,684	$1,708
Technology Matching Fund	$320	$320	$320
Total	**$7,203**	**$5,629**	**$5,825**

2025-2026 Proposed Budget Reductions

In recognition of the declining cable franchise revenues, the 2025-2026 Proposed Budget would make reductions to Seattle Channel's staffing and budget. The proposed budget would reduce Seattle Channel's operating budget from approximately $3.2 million in 2024 to about $1.7 million in 2025. In terms of staffing, Seattle Channel would be reduced from 13.0 FTE in 2024 to 7.0 FTE in 2025. Although this is a reduction of 6.0 FTE, the proposal would impact seven City employees due to a job-sharing arrangement for one of the positions.

The proposed reductions would result in the elimination of all non-governmental programming on Seattle Channel. According to the Executive, Seattle Channel would reduce programming down to basic City Council and Executive coverage, but would lose all other civic, cultural, and community programming, including City Inside/Out, CityStream, Art Zone with Nancy Guppy, and Book Lust with Nancy Pearl. In addition to the City staffing impacts, the reductions would eliminate the contracts and other work arrangements with the outside producers, hosts, and crews of the affected programming.

The proposed budget would also zero out funding for a project in the proposed Capital Improvement Program (CIP) that is typically used to maintain, replace, and upgrade technical and production systems for Seattle Channel. The budget for this capital project was approximately $360,000 in 2024 and, as of last year, was projected to have a budget of around $400,000 annually. The Executive has stated that due to significant investments in equipment over recent years, Seattle Channel is well positioned to reduce annual equipment expenditures by delaying upgrades for a couple of years, although critical equipment failure could result in supplemental budget requests.

Options:

A. Full restoration – To fully restore the operating portion of Seattle Channel staffing and programming to current levels, the Council would need to add $1.6 million and 6.0 FTE in 2025 and $1.65 million in 2026. In addition, if the Council wanted to restore the capital budget for equipment, it would need to add $372,000 in 2025 and $384,000 in 2026.

B. Partial restoration – The Council could choose to restore some of the staffing and funding to Seattle Channel to maintain a reduced level of non-governmental programming. Given the nature of producing programming content and the need for certain types of staff, there are logical groupings that would need to be packaged together.

   One of the options explored with Executive staff would be to restore four of the positions along with funding to continue approximately 50 percent of the non-governmental programming. This option would cost about $920,000 in 2025. Other restoration options at various funding levels may also be possible.

C. Explore alternative models – The Executive has indicated that staff are exploring new revenue and partnership models for Seattle Channel. Regardless of the other options pursued, the Council could request the Executive to provide a report to the Council in 2025 with its findings and conclusions on the feasibility of other operating models.

D. No change.

600 Fourth Ave. 2nd Floor
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Legislation Text

File #: Inf 2576, **Version:** 1

Seattle Department of Human Resources (SDHR)

SEATTLE CITY COUNCIL
CENTRAL STAFF

SEATTLE DEPARTMENT OF HUMAN RESOURCES
2025 – 2026 Proposed Budget
Policy Consideration

Select Budget Committee | October 17, 2024

Karina Bull, Analyst

SEATTLE CITY COUNCIL
CENTRAL STAFF

Budget Summary

	2024 Adopted	2025 Proposed	% Change	2026 Proposed	% Change
Operating Appropriations by BSL					
Group Term Life Insurance	$6.7M	$7.1M	5.9%	$7.2M	2.5%
Health Care Services	$331.8M	$362.4M	9.2%	$383.3M	5.8%
HR Services	$26.2M	$10.6M	(59.7%)	$11.0M	4.6%
Industrial Insurance Services	$42.4M	$53.4M	25.9%	$56.1M	5.2%
Leadership & Administration	-	$12.0M	-	$12.6M	4.6%
Unemployment Services	2.5M	$4.0M	58.3%	$3.6M	(8.3%)
Total Appropriations	$409.5M	$449.4 M	9.7%	$473.9M	5.5%
Revenues					
General Fund	$26.2M	$22.6M	-14.8%	$23.6M	4.3%
Group Term Life Insurance Fund	$6.7M	$7.1M	5.9%	$7.2M	2.5
Health Care Fund	$331.8M	$362.4M	9.2%	$383.3M	5.8
Industrial Insurance Fund	$42.4M	$53.4M	25.9%	$56.1M	5.2
Unemployment Insurance Fund	$2.5M	$4.0M	58.3%	$3.6M	-8.3%
Total Revenue	$409.5	$449.4M	9.7%	$473.9M	5.5%

Policy Consideration

(Slide x/x)

1. **Elimination of the Workforce Equity Division**
   - SDHR’s Workforce Equity Division manages the City’s Workforce Equity Initiative, including implementation of the 2024-2029 Workforce Equity Strategic Plan.
   - SDHR’s 2025-2026 Proposed Budget would eliminate the Workforce Equity Division ($371,000 in 2025 and $389,000 in 2026) by removing the filled Director position (1.0 FTE), vacant Advisor position (0.5 FTE), and associated non-labor expenses.
   - The two remaining positions in the Workforce Equity Division, a Program Advisor (1.0 FTE) and Data Analyst (1.0 FTE), would move to the SDHR Business Operations Division and assist departments with achieving workforce equity goals in an advisory capacity.

Options:

A. Add appropriations to partially or fully restore the Workforce Equity Division.

B. No change.

Questions?

SEATTLE CITY COUNCIL
CENTRAL STAFF

2025-2026 PROPOSED BUDGET

POLICY CONSIDERATIONS PAPER

SEATTLE DEPARTMENT OF HUMAN RESOURCES

Central Staff Analyst: Karina Bull

This paper highlights a policy consideration related to the Seattle Department of Human Resources (SDHR) 2025-2026 Proposed Budget. Considerations included here are not intended to be exhaustive and others may surface as Central Staff continues its analysis of the proposed budget. For more information about SDHR's 2025-2026 Proposed Budget, please see the 2025-2026 Proposed Budget Overview Papers.

Background

The Seattle Department of Human Resources (SDHR) Workforce Equity Division manages the City's Workforce Equity Initiative and supports the City's broader Race and Social Justice Initiative.[1]

The Workforce Equity Initiative is the City's commitment to eliminating racial disparities and achieving equity for City employees.[2] Principle goals include achieving (1) a workforce that is inclusive of people of color and other marginalized or under-represented groups at a rate that is representative of the greater Seattle area at all levels of City government; and (2) a workplace where institutional and structural barriers impacting employee attraction, selection, participation and retention have been eliminated and there is opportunity for employment success and career growth.[3] Earlier this year, SDHR issued the 2024-2029 Workforce Equity Strategic Plan with learnings from previous years, current workforce metrics, and the City's strategic priorities for the next 5 years.[4]

[1] The City's Race and Social Justice Initiative was officially adopted in 2004 and established as a City policy in 2023 by Ordinance 126799.

[2] Executive Order 2015-02 established the Workforce Equity Initiative. Council Resolution 31588 affirmed the Workforce Equity Initiative and requested the Executive to develop metrics to measure the City's progress in implementing Workforce Equity actions and strategies for strengthening gender and race/ethnic wage equity for City employees; and to issue an annual report to Council beginning in 2016.

[3] In 2016, under direction from the Mayor and Council, SDHR issued the 2016 Workforce Equity Strategic Plan followed by annual reports examining the City's progress toward workforce equity and providing data analysis. The most recent report, the 2021 Workforce Equity Update, found that Black, Indigenous, and People of Color (BIPOC) employees, especially BIPOC women, were underrepresented at the top levels (e.g., supervisors and high wage earners) of City employment when compared to the general population. An accompanying 2021 Technical Report provided more detail on the future work necessary for addressing these disparities.

[4] The 2024-2029 Workforce Equity Strategic Plan is available on the City's internal website.

SDHR's Workforce Equity Division is responsible for implementing the Workforce Equity Strategic Plan and leading other efforts to advance equity at the City. The 2024-2029 Workforce Equity Strategic Plan tasks the Workforce Equity Division with engaging stakeholders Citywide to create a collaborative, sustainable approach to achieve workplace equity while amplifying the voices of the employees most impacted by structural racism at the City. The Workforce Equity Division is responsible for identifying and recommending best practices for achieving positive outcomes for inclusion, diversity, equity, and access in the following areas:

1. **Attraction and selection phases of the employee life cycle**
   - Removing barriers to equity in the internal hiring process for Black women, indigenous women, women of color, and employees who identify as having a disability; and
   - Attracting indigenous and Latine talent to City jobs.
2. **Development and retention phases of the employee life cycle**
   - Retaining Black women, indigenous women, women of color, and employees who identify as having a disability; and
   - Advancing inclusion, belonging, and relational culture across the City to enable all employees to thrive in City service.
3. **Ongoing responsiveness to City employees**
   - Engaging employees on how to continuously improve and target workforce equity initiatives at the City; and
   - Support emerging employee needs.

The Office of City Auditor (AUD) Workforce Equity in Promotions Audit references the role of the Workforce Equity Division in the report's recommendations to improve internal promotion practices. The AUD issued the recommendations after finding disparities in the City's promotion practices[5] and noting that the City's decentralized HR framework (the "federated model") hinders the necessary collaboration for implementing best promotion practices Citywide. Recommendations relevant to the Workforce Equity Division include (1) addressing data gaps, (2) improving Citywide human resources collaboration, and (3) performing a racial equity analysis of promotion policies.

[5] The Workforce Equity in Promotions Audit found that women received lower promotion pay increases compared to men; women of color received lower promotion pay increases compared to men of color, white women, and white men; and American Indian or Alaska Native employees received the lowest promotion pay increase compared to other racial/ethnic groups (p. 10-13).

Policy Consideration

Elimination of Workforce Equity Division

SDHR's 2025-2026 Proposed Budget would eliminate the Workforce Equity Division ($371,000 in 2025 and $389,000 in 2026) by abrogating two Workforce Equity positions (1.5 FTE) and associated non-labor expenses; and absorbing the remaining positions (2.0 FTE) into another division.

The abrogated positions would include a filled full-time Director (Executive 2) and vacant part-time Advisor (Strategic Advisor 1). The remaining positions would include a Program Advisor (Strategic Advisor 1) and Data Analyst (Strategic Advisor 1); these positions would continue to focus on workforce equity in the SDHR Business Operations Division.

SDHR's administration of the Workforce Equity Initiative would shift to an advisory role. The Workforce Equity Strategic Plan would be administered at the department level. Citywide progress would primarily be monitored through an internal SharePoint site showing employee demographics, compensation, turnover rates, and equity work in each department. This site, referred to as Unifying Next Level Inclusion Through Equity (UNITE), is currently being tested by Seattle Center and is expected to launch Citywide Q3 2025.

The proposed elimination of the Workforce Equity Division is part of a larger package of SDHR General Fund reductions to address the General Fund deficit and reflects SDHR's focus on maintaining core services that are required by law or City regulation. Under SDHR's framework, core services include (1) Employee Benefits, Leaves, Workers Compensation, and Talent Acquisition; (2) HR Compliance, Policy, and Legislation; (3) Labor Relations; and (4) Classification of Positions and Wage Management. Non-core services include (1) Workforce Development, (2) Workforce Equity, and (3) Learning and Development.

If Council accepts this proposal, SDHR estimates that removing the Director position would have the most notable impacts on the areas of strategic direction (e.g., ensuring that departments are making meaningful efforts to integrate equity into their practices) and executive sponsorship (e.g., leveraging credibility and expertise with the City's senior leaders). SDHR does not forecast significant impacts from removing the part-time Advisor position as it has been vacant for this entire year.

SDHR estimates that the UNITE Framework could fulfill the AUD's recommendations for cross-departmental collaboration. SDHR also notes that the Workforce Equity Director and OCR Race and Social Justice Director are currently partnering to complete the recommended adaptation of the City's Racial Equity Toolkit and expect to complete that work by the end of the year.

If Council identifies funding to partially or fully restore the Workforce Equity Division, SDHR would have more resources to continue coordinating Citywide efforts to advance workforce equity. SDHR has indicated that further reducing the program would likely put the implementation of the 2024-2029 Workforce Equity Strategic Plan at risk.

Options:

A. Add appropriations to partially or fully restore SDHR's Workforce Equity Division.
B. No change.

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Seattle Department of Construction and Inspections (SDCI)

Seattle Department of Construction and Inspections (SDCI)

2025 – 2026 Proposed Budget
Policy Considerations

Select Budget Committee | October 17, 2024

Ketil Freeman, Analyst

SEATTLE CITY COUNCIL CENTRAL STAFF

Budget Summary ($ in 000s)

	2024 Adopted	2025 Proposed	% Change	2026 Proposed	% Change
Operating Appropriations by BSL					
Compliance	$16.0M	$15.6M	(2.3%)	$16.3M	4.2%
Government Policy, Safety & Support	$2.7M	$2.9M	9.1%	$3.0M	4.8%
Inspections	$32.0M	$34.0M	6.4%	$35.7M	4.8%
Land Use Services	$26.4M	-	(100.0%)	-	-
Leadership and Administration	-	-	-	$0.6M	
Permit Services	$31.6M	-	(100.0%)	-	-
Process Improvements & Technology	$9.1M	-	(100.0%)	-	-
Land Use & Engineering Services	-	$43.8M		$45.1M	2.9%
Technology Investments	-	$8.7M		$9.6M	9.8%
Customer Success	-	$12.2M		$12.5M	2.2%
Process Improvements	-	$4.2M		$4.3M	3.0%
Operating Subtotal	**$117.7M**	**$121.4M**	**3.2%**	**$126.9M**	**4.6%**

SEATTLE CITY COUNCIL
CENTRAL STAFF

Budget Summary ($ in 000s)

	2024 Adopted	2025 Proposed	% Change	2026 Proposed	% Change
Appropriation Totals (Operating + Capital)					
Total Appropriations	$117.7M	$121.4M	3.2%	$126.9M	4.6%
Total FTE	482	451	(6.4%)	451	-
Revenues					
General Fund	$11.3M	$8.3M	(25.9%)	$8.7M	4.7%
Other Source(s)	$106.4M	$113M	6.3%	$118M	4.6%

Policy Consideration

(Slide 2/2)

1. Permit Review Staffing Reductions

SDCI's 2025-2026 Proposed Budget would abrogate 20 positions and defund, but maintain position authority, for nine positions all of which perform permit review functions. The financial plan for the Construction and Inspections Fund indicates that SDCI has a core staffing reserve of $22 million in 2025. That reserve would be drawn down to $18 million in 2026. The Council could consider using some of the reserve to maintain current staffing levels or reduce the proposed position modifications in 2025. Should permit volumes continue to decline or stay at the current level, such a decision by the Council would reduce the availability of the reserve in future years to maintain core staffing.

Options:

A. Use the Core Staffing Reserve to maintain position authority for some or all the positions proposed to be abrogated.

B. Use the Core Staffing Reserve to maintain position authority for some or all the positions proposed to be defunded.

C. No change.

Policy Consideration

2. Tenant Assistance Grants and Contracts – Rental Assistance

SDCI's 2025-2026 Proposed Budget appropriates $1.8 million to the Compliance BSL for tenant services grants and contracts for each year of the biennium. SDCI contracts with ten organizations to provide tenant education, language access, eviction defense, direct counseling, and other services. The 2025 Proposed Budget includes a reduction in one-time General Fund support of $1 million for rental assistance provided in conjunction with eviction legal defense services. The net change in appropriations is a reduction of $811,000. Of the appropriations in the 2025 Proposed Budget for tenant services grants and contracts, SDCI indicates that $527,000 would be used for rental assistance administered in conjunction with evictions legal defense. SDCI is not the only City department that provides rental assistance. In 2025 and 2026, the Human Services Department anticipates contracting with 11 community-based organizations for that service. The total annual contract amounts are anticipated to be $4.6 million, with $2.4 million from the General Fund and $2.2 million from the Housing Levy.

Options:

A. Adopt a Statement of Legislative Intent requesting that SDCI and HSD report to the Council on a process for aligning contracting and grantmaking for tenant services.

B. No change.

Seattle City Council
Central Staff

Questions?

SEATTLE CITY COUNCIL
CENTRAL STAFF

2025-2026 PROPOSED BUDGET

POLICY CONSIDERATIONS PAPER

SEATTLE DEPARTMENT OF CONSTRUCTION AND INSPECTIONS

Central Staff Analyst: Ketil Freeman

This paper highlights selected policy considerations related to the Seattle Department of Construction and Inspections' (SDCI's) 2025-2026 Proposed Budget. Considerations included here are not intended to be exhaustive and others may surface as Central Staff continues its analysis of the proposed budget. For more information about SDCI's 2025-2026 Proposed Budget, please see the 2025-2026 Proposed Budget Overview Papers.

Policy Considerations

1. **Permit Review Staffing Reductions**

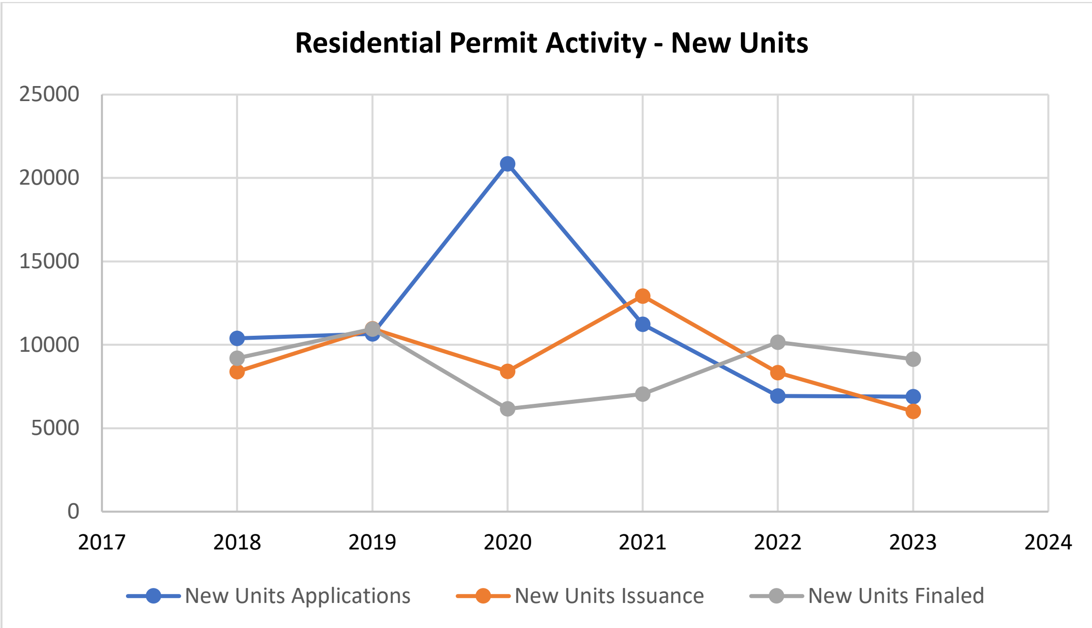
   SDCI's 2025-2026 Proposed Budget would abrogate 20 positions and defund, but maintain position authority, for nine positions all of which perform permit review functions. Those positions include 24 land use planners, three permit specialist, a permit technician, and a strategic advisor. Twenty of those positions are term limited and would lapse at the end of 2025. Sixteen positions have incumbents. Overall labor savings to the Construction and Inspections Fund from the position modifications would be approximately $5 million in 2025 and $5.2 million in 2026.

   The proposed abrogation and defunding are due to declining permit volumes, including declining volumes for Master Use Permit land use approvals. Land Use Planner positions primarily review Master Use Permit (MUP) applications. MUP volumes have decreased due to overall decreases in construction activity and policy and regulatory changes at the state and city level, such as categorical SEPA exemptions for housing development and Design Review program exemptions.

   Table 1 shows declining volumes of permitted residential units.[1] Applications for residential units peaked in 2020 due in part to a large number of applicants seeking to vest prior to implementation of an update to the Energy Code. Permits for some of those applications have been issued and finaled (a permit is "finaled" when construction is complete) in the subsequent years. But, applications for development of new residential units levelled off in 2022 and 2023 since declining from the 2020 peak.

[1] Permitted residential units are used as a proxy for overall permit activity for new construction. Complete information on residential permit activity is available at [Quarterly Report Dashboard - Residential Permitting Trends (arcgis.com)](https://arcgis.com).

Table 1. Residential Permit Activity



In 2025 the Council will consider changes to the Comprehensive Plan and associated regulations that may induce demand for permit applications. Specifically, the Council will consider legislation implementing House Hill (HB) 1110, which would increase development capacity for middle housing in current Neighborhood Residential zones; legislation implementing HB 1293, which would modify the City's Design Review program; and legislation implementing HB 1337, which would make further changes to regulations for Accessory Dwelling Units (ADUs), including allowing unit lot subdivisions for fee-simple sale of ADUs. Additionally, starting January 1, 2025, the City will be required to streamline permitting timelines and procedures to comply with HB 5290, which may require additional staff resources.

SDCI's budget for permitting services relies almost exclusively on revenue from fees charged for those services. To address construction volatility, SDCI relies on two structural budgetary mechanisms:

1. Contingent Budget Authority (CBA), which allows the department to increase staffing without first getting Council authorization, up to an approved limit, when permit application volumes increase; and
2. A core staffing reserve to maintain trained staff and institutional knowledge when permit application volumes decrease.

The financial plan for the Construction and Inspections Fund indicates that SDCI has a core staffing reserve of $22 million in 2025. That reserve would be drawn down to $18 million in 2026. The Council could consider using some of the reserve to maintain current staffing levels or reduce the proposed position modifications in 2025. Should permit volumes continue to decline or stay at the current level, such a decision by the Council would reduce the availability of the reserve in future years to maintain core staffing.

Options:

A. Use the Core Staffing Reserve to maintain position authority for some or all the positions proposed to be abrogated.

B. Use the Core Staffing Reserve to maintain position authority for some or all the positions proposed to be defunded.

C. No change.

2. Tenant Assistance Grants and Contracts – Rental Assistance

SDCI's 2025-2026 Proposed Budget appropriates $1.8 million to the Compliance BSL for tenant services grants and contracts for each year of the biennium. SDCI contracts with ten organizations to provide tenant education, language access, eviction defense, direct counseling, and other services. The 2025 Proposed Budget includes a reduction in one-time General Fund support of $1 million provided in the 2024 Adopted Budget for rental assistance. That assistance is provided in conjunction with eviction legal defense services. The 2025 Proposed Budget also shifts revenue for all tenant services grants and contract from the General Fund to the Payroll Expense Tax. The net change in appropriations is a reduction of $811,000. Of the appropriations in the 2025 Proposed Budget for tenant services grants and contracts, SDCI indicates that $527,000 would be used for rental assistance administered in conjunction with evictions legal defense.

SDCI is not the only City department that provides rental assistance. In 2025 and 2026, the Human Services Department anticipates contracting with 11 community-based organizations for that service. The total annual contract amounts are anticipated to be $4.6 million, with $2.4 million from the General Fund and $2.2 million from the Housing Levy. In 2024, HSD contracted with the same 11 organizations, using $2.3 million of General Fund and $2.2 million from the Housing Levy. Additionally, HSD will receive investment earnings from Housing Levy Rental Production and Preservation fund balances that must be used as rental assistance. The amount of investment earnings will not be known until February 2025, and HSD's appropriations will be revised as needed in a 2025 Mid-Year Supplemental ordinance once the amount is known.

SDCI regularly consults with peer departments in shaping the RFP for tenant services grants and contracts. However, there is not a formal policy structure for aligning expenditures of City resources for rental assistance.

Options:

A. Adopt a Statement of Legislative Intent requesting that SDCI and HSD report to the Council on a process for aligning contracting and grantmaking for tenant services.

B. No change.