

July 18, 2022

MEMORANDUM

To: Finance & Housing Committee
From: Tom Mikesell, Analyst
Subject: Council Bills 120365 & 120366: Midyear Grant Acceptance & Supplemental Budget Ordinances

On July 20, 2022, the Finance & Housing Committee will discuss and may vote on [Council Bill \(CB\) 120365](#) and [CB 120366](#). CB 120365 would authorize departmental acceptance of monies from external sources (e.g., grants) and CB 120366 would amend the City’s 2022 Budget.

This memo provides (1) background on budget adjustments to date; (2) describes CBs 120365 and 120366; and (3) describes next steps in the budget adjustment process for 2022.

Background - Approved Budget Adjustments to Date

As shown in Table 1 below, as of July 15, 2022, a combination of automatic and Council-approved budget adjustments have increased the City’s 2022 Adopted Budget by \$2.1 billion or 29 percent.

Table 1. 2022 Revised budget-to-Date

Fund	2022 Adopted	Adjustments as of 7/15/22	Revised Budget 7/15/2022	Percent Change
General Fund	\$1,585 M	\$197 M	\$1,783 M	12%
Other Funds	\$5,558 M	\$1,898 M	\$7,456 M	34%
Total:	\$7,143 M	\$2,095 M	\$9,239 M	29%

Of this amount, \$2.06 billion (98 percent) is from legislation and automatic carryforwards described in the [staff memo](#) for the 2021 carryforward bill ([Ordinance 126586](#)), which Council passed on May 24, 2022. The remainder is from legislation passed subsequently, including:

- [Ordinance 126588](#): Added 14 new FTE positions, realigned existing Payroll Expense Tax fund appropriations, and appropriated \$392,000 from the Office of Housing Fund to align staffing with Office of Housing workload.
- [Ordinance 126582](#): Appropriated \$32.9 million from several City funds for approved employee wage ordinances and the newly approved Indigenous People’s Day holiday.
- [Ordinance 126599](#): Accepted and appropriated \$300,730 from the Washington State Department of Commerce for transit-oriented development and shoreline master program planning programs.
- [Ordinance 126608](#): Accepted and appropriated \$3.2 million of state and federal grants for various programs administered by the Human Services Department.

After accounting for all approved and automatic adjustments through July 15, 2022, the revised 2022 Budget is \$9.2 billion.

CB 120366

CB 120366 is the second comprehensive supplemental budget legislation transmitted by the Executive in 2022, proposing mid-year appropriation, position, and capital project changes to meet needs that are assumed to be unforeseeable¹ at the time the 2022 budget was adopted in November 2021. This legislation would decrease the revised budget by \$128.9 million and would add 14.5 positions. Though the bill would result in an appropriation decrease, this is entirely the result of technical changes which abandon \$198 million of capital budget appropriations in Seattle Public Utilities and Seattle City Light, \$6 million of appropriation authority from City bond funds, and \$18 million of carryforward grant authority in the Human Services Department. After adjusting for these technical reductions, this bill represents a \$93.4 million budget increase.

At the May 4, 2022, meeting of the Finance and Housing Committee, a [presentation](#) by the City Budget Office (CBO) and Central Staff demonstrated that the City's General Fund (GF) was projected to have a \$117 million operating deficit in 2023 and a negative projected unreserved ending balance of \$35 million. Further, the CBO Director indicated that the forecast as presented may not fully include the impacts of inflation and other unexpectedly higher costs of providing current City services. This potential increase in future costs is compounded by the increasing possibility of an economic recession, which could decrease the GF revenue forecast to be presented to the Finance and Housing Committee in August. Given that current projections for the GF indicate a \$117 million operating deficit next year, and that future updates to the projections are likely to increase the size of the projected deficit, the next section of this memorandum describes the proposed GF changes and how they are funded.

General Fund Review

CB 120366 would increase the 2022 GF budget by \$52.6 million, which is the net effect of new GF spending proposals, abandonments of carryforward grant-backed appropriations, and transfers of spending to non-GF funds, including:

- **Revenue Stabilization Fund Transfer:** As described in the May 4th presentation, a combination of lower-than-expected expenditures and better than expected revenues in 2021 led to an unreserved ending GF balance that was \$120.7 million higher than expected. [Ordinance 123743](#), that established the fiscal policies for the Revenue Stabilization Fund (RSF), requires that 50 percent of unplanned unreserved GF fund balance at year-end be deposited into the RSF. As part of a funding plan that would have replenished the RSF over a period of four years, the 2022 Adopted Budget includes a \$15.4 million transfer to the RSF.

¹ RCW 35.32A.060 allows appropriating "from the emergency fund, or other designated funds, an amount sufficient to meet the actual necessary expenditures of the city for which insufficient or no appropriations have been made due to causes which could not reasonably have been foreseen at the time of the making of the budget".

To implement the fund policy in Ordinance 123743, CB 120366 would deposit an additional \$40.3 million into the RSF in 2022, completely replenishing the RSF as a contingency against future economic impacts to revenues.

- **Frontline Workers Pay:** Passed by the City Council on October 11, 2021, [Ordinance 126453](#) authorized the Mayor to enter into agreements between the City, the Coalition of City Unions, Fire Fighters Union Local 27 and International Brotherhood of Electrical Workers Local 77, covering vaccination requirements and front-line workers pay, that provide a maximum \$1,750 one-time payment for front line worker who worked onsite during the period from March 20, 2020, to December 31, 2021, and who was on the City's payroll on August 1, 2021. CB 120366 adds \$9.4 million, of which \$5.9 million is GF, to department budgets to provide these one-time payments to eligible workers in 2022. These increases are funded by a decrease in the non-appropriated planning reserves that had been held for this purpose. This represents the GF impact of the agreements; the impact to other City funds is included in the section below.
- **Reserve for Parking Enforcement:** A \$2.5 million increase to Finance General reserves in the GF for the potential repayment of parking fines collected in 2021. This appropriation increase is funded by a decrease in the non-appropriated planning reserves that are being held for this purpose.
- **Appropriations of Grant Revenues Accepted in CB 120365:** As discussed in the section below, CB 120365 would provide authority for select City departments to accept grant revenues from non-City sources. The grants accepted in the bill total \$67.6 million, of which \$3.9 million is appropriated in the GF to fund several new budget items on a non-lapsing basis. Noteworthy grant-backed items include:
 - **FY 2022 Internet Crimes Against Children:** A \$2.27 million grant from the Washington Association of Sheriffs to support the multi-jurisdictional Washington State Internet Crimes Against Children Task Force. The City's share of funding will be used for salary and benefits for 50% of Deputy Prosecuting Attorney, overtime for detectives on ICAC investigations, and equipment, training, overtime, and infrastructure needs for partner agencies.
 - **Reconnecting South Park:** A \$600,000 grant from the Washington State Department of Transportation to the Office of Planning and Community Development (OPCD) for a public engagement and visioning process and feasibility study for reconnecting the South Park neighborhood, which is currently divided by State Route 99. OPCD must provide a report on the plan that includes recommendations to the Seattle City Council, the WSDOT, and the transportation committees of the State Legislature by January 1, 2025.
 - **Bloomberg Philanthropies:** A \$500,000 grant split between CBO and the Department of Finance and Administrative Services to support transformation of the procurement process. The CBO allocation would support a term limited position through August 2024.

- **Other Increases:** A \$2.7 million increase across multiple programs, including,
 - **Increased Insurance costs:** A \$1.1 million increase to Finance General for higher insurance renewal premium costs. In total, this represents an 8.7% increase to GF insurance premiums, which will total an estimated \$13.3 million in 2022.
 - **AiPACE Facility Funding:** A \$500,000 increase to the Human Services Department (HSD) to support the development of a community health facility. This item was added in a 2021 supplemental adjustment, but was inadvertently omitted from Ordinance 126586, the 2021 carryforward bill. When combined with the \$1 million of 2022 GF from [CBA HSD 014-B-001](#) this add would restore the total AiPACE Facility funding to \$1.5 million.
 - **Northwest Abortion Access Fund:** A \$250,000 increase to the HSD to expand access to reproductive healthcare through an enhanced investment in the Northwest Abortion Access Fund.
 - **Winter Weather Premium Pay:** A \$175,000 increase to the Seattle Center to pay winter weather premium pay that was given to staff who worked in person at a job site between December 24, 2021 – January 3, 2022.
- **Appropriation Reductions:** In addition to the increases described above, CB 120366 would reduce \$2.7 million of appropriations across several departments, which offsets a portion of the additions described above. These reductions include abandonment of grant-backed authority that is no longer necessary, and funding shifts from GF to other funding sources, including:
 - **Fund shift to Families Education and Preschool Promise (FEPP) Levy Fund:** A combined \$1.6 million shift of funding for items that was previously frozen for expenditure by the Executive due to GF budget challenges, including:
 - Expand mental health services in schools: \$500,000
 - Enhance restorative justice program: \$250,000
 - Enhance culturally responsive after school programming: \$500,000
 - Programming for Black Girls and Young Women and Black Queer and Transgender Youth: \$375,000.

The funding shift was endorsed by the FEPP Levy Oversight Committee.
 - **Abandon Coronavirus Relief Fund (CRF) Appropriations:** A combined \$711,000 reduction to appropriations backed by federal CRF monies, which were fully utilized in prior years. As such, the appropriation authority is not needed.

Table 2 on page five summarizes these GF proposals and how they are funded.

Table 2. CB 120366 GF Funding Summary

Item	Proposed Expenditures	Funding Source
RSF Replenishment	\$40.3 M	2021 ending GF balance
Frontline Worker Pay	\$5.9 M	Reduce planning reserves
Parking Enforcement	\$2.5 M	Reduce planning reserves
Grants	\$3.9 M	Grants accepted in CB 120365
Other Proposals	\$2.7 M	Offsetting Reductions
Appropriation Reductions	(\$2.7 M)	
GF Total:	\$52.6 M	

As shown in Table 2, the bulk of the increase is paid from one-time 2021 ending balances, with the remainder funded from a combination of Executive-managed planning reserves, new grant revenues, and cuts to other GF appropriations. These changes were either assumed in the GF financial plan information presented on May 4th or are backed by offsetting new revenue and/or appropriation reductions. As such, there is minimal impact to the GF balancing picture discussed on May 4th. An update to the six-year GF financial plan will be provided at the August 17th meeting of the Finance & Housing Committee.

Other Funds Review

In addition to the proposed GF changes described above, CB 120366 would decrease total appropriations in all other City funds by \$181.5 million. However, as mentioned earlier in this memorandum, the reduction is largely the result of the abandonment of \$222.3 million of existing appropriations, including:

- **Capital Improvement Program Abandonments:** A combined abandonment of \$198 million of carryforward capital budget appropriations in the City utility funds, of which \$11.5 million is in City Light Fund and \$186.2 million is in Seattle Public Utilities’ funds. In these cases, the departments indicate that these appropriations are no longer needed, and that approved capital work can be accomplished within remaining appropriation authority.
- **Human Services Fund Grant Abandonments:** An abandonment of \$18.5 million of carryforward grant appropriations in the Human Services Fund. According to HSD (HSD) staff, the abandonment is needed to zero out automatic carryforward budget for specific grants to accurately capture HSD’s true grant carryforward amount in 2022.
- **Pike Place Market Public Development Authority (PDA) Bond Abandonments:** The remainder is the abandonment of a \$6 million appropriation from the 2022 LTGO Bond Fund for the Pike Place Market Public Development Authority (PDA). According to the Executive, the PDA has decided to use other funds to complete the work and as such this bond financing appropriation is no longer needed.

It is important to note that these changes are technical and do not free-up financial resources for use on other budget purposes. After accounting for these technical reductions, CB 120366 would increase appropriations to other City funds by approximately \$40.8 million. Noteworthy increases include:

- **Appropriations of Grant Revenues Accepted in CB 120365:** As discussed in the section below, CB 120365 would provide authority for select City departments to accept grant revenues from non-City sources. The non-GF grants accepted in the bill total \$63.8 million, though only \$43.8 million would be appropriated from non-GF City funds to support the purposes of the grants, on a non-lapsing basis. The total amount of grant backed appropriations in CB120366 is lower than the total amount of grants accepted in CB 120365, the midyear grant acceptance bill discussed below, because approximately \$20 million of grant revenues proposed for acceptance by the HSD are already appropriated in the 2022 Adopted Budget.
- **Childcare bonus:** An \$8.9 million increase to the Human Services Fund to fund childcare facility construction in the city. These funds were appropriated in 2021 and include \$5 million of American Rescue Plan Act funds. The distribution of funds was delayed due to staff capacity and turnover issues at HSD. A request for proposals was released this spring, with anticipated award of funds later in 2022.
- **Frontline workers:** As described in the GF Review section above, this would provide a \$3.6 million increase across several City funds to provide one-time payment for front line worker who worked onsite during specified time periods in 2021.
- **Sweetened Beverage Tax Food and Nutrition Programs:** A \$2.3 million increase to the Sweetened Beverage Tax Fund to fund to expand food and nutrition programs provided by HSD.

Noteworthy appropriation decreases include:

- **Rapid Ride Funding Realignments:** A combined \$32 million reduction in the Transportation Fund to RapidRide capital projects to realign the capital budget with amounts and timing of project funding available from external partners over the six-year capital improvements program.

Position Changes

In addition to appropriation changes, CB120366 would revise approved position totals across City departments. In total, the bill would add 16.5 Full Time Equivalent positions.

CB 120365

CB 120365 is the first comprehensive grant acceptance legislation transmitted by the Executive in 2022, authorizing City departments to accept a total of \$67.6 million from external funding sources. Table 3 on page seven shows, by department, the total award amount from each granting agency.

Table 3. 2022 Midyear Grant Acceptances by Department

Department	Grantor	Amount
Department of Finance and Administrative Services (FAS)	Bloomberg Philanthropies	\$225,000
	Maddie's Fund	\$10,000
	<i>FAS Total</i>	\$235,000
Department of Neighborhoods (DON)	4Culture	\$15,929
	National Endowment for the Arts	\$125,000
	<i>DON Total</i>	\$140,929
Human Services Department (HSD)	Washington State Department of Social and Human Services (DSHS)	\$55,408,459
	<i>HSD Total</i>	\$55,408,459
Office of Emergency Management (OEM)	Public Health - Seattle and King County	\$19,260
	<i>OEM Total</i>	\$19,260
Seattle Police Department (SPD)	Washington Association of Sheriffs and Police Chiefs	\$2,510,150
	Washington State Parks and Recreation Commission	\$14,334
	<i>SPD Total</i>	\$2,524,484
Seattle Parks and Recreation (SPR)	Federal CSBG Grant	\$181,812
	King County	\$41,927
	State of Washington	\$2,367,000
	<i>SPR Total</i>	\$2,590,739
Office of Planning and Community Development (OPCD)	State of Washington (ESSB 5689)	\$600,000
	<i>OPCD Total</i>	\$600,000
Seattle Public Library (SPL)	Washington State Library	\$15,000
	<i>SPL Total</i>	\$15,000
Office of Immigrant & Refugee Affairs (OIRA)	Seattle Housing Authority	\$49,910
	Washington State DSHS	\$27,100
	<i>OIRA Total</i>	\$77,100
Seattle Public Utilities (SPU)	Washington State Department of Ecology	\$1,698,015
	King County Flood Control District	\$2,650,000
	<i>SPU Total</i>	\$4,348,015
Office of Housing (OH)	BDG Pass-through from State of Washington	\$1,195,823
	<i>OH Total</i>	\$1,195,823
Office of Sustainability and Environment (OSE)	Share Our Strength	\$200,000
	<i>OSE Total</i>	\$200,000
City Budget Office (CBO)	Bloomberg Philanthropies	\$275,000
	<i>CBO Total</i>	\$275,000
Grand Total		\$67,629,719

Of the total amount in Table 3, approximately 80 percent is funding from the Washington State Department of Social and Human Services for an array of Department of Human Services programs listed in [Attachment A](#) to the summary and fiscal note. As mentioned, approximately half of these funds, which cover the funding period from July 1, 2022, through June 30, 2023, were already appropriated in Ordinance 126490, the 2022 Adopted Budget. As such, only the second half of the appropriation authority for these grants is requested in CB 120366. This bifurcated approach to appropriating and accepting these funds is a new process instituted by CBO, the FAS, and HSD.

These and all other grants that would be accepted in the bill are described in Attachment A to the summary and fiscal note submitted by the Executive.

Potential Amendments

The following are amendments to CB 12066 that councilmembers have proposed for consideration at the July 20 meeting.

#	Sponsor/Author	Title	Description
1.	Sponsor: CM Mosqueda Author: CP Juarez	Add 1.0 FTE to the Legislative Department’s Central Staff Division	This amendment would add an analyst position (1.0 FTE StratAdvsr-Legislative – BU) to the Legislative Department’s Central Staff division. Central Staff has existing ongoing budget authority to fund this position but requires additional position authority. (See Attachment 1 for more details)
2.	Sponsors: CM Herbold & CM Lewis	Reserve funds for alternative models for responding to non-criminal 9-1-1- calls	This amendment would shift \$1.2 million of General Fund (GF) appropriation authority from the Seattle Fire Department (SFD) to Finance General (FG). The 2022 Adopted Budget added \$1.2 million in SFD’s budget to implement a new specialized triage response (the “Triage 1 team”) that was proposed to be an alternative model for responding to some non-criminal 9-1-1- calls and reduce the need for a sworn officer response for some calls. (See Attachment 2 for more details)
3.	Author: CM Morales	Add \$75,000 to the Human Services Department for outreach in Chinatown-International District and Little Saigon	This amendment would add \$75,000 GF to the Human Services Department’s (HSD) 2022 budget to contract with an organization providing outreach services in support of the Chinatown International District (CID) and Little Saigon Neighborhood Safety Model. (See Attachment 3 for more details)

Next Steps

If the committee votes to make a recommendation on CB 120365 and CB 120366 at the July 20, 2022, Finance & Housing Committee meeting, the legislation will be considered for final action at the July 26, 2022, City Council meeting. Following these midyear budget adjustments, an updated six-year GF financial plan will be presented to the Finance and Housing Committee at its August 17, 2022, meeting, following the August 8, 2022, revenue forecast update that will be presented to the Forecast Council, and building from the financial planning foundation set at the May 4, 2022, Finance and Housing Committee.

Future 2022 budget adjustments will include the year-end comprehensive supplemental adjustment and grant acceptance bills, anticipated to be submitted as budget legislation with the Mayor's 2023-24 Proposed Budget in late September, and any other stand-alone supplemental bills necessary to address unforeseen circumstances, consistent with [RCW 35.32A.060](#).

Attachments

1. Amendment 1 - LEG CS Position (Juarez)
2. Amendment 2 - Alts to 911 (Herbold)
3. Amendment 3 - CID Outreach (Morales)

cc: Esther Handy, Director
Aly Pennucci, Deputy Director

Attachment 1
Amendment 1 Version 1 to CB 120366 – Midyear Supplemental Budget ORD

Author: Council President Juarez

Sponsor: Chair Mosqueda

Add 1.0 FTE to the Legislative Department’s Central Staff Division

Effect: This amendment would add an analyst position (1.0 FTE StratAdvsr-Legislative – BU) to the Legislative Department’s Central Staff division. Central Staff has existing ongoing budget authority to fund this position but requires additional position authority.

Amend Section 12 of CB 120366 as follows:

Section 12. The following positions are created in the following departments:

Item	Department	Position Title	Position Status	Number
12.1	Department of Education and Early Learning	StratAdvsr1,General Govt (@ 09385 - 140)	Full-time	1.0
12.2	Human Services Department	StratAdvsr2,General Govt (@ 09386 - 140)	Full-time	1.0
		Counslr (@ 98856 - 034)	Full-time	8.0
		Counslr,Sr (@ 98219 - 034)	Full-time	3.0
		Registered Nurse Consultant (@ 40032 - 034)	Full-time	1.0
		Executive1 (@ 09300 - 140)	Full-time	1.0
		Human Svcs Prgm Supv,Sr (@ 31009 - 034)	Full-time	2.0
12.3	Department of Finance and Administrative Services	Trng&Ed Coord (@ 11580 - 030)	Full-time	1.0
12.4	Department of Finance and Administrative Services	Contract Anlyst,Sr (@ 21026 - 004)	Full-time	1.0
12.5	Seattle Information Technology Department	Info Technol Prof B-BU (@ 09467 - 158)	Full-time	1.0
12.6	Seattle Information Technology Department	Info Technol Prof B-BU (@ 09467 - 158)	Full-time	1.0
12.7	Department of Finance and Administrative Services	Cust Svc Rep (@ 97559 - 035)	Part-time	1.25
<u>12.8</u>	<u>Legislative Department</u>	<u>StratAdvsr-Legislative – BU (@ 77231 – 086)</u>	<u>Full-time</u>	<u>1.0</u>
Total				22.25 <u>23.25</u>

Note: Amendment still under review – if any changes are necessary, staff will distribute and update version

Attachment 2

Amendment 2 Version 1 to CB 120366 – Midyear Supplemental Budget ORD

Sponsors: Councilmember Herbold; Councilmember Lewis

Reserve funds for alternative models for responding to non-criminal 9-1-1- calls

Effect: This amendment would shift \$1.2 million of General Fund (GF) appropriation authority from the Seattle Fire Department (SFD) to Finance General (FG). The 2022 Adopted Budget added \$1.2 million in SFD’s budget to implement a new specialized triage response (the “Triage 1 team”) that was proposed to be an alternative model for responding to some non-criminal 9-1-1- calls and reduce the need for a sworn officer response for some calls.

Following adoption of the 2022 Budget it became clear that the proposed Triage 1 program was not moving forward. This amendment would reserve these resources for investments in an alternative model. The funds would be shifted from FG to the appropriate department through future legislation following completion of additional policy work to identify a model that can be implemented expeditiously.

These funds are currently frozen for expenditure by the Executive due to projected GF budget challenges in 2023, with the possibility of not expending the funds at all in 2022 and using them to help address the projected GF shortfall in 2023. Shifting the appropriation to FG still allows for that potential outcome. However, given the urgency regularly expressed by councilmembers to deploy alternative response models now, making these investments in 2022 versus holding the funds to balance the 2023 budget may be the priority. The Council would have another opportunity to confirm that is the priority through future legislation when a different model is identified.

Amend Section 1 of CB 120366 as follows:

Section 1. The appropriations for the following items in the 2022 Adopted Budget are reduced from the funds shown below:

Item	Department	Fund	Budget Summary Level/BCL Code	Amount
1.1	Department of Education and Early Learning	Coronavirus Local Fiscal Recovery Fund (14000)	Early Learning (14000-BO-EE-IL100)	(\$48,407)
* * *				

Item	Department	Fund	Budget Summary Level/BCL Code	Amount
1.23	Seattle Public Utilities	General Fund (00100)	Utility Service and Operations (00100-BO-SU-N200B)	(\$379,493)
<u>1.24</u>	<u>Seattle Fire Department</u>	<u>General Fund (00100)</u>	<u>Operations (00100-BO-FD-F3000)</u>	<u>(\$1,200,000)</u>
Total				((\$46,732,604)) <u>(\$47,932,604)</u>

Amend Section 2 of CB 120366 as follows:

Section 2. In order to pay for necessary costs and expenses incurred or to be incurred in 2022, but for which insufficient appropriations were made due to causes that could not reasonably have been foreseen at the time of making the 2022 Budget, appropriations for the following items in the 2022 Budget are increased from the funds shown, as follows:

Item	Department	Fund	Budget Summary Level/BCL Code	Amount
2.1	Department of Education and Early Learning	General Fund (00100)	Leadership and Administration (00100-BO-EE-IL700)	\$4,401
* * *				
2.54	Human Services Department	General Fund (00100)	Promoting Public Health (00100-BO-HS-H7000)	\$250,000
<u>2.55</u>	<u>Finance General</u>	<u>General Fund (00100)</u>	<u>General Purpose (00100-BO-FG-2QD00)</u>	<u>\$1,200,000</u>
Total				((\$84,325,286)) <u>\$85,525,286</u>

Note: Amendment still under review – if any changes are necessary, staff will distribute and update the version.

Attachment 3

Amendment 3 Version 1 to CB 120366 – Midyear Supplemental Budget ORD

Author: Councilmember Morales

Add \$75,000 to the Human Services Department for outreach in Chinatown-International District and Little Saigon

Effect: This amendment would add \$75,000 GF to the Human Services Department’s (HSD) 2022 budget to contract with an organization providing outreach services in support of the Chinatown International District (CID) and Little Saigon Neighborhood Safety Model.

The CID and Little Saigon Neighborhood Safety Model Proposal was developed by local organizations, neighborhood businesses, mutual aid societies, and local and State Government staff to deliver a coordinated response to public safety needs in the CID and Little Saigon. The model incorporates neighborhood liaisons, coordinated outreach, street ambassadors, and city coordination to provide a full suite of responses to improve public safety in the area.

This amendment would provide funding for the City to contract with an organization who would provide two FTE dedicated outreach staff for four months (September through December). Outreach activities would include harm reduction and unsheltered survival support, relationship building with unsheltered residents, de-escalation, crisis response and behavioral health outreach, and connection to services. Currently, REACH is providing one FTE dedicated outreach staff.

This proposed expenditure would use one-time 2021 ending balances from the General Fund (GF), that otherwise would be assumed to be available to help address the projected GF shortfall in 2023. This is likely to result in a request for ongoing GF expenditures in 2023 that would increase the projected general fund shortfall unless revenues significantly increase or if an offsetting reduction in other base spending was identified. Given that some other appropriations in the 2022 Adopted Budget are already on hold by the executive in response to the projected 2023 GF shortfall, it is possible that, even if approved by the Council, these funds would not be expended.

Amend Section 2 of CB 120366 as follows:¹

Section 2. In order to pay for necessary costs and expenses incurred or to be incurred in 2022, but for which insufficient appropriations were made due to causes that could not

¹ If both Amendment 2 to CB 120366 and this amendment pass, staff will update the item numbering and the total row in the table in section 2 to reflect both amendments (this amendment would become item 2.56 and the total would be increased to \$85,600,286)

Amy Gore
 Finance and Housing Committee
 July 20, 2022
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reasonably have been foreseen at the time of making the 2022 Budget, appropriations for the following items in the 2022 Budget are increased from the funds shown, as follows:

Item	Department	Fund	Budget Summary Level/ BCL Code	Amount
2.1	Department of Education and Early Learning	General Fund (00100)	Leadership and Administration (00100-BO-EE-IL700)	\$4,401
* * *				
2.54	Human Services Department	General Fund (00100)	Promoting Public Health (00100-BO-HS-H7000)	\$250,000
<u>2.55</u>	<u>Human Services Department</u>	<u>General Fund (00100)</u>	<u>Supporting Safe Communities (00100-BO-HS-H4000)</u>	<u>\$75,000</u>
Total				(((\$84,325,286)) \$84,400,286 ¹)

Note: Amendment still under review – if any changes are necessary, staff will distribute and update the version.

¹ If both Amendment 2 to CB 120366 and this amendment pass, staff will update the item numbering and the total row in the table in section 2 to reflect both amendments (this amendment would become item 2.56 and the total would be increased to \$85,600,286)