

SUMMARY and FISCAL NOTE*

| Department: | Dept. Contact/Phone: | CBO Contact/Phone: |
|--------------------|-----------------------------|---------------------------|
| City Budget Office | | William Chen / 233-7274 |

** 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: AN ORDINANCE related to the City’s response to the COVID-19 crisis; amending Ordinance 126490, which adopted the 2022 Budget; accepting funding from non-City sources; changing appropriations to various departments and budget control levels, and from various funds in the 2022 Budget; and ratifying and confirming certain prior acts.

Summary and background of the Legislation: In response to the ongoing COVID-19 pandemic public health emergency and resulting economic downturn, the U.S. Congress passed, and the President signed, the American Rescue Plan Act of 2021 (ARPA) in March 2021. While ARPA had substantial direct assistance to the American people, it also contained support for state and local governments so they could continue providing existing and expanded responsive services. The City of Seattle (City) has allocated COVID recovery resources made available under ARPA in a series of spending packages under the Seattle Rescue Plan umbrella.

This legislation accepts \$1,213,575 of Low Income Home Energy Assistance Program (LIHEAP) funds and \$500,000 of National Endowment of the Arts funds, both made available by ARPA. This legislation appropriates the full amount of these funds to the Office of Housing and the Office of Arts and Culture, respectively. The LIHEAP grant amount is an additional allocation for LIHEAP funded by ARPA, above the City’s annual allocation. The NEA grant was awarded to ARTS for the Hope Corps program via a competitive process through which ARTS applied for funds.

This legislation also makes several necessary budgetary corrections. For consistency with direct Coronavirus Local Fiscal Recovery (CLFR) funding previously appropriated, this legislation also modifies two programs funded in the 2022 Budget via revenue replacement provisions of CLFR such that the programs are funded directly from CLFR funds instead. It also transfers CLFR budget authority from Seattle Department of Human Resources to the Seattle IT Department for costs related to establishing a vaccine verification system to reflect which department is actually incurring the costs.

The funds are appropriated as follows (the item number corresponds to the items in the Council Bill/Ordinance):

Grant Appropriations

2.1 Executive (Office of Housing) \$1,213,575 (Homeownership and Sustainability (BO-HU-2000))

This item appropriates grant funds accepted in item 1.1 and supports weatherization projects in both Single Family and Multi-Family buildings for income qualified owners or tenants.

2.2 Executive (Office of Arts and Culture) \$500,000 (Arts and Cultural Programs (BO-AR-VA160))

This item appropriates grant funds accepted in item 1.2 and provides support for Hope Corps, ARTS' creative workforce recovery program.

Appropriation Reductions

3.1 Finance General (\$4,344,457) (Appropriations to Special Funds (BO-FG-2QA00))

This item decreases CLFR Fund appropriations to Finance General that would have otherwise been used to make fund transfers to effectuate the revenue replacement that is being reversed in this legislation.

Appropriation Transfers (Budget Neutral)

4.1 Seattle Department of Human Resources (\$205,000) (Leadership and Administration (BO-HR-N5000))

This item, combined with item 4.2, transfers funds from SDHR to ITD for development of a vaccine verification system that will support the City with COVID-19 related needs, including: vaccine verification, contract tracing, booster status, and case management.

4.2 Seattle Information Technology Department \$205,000 (Applications (BO-IT-D0600))

This item, combined with item 4.1, transfers funds to ITD from SDHR for development of a vaccine verification system that will support the City with COVID-19 related needs, including: vaccine verification, contract tracing, booster status, and case management.

4.3 & 4.4 Executive (Office of Housing) (budget neutral change) (Multifamily Housing (BO-HU-3000))

These items pertain to \$1,000,000 of funding to support capacity building for housing providers by providing financial assistance to non-profit affordable housing organizations that have been negatively impacted by the pandemic. These items modify funding for this activity such that the activities are funded directly from CLFR funds and not through revenue replacement provisions of CLFR.

4.5 & 4.6 Human Services Department (budget neutral change) (Supporting Affordability and Livability (BO-HS-H1000))

These items pertain to \$3,344,457 of funding for supporting food and nutrition programs to sustain 2021 levels of funding. These items modify funding for this activity such that the activities are funded directly from CLFR funds and not through revenue replacement provisions of CLFR.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ☐ Yes ☒ No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? X Yes No

| Appropriation change (\$): | General Fund \$ | | Other \$ | |
|--------------------------------|-------------------------|------|------------------------|------|
| | 2022 | 2023 | 2022 | 2023 |
| | (\$4,344,457) | | \$1,713,575 | |
| Estimated revenue change (\$): | Revenue to General Fund | | Revenue to Other Funds | |
| | 2022 | 2023 | 2022 | 2023 |
| | (\$4,344,457) | | \$1,713,575 | |
| Positions affected: | No. of Positions | | Total FTE Change | |
| | 2022 | 2023 | 2022 | 2023 |
| | | | | |

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?
Strategic use of Rescue Plan Act funds will allow Seattle to rebound and recover from the COVID-19 pandemic and resulting economic downturn. This is likely to result in higher City tax revenues than if these funds are not accepted and appropriated.

Is there financial cost or other impacts of *not* implementing the legislation?
Yes, grant funds provided to the City from the federal government will go unaccepted and unspent.

3.a. Appropriations

 X This legislation adds, changes, or deletes appropriations.

See the list of items above for changes to appropriations.

Is this change one-time or ongoing?
One-time.

3.b. Revenues/Reimbursements

X This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

| Fund Name and Number | Dept | Revenue Source | 2022 Revenue | 2023 Estimated Revenue |
|---------------------------------|------|--|----------------------|------------------------|
| General Fund (00100) | FG | U.S. Federal Coronavirus Local Fiscal Recovery Funds | (\$4,344,457) | |
| Low-Income Housing Fund (16400) | OH | Low Income Energy Assistance Program Funds | \$1,213,575 | |
| Arts and Culture Fund (12400) | ARTS | National Endowment for the Arts Funds | \$500,000 | |
| TOTAL | | | (\$2,630,882) | |

Is this change one-time or ongoing?

One-time.

3.c. Positions

 This legislation adds, changes, or deletes positions.

4. OTHER IMPLICATIONS

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

This budget bill will impact several City departments. Those departments are listed in the appropriations sections above.

b. Is a public hearing required for this legislation? No.

c. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation? No.

d. Does this legislation affect a piece of property? No.

e. 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?

According to a [Seattle Foundation report](#) from July 2020, “BIPOC communities have been particularly impacted by the COVID-19 economic crisis for three primary reasons (1) overrepresentation in vulnerable jobs, (2) inequitable hiring and firing practices, and (3) barriers to receiving small business aid.” BIPOC patients have also had worse health outcomes during the pandemic, including higher per-capita cases, hospitalization, and death rates. There are many factors contributing to this, such as poor access to health

care, including culturally competent care, distrust of the health care system, and living in multi-generational households. Upstream of these outcomes are factors like living in neighborhoods with worse environments, lacking adequate food access, underinvestment in schools, and access to good jobs. All of these conditions can be traced to historic and current racist institutional policies, practices, and laws.

BIPOC respondents, especially Black and Hispanic respondents, in a Washington State Department of Health [survey](#) of King County residents reported significantly worse impacts from the pandemic across all the above dimensions and more. Native Hawaiian/Pacific Islander COVID case rates were the highest among all ethnic groups in King County when disaggregated from the Asian category.

This deployment of federal funds is meant to address the impacts of COVID-19, and the Mayor and City Council have put together a package with a lot of items across different categories of spending. Prior to the pandemic there were already deep inequities in our city. The pandemic has exacerbated these inequities, and this bill attempts to address them with the funding package, and not exacerbate them. This bill, combined with other City COVID-related efforts, makes strategic investments in our small businesses, child care, low-income housing, education, youth programs, job retraining and apprenticeships, resources for people experiencing homelessness, meals for vulnerable populations, as well as supporting the City's efforts to provide free COVID-19 testing and vaccines.

f. Climate Change Implications

1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?

No.

2. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.

No.

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).

N/A

List attachments/exhibits below:

Summary Attachment A – Corrected table of “General Government Services supported by the CLFR Revenue Replacement in the 2022 Budget,” reflecting changes made in this bill, originally included as Appendix 4 to Attachment 1 to CBA FG-001-D-001 v2 to the 2022 Budget.