

Budget Deliberations
OTHER DEPARTMENTS AND BUDGET ISSUES

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I. CENTRAL STAFF-IDENTIFIED ISSUES & COUNCILMEMBER PROPOSALS

A. NORTH PRECINCT (DAN EDER)

Consistent with an announcement by the Mayor in September 2016, the North Precinct project is on hold. Instead of beginning construction in April 2017 as previously planned, Finance and Administrative Services intends to evaluate alternatives and seek community input before determining next steps through a new North Area Interim & Long-Term Facilities project. The Proposed 2017-2022 Capital Improvement Plan (CIP) removes all capital funding for the North Precinct project starting in 2017 and transfers \$15 million to a new North End Interim & Long-Term Facilities project.

Table 1 identifies funding for projects in the 2017-2022 CIP related to the North Precinct.

Table 1. North Precinct-Related CIP Projects (in \$1,000s)

CIP Project	Notes	Past Funding	2017	2018	2019-22	Total
North Precinct (A1PS107)	This CIP project includes the old scope to build a new precinct at Aurora Ave. N. and N. 130th St. There are no new appropriations for the North Precinct project starting in 2017.	\$ 21,000	\$ -	\$ -	\$ -	\$ 21,000
North Area Interim & Long-Term Facilities (A1PS117)	This is a new project added to the CIP for "planning, design, and construction for long-term police facilities needs in the North and funding for interim needs..."	\$ -	\$ 1,500	\$ 13,500	\$ -	\$ 15,000
	Total	\$21,000	\$ 1,500	\$13,500	\$ -	\$ 36,000

Key Dates:

- **April 2016:** The Mayor announced a funding plan for how to develop the North Precinct project without a public safety levy.
- **August 2016:** Council adopted [Resolution \(RES\) 31698](#) that requested that the Executive conduct a Racial Equity Toolkit on the North Precinct project by October 2016.
- **September 2016:** The Mayor announced that work would stop on the North Precinct project pending consultations with stakeholders and an evaluation of a range of different project alternatives.
- **October 2016:** The Executive wrote a letter indicating that the Racial Equity Toolkit on the wider range of North Precinct project alternatives would require additional time and would not be complete until at least 2017.

Identified Issue:

1. The North Precinct project is on hold pending additional work by the Executive to evaluate replacement options and to engage with the community, including but not limited to the development of a Racial Equity Toolkit. This is consistent with public statements by the Mayor and several Councilmembers in September 2016. While the project is on hold, the proposed budget includes \$15 million of Real Estate Excise Tax I ("REET") funding for this purpose. In 2017 and 2018, this funding may support not only the alternatives evaluation and public

engagement but also some yet-to-be-identified potential improvements at the existing North Precinct.

Options:

- A. No action - approve the Mayor’s proposal.
- B. Set aside a different amount of funding (more or less) than the proposed \$15 million for the North Area Interim & Long-Term Facilities CIP project.

Councilmember Proposal:

1. Increase City Funding for Affordable Housing (Councilmember Sawant) – In November 2015, the Mayor declared a state of emergency on homelessness that was ratified unanimously by City Councilmembers. Councilmember Sawant has proposed a permanent stop to the North Precinct project and adding \$160 million in 2017 to the amount of funding for non-profit affordable housing developers. This proposal would be in addition to the \$53.6 million included in the 2017 Proposed Budget for the City’s Office of Housing to fund development of affordable housing by non-profit developers (\$28.7 from the Housing Levy and \$24.9 million from other sources including incentive zoning, federal grants, program income, and interest earnings).

Generally, the added funding comes from steps as described in Table 2.

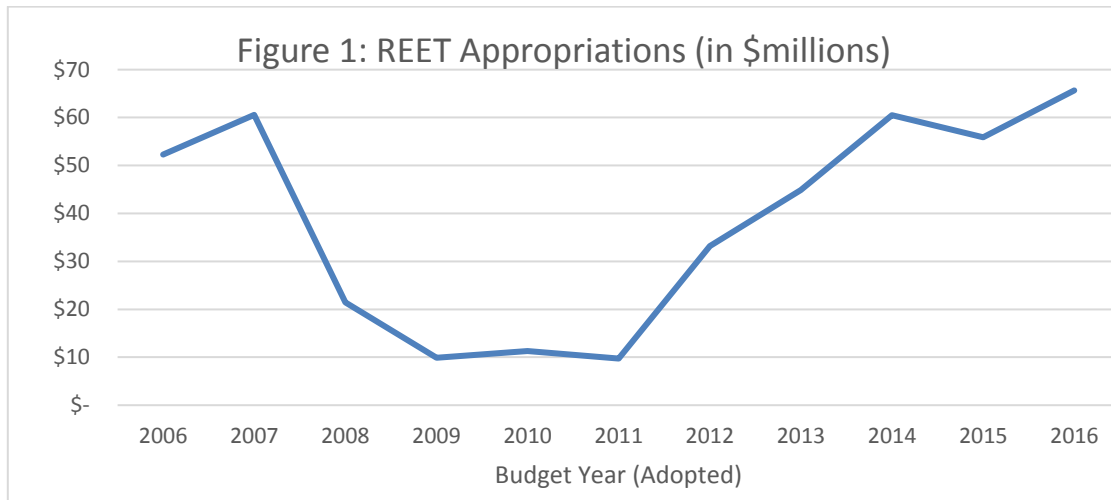
Table 2. Steps Needed to Generate \$160 million

Step	Funding Amount	Notes
1. Permanently stop the North Precinct project	N/A	N/A
2. Interfund loan secured by future sale of land acquired for the North Precinct project (A1PS107)	\$15 million	May require a change to surplus property RES.
3. Repurpose funding from the North Area Interim and Long-Term Facilities CIP project (A1PS117)	\$15 million	Real Estate Excise Tax (REET); requires a change in the financial policies and other steps.
4. Repurpose REET funding available for North Precinct project debt service; and issue Long-Term Obligation (LTGO) Bonds for affordable housing	\$130 million	Real Estate Excise Tax (REET); requires a change in the financial policies and other steps.

Before placing the project on hold, the Mayor had announced a funding proposal for the North Precinct project that would have relied in large part on REET. In particular, the North Precinct project funding proposal would have used \$22 million in REET cash payments. It also used 30 additional years of anticipated future REET allocations for debt service on \$102 million in bonds. Current financial policies allow REET to be used for debt service related only to fire facility projects. In order to support this plan, the Mayor transmitted legislation that would have amended the City’s financial policies to expand the types of projects that REET can be

used for, specifically calling out the North Precinct project’s debt service as a new allowable use.

REET is a funding source that has been volatile in recent years as shown in Figure 1. However, earlier this year the City Budget Office was confident that there would be sufficient REET funding to pay debt service on bonds needed to finance the North Precinct project. The proposal to issue bonds to finance additional affordable housing and the Mayor’s earlier proposal to issue bonds to pay for the North Precinct project each rely on similar amounts of future annual REET: the Mayor’s North Precinct proposal relied on \$6.8 million per year of REET, and the affordable housing proposal relies on \$8.7 million per year of REET.



State law does not allow Real Estate Excise Tax (REET) revenues to be used directly for affordable housing development. In September 2016, Central Staff wrote a [memo](#) identifying REET as a source of funds for projects that had previously used General Sub Fund (GSF), which the City may determine are no longer reasonably available for debt service payments due to the state of emergency on homelessness. Specifically, the memo identified a list of bonds issued during the 4-year period from 2013 through 2016 that both

- A. the City planned to repay using GSF; and
- B. supported projects that were REET-eligible.

The CBO has since reviewed the memo and clarified that some of those bonds were not planned to be repaid with GSF or were for projects that are not REET-eligible. As a result, Central Staff has updated its analysis and conclusions. The list of bonds identified in the September 2016 memo is sufficient to support only about \$70 million of bonds for other purposes.

A decision to rely on REET for a \$130 million bond issue and to use an additional \$15 million of pay-as-you-go REET will require identifying an additional list of qualifying projects in future years. If the last four years are a representative sample, there will likely be a sufficient quantity of projects to allow the City to pay the anticipated debt service. If there are not sufficient

additional projects identified in the future that meet the two requirements for using REET funds, then the City would be required to repay a portion of debt service using other resources.

B. OFFICE OF ARTS AND CULTURE (ASHA VENKATARAMAN)

Department Support (\$ in 1000s)					
	2016 Adopted	2017 Proposed	2016-2017 % Change	2018 Proposed	2017-2018 % Change
General Fund	-	-	-	-	-
Other Fund	\$ 11,297	\$ 12,687	12.3%	\$ 12,475	(1.7%)
Total Appropriations	\$ 11,297	\$ 12,687	12.3%	\$ 12,475	(1.7%)
Full-time Equivalent (FTE) Total	29.0	31.0	6.9%	31.0	-

The Office of Arts and Culture (Arts) supports the development of a thriving arts and cultural sector in the City. Its roles include ensuring quality programming, exhibits, and public art; investing in cultural organizations, artists, and programs for the public; conducting development and outreach for the community to access art and cultural opportunities; preserving permanent public artworks; and funding the development of new cultural spaces.

The 2017-2018 Proposed Budget includes the addition of 2.0 FTE. One FTE is the addition of a Strategic Advisor I position to be the new Arts and Equity manager. In 2015 and 2016, Arts funded a part-time position in the Office for Civil Rights to work on arts equity initiatives, but given the increase in demand for the position to focus on Arts equity work, Arts created a separate position specifically for its RSJI work. Expected outcomes include leading internal and external equity work for Arts, refining funding applications, providing additional trainings, and increasing partnerships across City departments.

The other FTE position is an Administrative Specialist III to ease strained resources. Arts expects this addition to the existing three administrative positions to create a more proportionate ratio of administrative staff to project management. The increased volume in grants, contracts, and overall workload in Arts resulted in a department reorganization and reclassification of positions approved in 2016. The addition of this position aligns with the reorganization.

Councilmember Proposal:

- 1. Increase of \$600,000 GSF in capital facilities funding and include a proviso on all 2017 capital facilities funding for four arts and cultural organizations (Councilmember Herbold)** - In the 2016 Adopted Budget, one-time funds of \$1.5 million GSF were allocated to support capital improvement for cultural projects: \$500,000 each to Town Hall, the Burke Museum, and the Nordic Heritage Museum. The 2017-2018 Proposed Budget includes \$1.3 million to support construction or renovation of cultural facilities. Town Hall, the Burke Museum, and the Nordic Heritage Museum are each proposed to receive \$350,000 and the Hugo House is proposed to receive \$250,000.

The proposed one-time funding add in 2017 would provide an additional \$150,000 to each project in 2017 for a total of \$600,000 in Council-added funds. The entire amount granted to these organizations in 2017 would be \$1.9 million. The \$1.9 million would be accompanied by a proviso prohibiting expenditure without a future ordinance (ORD), with the expectation that Council would not pass such an ordinance until Arts shared negotiated contracts detailing the public benefits each institution would deliver in exchange for funding.

In the event that the additional \$600,000 is not included in the budget, the proviso would still apply to the existing \$1.3 million in the 2017 Proposed Budget for these four facilities. Table 3 summarizes the Mayor’s proposal (past funding and new funding in the proposed budget) and the proposed change.

Table 3: Summary of Cultural Projects Funding

	(a)	(b)	(c)= (a) + (b)	(d)	(e)= (c) + (d)
	2016 Adopted	2017 Proposed	Proposed Funding	CM Herbold Proposed Add	Revised Funding
Town Hall	\$500,000	\$350,000	\$850,000	\$150,000	\$1,000,000
Burke Museum	\$500,000	\$350,000	\$850,000	\$150,000	\$1,000,000
Nordic Heritage Museum	\$500,000	\$350,000	\$850,000	\$150,000	\$1,000,000
Hugo House	\$0	\$250,000	\$250,000	\$150,000	\$400,000
Total	\$1,500,000	\$1,300,000	\$2,800,000	\$600,000	\$3,400,000

2. Increase of \$600,000 GSF in capital facilities funding for the Hugo House (Councilmember Sawant) – The 2017-2018 Proposed Budget includes \$250,000 to fund a new building for the Hugo House. This additional \$600,000 is one-time funding for 2017, resulting in a total of \$850,000. Hugo House offers adult classes, lively youth programming, and events that range from open mics to presenting renowned authors.

Hugo House is conducting a capital campaign to secure a permanent facility centrally located and close to light rail and bus lines, allowing them to make sure people from all over the city have access to their site. They have an opportunity to secure a facility for far below market rate, due to the generosity of a property owner who is making space for Hugo House on the ground floor of a new building. Public funding will be crucial to allow them to finance purchasing that space.

3. Increase of \$250,000 GSF in Capital Facilities Funding for the 5th Avenue Theatre (Councilmember Johnson) – One-time funding for the first phase of the theatre restoration project. These funds will replace carpeting, install a new sound system and add a hearing loop system. This funding would be accompanied by a proviso prohibiting expenditure without a future ordinance (ORD), with the expectation that Council would not pass such an ordinance until Arts shared a negotiated contract detailing the public benefits the 5th Avenue Theatre would deliver in exchange for funding.

4. **Increase of \$100,000 GSF for Pacific Science Center’s upcoming Terracotta Warriors exhibit (Councilmember Johnson)** – Funding will provide additional access opportunities, such as discounted admissions for students attending the upcoming Terracotta Warriors exhibit .

C. CITY ATTORNEY’S OFFICE (ASHA VENKATARAMAN)

Department Support (\$ in 1000s)					
	2016 Adopted	2017 Proposed	2016-2017 % Change	2018 Proposed	2017-2018 % Change
General Fund	\$ 24,348	\$ 26,836	10.2%	\$ 27,731	3.3%
Other Fund	-	-	-	-	-
Total Appropriations	\$ 24,348	\$ 26,836	10.2%	\$ 27,731	3.3%
FTE Total	177.10	181.60	2.5%	181.60	-

The City Attorney’s Office (LAW) is counsel to all City departments and offices as well as the City prosecutor in Seattle Municipal Court. Law provides legal advice to the City, litigates cases for the City, and prosecutes violations of the City’s code and state law.

The 2017-2018 Proposed Budget includes the addition of 4.5 FTE in its Civil and Criminal divisions:

- Civil Division: 1.0 FTE for an Assistant City Attorney to the Regulatory Enforcement and Economic Justice unit. This position will handle unaddressed work resulting from the increased need for legal advice and aggressive enforcement of marijuana regulations, housing discrimination laws, and labor standards. Law also proposes to increase an existing half-time land use attorney position to full time to reduce the costs of outside counsel used for litigation and provide counsel on an increasing number of land use and zoning issues.
- Criminal Division: 1.0 FTE for a senior paralegal and 1.0 FTE for a senior assistant city prosecutor to staff the new body worn video project beginning in 2017, to improve the prosecution process and provide additional transparency. Also, 1.0 FTE for an assistant city prosecutor dedicated and funded by the Law Enforcement Assisted Diversion (LEAD) program to capitalize on lower levels of recidivism achieved by LEAD.

Councilmember Proposals:

1. **Add funding for pre-filing diversion (Councilmember Harrell and Herbold)** - This proposal would add \$613,642 in ongoing funding to support a new pre-filing diversion program in Law and add 3.5 FTE positions.

This proposal is intended to address racial disparities, inadequate support services, and increasing numbers of young people and other populations unique to Seattle Municipal Court. It would create a new pre-filing diversion program with family therapy, restorative justice, needs assessments, supportive services, and homelessness intervention. This proposal seeks to

serve approximately 1,500 people by diverting retail theft cases, Driving While License Suspended cases, and cases against young people ages 18-24 (with the exception of Driving Under the Influence, Domestic Violence Intimate Partner cases, and others as appropriate).

The goals of the new program are as follows:

- Reduce prosecutions and incarceration for 18-24 year olds and others.
- Reduce racial disparities in cases filed against people of color.
- Provide family therapy and restorative justice diversion for as many cases as appropriate.
- Provide needs assessments through service providers, King County Jail, and/or the Court Resource Center.
- Provide case management and social service follow-through for all service needs.
- Reduce recidivism and victimization.

2. Add funding for a pre-filing diversion for domestic violence cases (Councilmember Harrell and Herbold) – This proposal would add \$375,384 in ongoing funding to support a new pre-filing diversion program focused on familial domestic violence committed by youth 18-24 against family member consisting of 1.5 FTEs.

This proposal is intended to address racial disparities, inadequate support services, and increasing numbers of young people and other populations unique to Seattle Municipal Court. It would create a new pre-filing diversion program with family therapy, needs assessments, and homelessness intervention.

D. FINANCE AND ADMINISTRATIVE SERVICES (TONY KILDUFF)

Department Support (\$ in 1,000's)

	2016 Adopted	2017 Proposed	2016- 2017 % Change	2018 Proposed	2017- 2018 % Change
General Fund	\$ 29,051	\$ 27,945	(3.8%)	\$ 29,121	4.2%
Other Fund	\$ 248,588	\$ 241,992	(2.7%)	\$ 214,265	(11.5%)
Total Appropriations	\$ 277,639	\$ 269,937	(2.8%)	\$ 244,081	(9.6%)
FTE Total	641.50	622.50	(3.0%)	619.50	(0.5%)

The Finance and Administrative Services department (FAS) performs a number of general government services on behalf of other City departments and recovers the costs of those services through charges to those departments (including GSF). FAS services include: maintaining the City's financial and accounting records, managing and maintaining the City's vehicle fleet, planning, designing, building, and maintaining the City's facilities, collecting business fees and taxes for the City, licensing and regulating businesses that operate in the city, managing the City's vendor and

consulting contracting functions, engaging the public through a number of Customer Service Bureaus, and finally, operating the Seattle Animal Shelter.

Summit Reimplementation (SRI)

Background --- Phase I: Reimplementation Status/Cost

Summit is the Citywide financial and account system managed by FAS and used by all City departments. The current version has not been updated since 2006 and the vendor, PeopleSoft, ceased support of it in 2011. At that time, the City made a decision to upgrade to the current version and to take advantage of the upgrade to standardize and modernize the use of Summit throughout the City.

From 2013-2015, the Executive engaged in a planning process referred to as “Phase I” to identify the appropriate scope for the SRI. The cost for this Phase I work was \$12.92 million and was supported by LTGO multipurpose bond issuances in 2013 and 2014.

Following briefings to the Mayor and Council staff in May 2015, the Executive selected the Base scope option that involves moving the City’s financial system to a new platform and addressing core Financial Management and Accountability (FinMAP) objectives. This scope adds new functionalities and establishes a foundation for adding other supporting functionality in the future. Specifically, SRI will make progress on FinMAP objectives, including:

- Standardizing departments’ use of Summit;
- Optimizing the City’s chart of accounts; transitioning to a project-centric accounting model;
- Implementing procurement capabilities for all departments and more sophisticated or enhanced procurement functionality for certain departments, and
- Re-engineering City business processes to take advantage of PeopleSoft functionality.

Both the Mayor and Council indicated their support for this approach.

Phase II Reimplementation Status/Cost

In September 2015, the City proceeded to Phase II implementation, with an expected go-live date of January 2018 for all City departments. The City is currently in the design/build stage in 2016 and will be working toward a critical milestone in late September, in which departments will be provided with hands-on prototyping access into the system to ensure proposed design and configurations are consistent with new Citywide standardization requirements and processes. Through prototyping validation, the City will finish the design/build process by early 2017 and will then initiate system testing, including integrations with other department systems beginning spring 2017. Beginning fall 2016, extensive support will be provided to departments to assimilate and adapt to the new Citywide standards and Summit 9.2. Formal, Citywide system training is anticipated to begin fall 2017 through the target go-live date of January 2018.

Given the size, scale and impact of this project, there are multiple reporting mechanisms in place to track SRI’s progress, including potential project risks, budget and schedule status, and departments’ readiness work.

- Monthly Citywide and department dashboard reports that track work plan and readiness progress status.
- Biweekly meetings of the SRI Leadership Team, a formal steering committee composed of City Budget Office, Mayor's Office, Seattle IT and SRI Project Executive representatives to oversee scope, budget and schedule.
- Monthly progress reports and follow up to Seattle IT's Citywide IT Portfolio management review

In addition to internal reporting outlined above, SRI contracts with Slalom Consulting to provide independent quality assurance (QA) to monitor and evaluate potential risks that could negatively impact project delivery. Through regular attendance at project meetings, monthly interviews with SRI team, management and stakeholders, and ongoing review of project artifacts and deliverables, Slalom publishes a monthly QA report that highlights general observations and key findings/risks pertaining to overall project planning and execution. These monthly reports are shared with the SRI Team, SRI Project Executive and SRI Leadership Team to monitor risks, develop mitigation strategies and implement course corrections in response.

The central SRI project Phase II implementation cost has not increased in total, or for departments. The total estimated cost for Phase II implementation continues to be \$65.6 million, including a 20 percent contingency. The total project cost is allocated to the City's six fund departments, consistent with other Summit related expenses.

Together, the total cost including contingency for both the Citywide implementation of Summit 9.2 and for Enhanced Procure-to-Pay is approximately \$71 million. When added to Phase I costs already incurred, the total SRI implementation cost, including contingency, is estimated to be \$84 million.

Department-Specific Costs

In addition to the central SRI project costs, departments are also incurring costs for a variety of related activities. Departments need resources to update side-systems for integration with the new Summit system, and staffing support for mapping and improving business processes, and development or updates to their project structures.

As compared to the 2016 Adopted Budget, the 2017 Proposed Budget includes a 23 percent increase in department-specific costs. This is to be expected given that many departments began incurring costs mid-year 2016 and 2017 represents a full-year of side-system updates and process redesign work. The 2018 Proposed Budget includes a reduction of 51 percent over the 2017 Proposed Budget as the project enters a stabilization phase.

Central Staff have determined that there are no budget issues. The Mayor's Proposed Budget appears to be implementing Council direction.

Councilmember Proposals:

- 1. Add two Animal Control Officers II. (Councilmember Herbold)** – The two positions would patrol parks and open space operated by the Department of Parks and Recreation. The total cost is estimated to be \$284,360 GSF in 2017 and \$221,467 GSF in 2018.

2. Add \$100,000 in 2017 to install a hearing loop in the Boards and Commission Room (Councilmember Herbold) – Hearing loop technology is a simple, effective, and relatively inexpensive way to accommodate those with hearing impairment. The Seattle Commission for People with disAbilities and the Seattle King County Advisory Council on Aging and Disability Services have made this request. The Boards and Commission Room hosts several citizen advisory groups including the People with disAbilities Commission.

3. Add one FTE to support business regulatory fee collection. (Councilmember Herbold) – Add 1.0 FTE Customer Service Representative, Sr. and 1.0 FTE Tax Auditor with an estimated \$1,385,000 in 2017 and \$250,000 in 2018 to support the collection and administration of a new proposed business regulatory fee, the proceeds of which will support the new Office of Labor Standards and the required staffing in FAS.

4. Add \$250,000 in 2017 and \$250,000 in 2018 to support the YouthBuildProgram (Councilmember Sawant) – The YouthBuild program, operated by YouthCare, provides education, leadership opportunities, occupational skills training and employment support to homeless and unstably housed Seattle youth between the ages of 18 to 24 who are facing multiple barriers to education and employment. The six month program combines construction training, GED education, leadership development and community service. YouthBuild partners with South Seattle Central College, the Building Trades Joint Apprenticeship committees and graduates will obtain 38 college credits. The City of Seattle, through the Priority Hire program provides \$71,000 to fund a GED tutor.

In 2016, YouthBuild learned that their federal Department of Labor funding, which funds 90 percent of their program, would not be renewed. The proposed City founding would allow the current 2016 cohort of 16 students to complete their training and sustain the program through the first few months of 2017 while YouthBuild seeks alternative funding sources.

5. Add \$474,000 GSF for the University Heights Center Capital Improvements (Councilmember Johnson) [staffed by Asha Venkataraman] – This one-time funding would support repairs to the University Heights Center, which promotes life-long learning, creativity, culture, and community activism. The Center provides new programs, services and activities for the University District and the greater Seattle area to help meet the needs of those diverse and growing communities. Serving the Greater Seattle area since 1902, University Heights has over 250,000 visitors a year.

E. OFFICE OF THE CITY AUDITOR (ALY PENNUCCI)

Department Support (\$ in 1000s)					
	2016 Adopted	2017 Proposed	2016-2017 % Change	2018 Proposed	2017-2018 % Change
General Fund	\$ 1,792	\$ 1,948	8.7%	\$ 1,795	(7.9%)
Other Fund	-	-	-	-	-
Total Appropriations	\$ 1,792	\$ 1,948	8.7%	\$ 1,795	(7.9%)
FTE Total	9.5	9.5	-	9.5	-

The Office of City Auditor (OCA) was created in 1993 to examine and verify the accuracy of the accounts and records of the City; inspect the receipt, safekeeping, and disbursement of public funds; and perform such other duties as prescribed by law. OCA conducts audits of City departments, programs, grantees and contracts, as well as some non-audit projects. The majority of its work is performed in response to specific concerns or requests from Council members, but the City Auditor can also independently initiate work to fulfill the office's mission. As resources allow, OCA responds to requests from the Mayor, City departments and the public. The Proposed Budget maintains staffing levels at 9.5 FTEs; no significant changes are proposed.

Councilmember Proposals:

1. **Add GSF funding to conduct an evaluation of the Acoustic Gunshot Locator System (AGLS) pilot program (Councilmember Burgess)** – This action would add \$323,150 in 2017 to OCA’s budget for an evaluation of the AGLS pilot program. The Seattle Police Department (SPD) will begin implementation of an AGLS pilot program in late 2016; an evaluation of the pilot will help determine whether the system is effective. The City may pursue external funding to support the evaluation work. A proviso will be placed on this request contingent on implementation of the pilot program and confirmation that external grant funding is not available.

2. **Add GSF funding to complete an impact evaluation on [ORD 125135](#) – Secure Scheduling (Councilmembers Burgess and Herbold)** – This action would provide \$109,188 in 2017 and 309,188 in 2018 to the OCA to fund an impact evaluation of the secure scheduling legislation. Legislation passed by Council calls specifically for the OCA to contract with academic researchers to complete an evaluation of the impacts of the regulations for the baseline, one-year and two-year periods following implementation. The effective date for that ordinance is July 1, 2017, providing time to complete a baseline evaluation. The Mayor’s proposed budget includes \$200,000 in 2017 to complete the evaluation. This amount was identified using information available at the time the legislation was under consideration; the OCA has since developed a more complete scope and determined the total costs to conduct a rigorous impact evaluation exceeds \$200k. This request would provide enough funding to complete the baseline evaluation in 2017 and the one-year evaluation in 2018. The Auditor will look for external funding opportunities which may reduce the resources needed in 2018, and those needed to complete the evaluation in year two, but those sources are not known at this time.

3. **Add GSF funding to conduct an evaluation of [ORD 125114](#) – Source of Income, and [Council Bill \(CB\) 118817](#) – Move-in Fees (Councilmembers Burgess and Herbold)** – This action adds \$100,050 in 2017 and \$100,050 in 2018 to OCA to complete a rental market study. Both the Source of Income legislation and the Move-in Fee legislation call for evaluations conducted by the OCA or, at the Auditor’s discretion, an independent, outside party. Resources to complete the Source of Income evaluation were not identified prior to adoption. The Move-In Fee legislation is pending legislation. Because of the timing of implementation, an impact evaluation that requires having a baseline evaluation completed prior to implementation is not possible.

The Auditor has prepared a proposal to work with outside experts to conduct a housing market study to better understand the housing-market dynamics in Seattle and enhance the City’s ability to: evaluate the effectiveness and potential unintended consequences of these and other related housing regulations; and provide information for the development of additional policy strategies for improving housing access and affordability, preventing displacement, and affirmatively furthering integration. This request would provide funding that would include analysis of information from multiple data sources to provide a more comprehensive picture of the rental and conduct in-depth interviews/focus groups with key informants (housing providers, landlord associations, renter associations, etc.).

4. **Amend Chapter 3.40 the Seattle Municipal Code to require that the Auditor prepare a Financial Condition Report (Councilmember Burgess)** – This action would adopt legislation that would amend SMC 3.40 to require that the City Auditor produce a City of Seattle Financial Condition Report. The report would address the latest data on and long-term trends in a range of financial and economic indicators to better inform budget deliberations and policy making. The Auditor would produce the first report in 2017 and subsequent reports once every two years beginning in 2018. In addition to the regularly featured indicators, Council could request additional analysis of relevant financial and economic issues facing the City.

F. OFFICE OF HEARING EXAMINER (ALY PENNUCCI)

Department Support (\$ in 1,000’s)					
	2016 Adopted	2017 Proposed	2016-2017 % Change	2018 Proposed	2017-2018 % Change
General Fund	\$ 667	\$ 705	5.7%	\$ 726	3.0%
Other Fund	-	-	-	-	-
Total Appropriations	\$ 667	\$ 705	5.7%	\$ 726	3.0%
FTE Total	4.63	4.63	-	4.63	-

The Office of Hearing Examiner (HE) is a separate and independent office of the City, charged with conducting fair and impartial administrative hearings when authorized by the Seattle Municipal Code. The office conducts hearings and decides appeals in cases where citizens disagree with a decision made by a City agency. The 2017-2018 Proposed Budget maintains the HE’s staffing levels at 4.63 FTEs; no significant changes are proposed.

Councilmember Proposals:

- 1. Add GSF funding to the Hearing Examiner’s budget to hire a pro tem examiner (Councilmember Johnson)** – This action would add \$12,000 in one-time 2017 funding to the Hearing Examiner’s budget to support an anticipated increase in appeals of enforcement actions of recently adopted or pending legislation ([CB 118817](#) – move-in fee legislation and [ORD 125135](#) – secure scheduling). This would allow the Hearing Examiner to bring in an examiner pro tempore to cover cases if the number of appeals exceeds the capacity of existing staff. The need for additional resources was estimated based on increases in appeals the HE has seen after passage of similar legislation; it is expected that the number of appeals will decrease over time.

G. OFFICE OF IMMIGRANT AND REFUGEE AFFAIRS (ALY PENNUCCI)

Department Support (\$ in 1,000’s)					
	2016 Adopted	2017 Proposed	2016-2017 % Change	2018 Proposed	2017-2018 % Change
General Fund	\$ 2,261	\$ 2,282	0.9%	\$ 2,292	0.4%
Other Fund	\$ 400	\$ 400	-	\$ 400	-
Total Appropriations	\$ 2,661	\$ 2,682	0.8%	\$ 2,692	0.4%
FTE Total	9.5	9.5	-	9.5	-

The Office of Immigrant and Refugee Affairs (OIRA) was created to recognize the importance and need for a strong relationship between the City of Seattle government and the immigrant and refugee communities which it serves. OIRA works with the Immigrant and Refugee Commission, community partners, and City departments to define and achieve desired outcomes for City investments for immigrant and refugees. The Proposed Budget maintains OIRA’s staffing levels at 9.5 FTEs and adds resources for increased translation and interpretation services, expanded efforts to help naturalize immigrants, funding for improving City outreach and engagement efforts to the East African community, as well as additional classroom support for Ready to Work students.

Councilmember Proposals:

- 1. SLI requesting that OIRA support the Seattle Immigrant and Refugee Commission to complete research and prepare recommendations on extending services funded by the federal government. (Councilmember Sawant)** – This action requests that OIRA support the work of the Seattle Immigrant and Refugee Commission to identify options for locally extending refugees services. In the past, services to provide food, housing, employment, medical care, counseling and other services to help refugees transition have been federally funded for up to five years, but have been cut year after year.
- 2. Add \$100,000 in 2017 and 2018 to expand the Ready to Work (RTW) Program in the Lake City neighborhood. (Councilmember Juarez)** – This action would add \$100,000 in 2017 and 2018 to OIRA’s budget to partner with a community organization, such as Literary Source, to expand the RTW program and services in the Lake City neighborhood. RTW was designed for residents who face immense barriers to learning English and gaining employment. The program

combines English as a Second Language (ESL) classes with computer literacy instruction and case management to help immigrants gain job readiness skills and take steps toward economic self-sufficiency. Today, the RTW program is focused in SE Seattle.

H. OFFICE OF HOUSING (TRACI RATZLIFF)

Department Support (\$ in 1,000s)					
	2016 Adopted	2017 Proposed	2016-2017 % Change	2018 Proposed	2017-2018 % Change
General Fund	\$ 401	\$ 139	(65.3%)	\$ 143	2.9%
Other Fund	\$ 52,138	\$ 67,964	30.4%	\$ 68,072	0.2%
Total Appropriations	\$ 52,539	\$ 68,103	29.6%	\$ 68,215	0.2%
FTE Total	43.50	42.50	-2.3%	43.50	2.4%

The Office of Housing (OH) invests in the development and preservation of housing so that Seattle residents have access to safe, decent and affordable housing. OH’s 2017 and 2018 Proposed budgets increase by \$15.5 million and \$15.6 million, respectively, reflecting the additional resources generated from approval of the \$290 million Housing Levy this year. Other changes included in OH’s budget include the following:

- Funding is provided in 2017 (\$364,000) and 2018 (\$185,000) to the Seattle Department of Construction and Inspections for improvements to its enhanced permitting system that will be used to track projects participating in the Incentive Zoning/Mandatory Housing Affordability (MHA) programs. Fees generated by those programs will fund these costs.
- Funding of \$111,700 and a new Community Development Specialist position (1.0 FTE) are added in the 2018 Proposed budget to address the increased workload generated by the planned implementation of the MHA program citywide. This new position will review MHA-eligible project plans, prepare legal documents related to imposition of MHA requirements, track project progress, collect payments, and other related duties. Fees generated from the Incentive Zoning/MHA programs will fund the cost of this position.

Councilmember Proposals:

1. **Funding for Rehabilitation of Transitional Housing Project (Councilmember González)** – Add \$111,000 GSF in 2017 only to make needed repairs and upgrades at Las Brisas del Mar Transitional Housing project operated by Consejo Counseling and Referral Service. The building repairs and upgrades that would be completed include: roof tarring and sealing; window replacements; sink, countertops, and backsplash replacements; and renovations to bathrooms to make them ADA accessible. A portion of the needed repairs will be eligible for funding through OH’s weatherization program. As such, the funding request may be lower. OH is reviewing this request and will provide further information to staff in coming days.

- 2. Funding Acquisition of Homeless Youth Housing Project (Councilmember González)** – Add \$1.5 million GSF in 2017 only to provide one-time funding of \$1.5 million to Peace for the Streets by Kids from the Streets (PSKS) for the acquisition of a building that will provide 14 units (up to 28 beds) of housing, as well as shelter, for homeless youth. Total acquisition cost is being negotiated but is estimated at \$3.6 million. The State of Washington has committed \$1.5 million towards this project. This is an existing social service residential facility that is apparently move-in ready. It is possible that a bridge loan could be obtained to help with the acquisition of this building. PSKS could apply for permanent funding for this project via the City’s annual Housing Levy Notice of Funding Availability process that occurs each fall.

I. OFFICE OF INTERGOVERNMENTAL RELATIONS (TRACI RATZLIFF)

Department Support (\$ in 1,000’s)					
	2016 Adopted	2017 Proposed	2016-2017 % Change	2018 Proposed	2017-2018 % Change
General Fund	\$ 2,795	\$ 2,914	4.3%	\$ 2,963	1.7%
Other Fund	-	-	-	-	-
Total Appropriations	\$ 2,795	\$ 2,914	4.3%	\$ 2,963	1.7%
FTE Total	10.50	11.50	9.5%	11.50	-

The Office of Intergovernmental Relations (OIR) provides advice and information to and on behalf of City elected officials, City departments, and external customers. The primary goal of these efforts is to ensure the City's interests are advanced with regional, state, federal, tribal and international entities to enable the City to better serve the community.

Identified Issue

- 1. Staffing for International Focus.** The 2017 and 2018 proposed budgets adds a new position (Strategic Advisor I) and funding (\$100,000) to support the Mayor’s vision to elevate the City’s international profile by increasing the staffing capacity to achieve this goal. The Executive believes there is the need for additional staff capacity to facilitate and maintain existing and new international relationships and initiatives.

Background:

OIR has an existing International Affairs Director who is responsible for the following:

- Overseeing the development and implementation of the City’s international program strategy;
- Managing the City’s Sister Cities program;
- Ensuring protocol measures are observed during visits by foreign dignitaries;
- Drafting speaking points for City officials;
- Handling schedule/proclamation requests with Mayor’s office;
- Representing the City at international functions in the city and region; and
- Making presentations to international officials and delegations.

In addition, the 2015 budget added an International Business Development Director in OIR to facilitate growth in international economic activity. This position was transferred to the Office of Economic Development (OED) in 2016, to align business development activities in one department. This position is responsible for the following: Advising on policy and program development that results in a more globally competitive metropolitan area; recruiting international investors to Seattle to connect them with possible investment opportunities; facilitating international visits by City executive staff to make connections between both government officials and individual investors/entrepreneurs; working with regional economic development partners to attract foreign companies to the City of Seattle; and connecting Seattle-based companies with expansion opportunities abroad.

Options:

- A. No action - approve the Mayor’s Proposed 2017-2018 budgets adding the new position and funding.
- B. Do not approve the Mayor’s Proposed 2017-2018 budgets, deleting the new position and reallocating the \$100,000 for other Council priorities.

Councilmember Proposal:

1. **Add \$53,000 of GSF in 2017 and 2018 to fund human services advocacy contracts (Councilmember O’Brien)** - This proposal would add \$53,000 in 2017 and 2018 to restore funding for human services advocacy contracts. The Mayor’s proposed budgets reduce annual funding for human services advocacy contracts by \$53,500, leaving annual total funding of \$86,500.

In 2016, the funding and contracts were moved from the Human Services Department to the OIR to ensure greater coordination between the City’s state legislative work and the state advocacy work performed by contracted agencies. OIR allocated \$140,000 in funding via an open Request for Qualifications (RFQ) process in late 2015, which resulted in advocacy contracts with the following agencies: Statewide Poverty Action Network program (SPAN) \$85,000, the Children’s Alliance \$20,000, and the Washington Low Income Housing Alliance \$25,000. OIR intends to issue an RFQ for this funding in late 2016 for 2017 advocacy contracts.

J. CRIMINAL JUSTICE CONTRACTED SERVICES (AMY TSAI)

Department Support (\$ in 1000s)					
	2016 Adopted	2017 Proposed	2016-2017 % Change	2018 Proposed	2017-2018 % Change
General Fund	\$ 24,421	\$ 28,338	16.0%	\$ 28,432	0.3%
Other Fund	-	-	-	-	-
Total Appropriations	\$ 24,421	\$ 28,338	16.0%	\$ 28,432	0.3%
FTE Total	-	-	-	-	-

Criminal Justice Contracted Services (CJCS) provides funding for public defense and jail services for individuals arrested, prosecuted, or convicted of misdemeanor crimes in Seattle. The City

contracts with King County and Snohomish County to provide jail services and with King County to provide public defense services. For the King County jail services contract, due to cost methodology recalculations which occur every five years, daily maintenance charges increased by over 20 percent, for an increase of \$3.2 million in 2017 and in 2018. For the King County Public Defense Contract, costs related to salaries and compliance with state public defense standards resulted in a 9 percent increase, or an increase of \$766,500 in 2017 and \$780,096 in 2018. Actual costs will be affected by Seattle’s average daily population in the jail and number of misdemeanor cases, respectively, multiplied by the contractual rates.

Councilmember Proposals:

- 1. Fund two-year civil legal aid pilot (Councilmember Herbold)** – This budget action would provide \$720,000 of funding for a two-year pilot to contract with the King County Department of Public Defense for civil legal services related to housing evictions for indigent defendants. It is based on models from the Public Defender Services for the District of Columbia and the Bronx Defenders approach to holistic defense. An annual cost of \$360,000 would support four entry-level attorneys.

K. SEATTLE FIRE DEPARTMENT (AMY TSAI)

Department Support (\$ in 1000s)					
	2016 Adopted	2017 Proposed	2016-2017 % Change	2018 Proposed	2017-2018 % Change
General Fund	\$ 183,523	\$ 200,982	9.5%	\$ 203,664	1.3%
Other Fund	-	-	-	-	-
Total Appropriations	\$ 183,523	\$ 200,982	9.5%	\$ 203,664	1.3%
FTE Total	1,168	1,156	(1.0%)	1,156	-

The Seattle Fire Department (SFD) provides fire protection and prevention, rescue, and emergency medical services for the City of Seattle. SFD maintains 33 fire stations.

Notable proposed operating changes include the following:

- High-Rise Inspection Program - \$414,555, 3.0 FTE**
 There is a proposed new High Rise Inspection pilot program focusing on fire and life safety inspections in complex high rise and hospital buildings. The program would relieve the inspection burden on SFD firefighters which would increase their availability for emergency response. The request includes two new Firefighter-Inspector I positions with vehicles and an Administrative Specialist. Although described in the proposed budget as a pilot program, there is no sunset provision; rather, it is a permanent small scope program that could be expanded in the future to provide more high-rise coverage. *There is proposed fee legislation that would help support this pilot.*

- Fire Protection Systems Testing Program - \$136,600, 1.0 FTE**
 The proposed program would enlist a third party vendor to track fire protection systems testing (e.g., alarms and sprinklers), customer notifications, billing, and compliance follow-up to SFD for testing of the fire protection systems (e.g., alarms and sprinklers). The systems are the building owners' responsibility to maintain. The vendor would charge a fee to the building owner with a portion of the revenue going to the City. The revenue would fund a Fire Lieutenant-Prevention Inspection position to manage and oversee the program. *There is proposed fee legislation that would help support this program.*
- Additional Recruit Class - \$2,400,000**
 SFD has a high number of vacancies which it attributes to retirements from an aging workforce. There were 65 vacancies in August 2016 and there are over 200 employees eligible to retire out of 1,167 FTE. SFD has minimum staffing requirements of 209 staff on duty around the clock. For the past few years the Council has approved recruit class size increases. The proposal would fund an additional recruit class size of 35 firefighters.
- New Aid Vehicle - \$250,000**
 A new aid car is proposed to be acquired in 2017 for \$250,000. The vehicle would be operated 12 hours per day during peak times in 2018 at a cost of \$700,000. It would address high demand on existing resources (average of 6,500 calls per aid car in downtown/South Lake Union/Capitol Hill/Pioneer Square areas in 2015) and free up engine company time for responding to fire and rescue emergencies.
- Permit System Integration - \$1,500,000**
 As part of a citywide Permitting System Integration initiative, SFD has a 5-year plan to update its systems related to annual building inspections and construction permits. In 2017, a proposed \$1,500,000 would fund replacement of the inspection pre-incident database that is used to track building inspections. In 2018, \$1,000,000 would replace databases related to new construction inspections. *There is proposed fee legislation that would provide a partial offset of \$400,000 in revenue annually.*

Notable proposed CIP changes:

- Fire Station 22 (Roanoke St.) and Fire Station 32 (West Seattle Junction)** are the last two projects from the 2003 Fire Facilities and Emergency Response Levy Program. Proposed funding of \$6.6 million in 2017 for Fire Station 22 would bring its total project cost to \$12.8 million. Proposed funding of \$2 million in 2017 for Fire Station 32 would bring its total project cost to \$20.7 million. According to Finance and Administrative Services, both projects are in construction with expected completion dates in 2017, and both are on schedule and on budget.
- Fire Station 31 (Northgate Way)** is proposed to have its bays expanded to accommodate a larger tillered aerial (ladder). When it is time to replace ladder trucks, all eleven ladders in the system are being replaced with the larger, tillered aerials for maneuverability and lighter weight. In combination with \$450,000 from 2016, the \$650,000 requested for 2017 brings the total cost of the bay extension to \$1.1 million. The CIP also includes \$750,000 planned for 2018 which is proposed to be used to increase bunker storage space, providing a separate storage area for fire fighters' bunking gear.

- **Fire Station 5 (Alaskan Way)** is proposed for renovation for seismic strengthening. The project has been divided into two parts, pier strengthening and building renovation. Due to delays in seawall construction in front of the station, the project faced a minimum one year delay unless it engaged SDOT’s seawall contractor for the pier work. The cost for the seawall contractor is \$1 million greater than the \$1.55 million budgeted for the pier strengthening for the fire station. However, engaging the seawall contractor avoided additional lease, design, permitting, and other costs as well as construction escalation that would have otherwise resulted from the seawall delay. FAS has indicated that it is reasonably likely that the cost of such a delay would be comparable to the cost of the seawall contractor change order, taking into account factors such as the cost of SFD operational impacts from delayed return of fire crews to the waterfront station.

Identified Issues:

1. **High-Rise Inspections Pilot.** The creation of a high-rise inspections pilot with three staff provides an opportunity for future expansion to provide more high-rise coverage, but the positions are proposed as permanent FTE additions supported by fee legislation.

Options:

- A. Adopt a SLI requesting a report on the success of the program at the end of the first year with recommendations on whether to expand or limit the program.
- B. Impose a proviso limiting some spending until SFD has prepared such a report.
- C. No action.

2. **Recruit class size.** The Council has previously funded one-time increases in recruit-class sizes (35 in 2016 and 25 in 2015). Vacancy rates are down from 82 in August of 2014 to 65 in August of 2016.

Options:

- A. Make a permanent increase in recruit-class size, with or without a deferment of some portion of the 2017 recruit class request to 2018.
- B. Adopt a SLI requesting a cost-benefit analysis of future projected need to inform future recruit class size decisions.
- C. No action.

3. **Fire Station 31 CIP project scope.** The description of CIP Project A1PS207, Fire Station 31 Improvements, does not identify the scope for 2018 work on bunker storage.

Options:

- A. Amend the scope description to more completely reflect work being done.
- B. No action.

Councilmember Proposals:

- 1. Earlier funding to staff new aid car resource (Councilmember Burgess)** – The proposed budget for SFD requests funding for deployment of a new aid car in 2018. This budget action would add \$605,831 to the SFD budget in 2017 to fund staffing of the additional aid car one year sooner, in order to more quickly address an unmet need for EMS services. Existing reserve vehicles would be used until the new aid car is acquired. The aid car would be staffed with 12-hour shifts. The four existing aid cars in the central core of the City averaged over 6,500 calls per vehicle in 2015. SFD has a general threshold of 3,500 calls per car per year as the expectation for how many calls an aid car can reasonably accommodate. By bringing down the average number of calls, firefighters will have a more reasonable workload with time for other required duties such as training, maintenance, and building inspections. When more aid cars are available in a deployment area to respond to calls, there are also incidental benefits of improved response times and less need to deploy engines and ladder trucks.

L. SEATTLE OFFICE FOR CIVIL RIGHTS (PATRICIA LEE)

Department Support (\$ in 1,000's)					
	2016 Adopted	2017 Proposed	2016-2017 % Change	2018 Proposed	2017-2018 % Change
General Fund	\$ 6,162	\$ 3,988	(35.3%)	\$ 4,093	2.6%
Other Fund	-	-	-	-	-
Total Appropriations	\$ 6,162	\$ 3,988	(35.3%)	\$ 4,093	2.6%
FTE Total	34.25	26.25	(23.4%)	26.25	-

The Seattle Office for Civil Rights (SOCR) works to achieve equity and advance opportunity in Seattle by developing policies and promoting partnerships to achieve racial equity and social justice, enforcing anti-discrimination laws and public accommodation laws, and providing education and outreach to businesses, community groups and the general public.

The 2017-2018 Proposed Budget reflects the removal of 9.0 FTE from the Office of Labor Standards (OLS) staff as OLS is proposed to be an independent Office. The proposed budget would add 2.0 FTE to OCR to work on implementation and enforcement of two new ordinances that ban rental discrimination based on source of income and the practice of conversion therapy on minors. In addition, SOCR plans to partner with Seattle City Light (SCL) and the Office of Arts and Culture (OAC) to support the work of a new Equity Lab Initiative increasing OCR's capacity to support the City's Race and Social Justice Initiative (RSJI). The Equity Lab is expected to support departmental and citywide RSJI policy initiatives.

Councilmember Proposals:

- 1. Employment and Housing Bias Testing Program. Add \$125,798 in 2017 and \$129,461 in 2018 for one FTE Sr. Planning & Development Specialist. (Councilmember Herbold)** – In 2016 SOCR developed, with the aid of two consultants, an employment and housing discrimination testing program to proactively enforce the City's anti-discrimination laws. This funding would provide

a staff person specifically allocated to overseeing continuing development and implementation of this program.

2. **Employment and Housing Bias Testing Program. Add \$50,100 in 2017 and \$100,000 in 2018 for Employment and Housing Bias Testing Program. (Councilmember Herbold)** – These funds would restore OCR’s budget for employment and housing bias testing to the 2016 level of \$150,000 a year.

The proposed budget provides \$50,000 in 2017 and \$50,000 in 2018 for OCR’s housing and employment bias testing. In 2017, OCR will also have \$50,000 of one time HUD funds for a total of \$100,000 available for bias testing. As a result of this reduction from \$150,000 to \$100,000 in 2017 and the further proposed reduction to \$50,000 in 2018, OCR will either having to discontinue its employment bias testing or conduct fewer tests.

OCR estimates it can conduct 105 tests if they have \$100,000 in funding and 210 tests if they have \$150,000 in funding.

3. **Zero Detention. Add \$600,000 in 2018 to fund community-based youth detention alternative services. (Councilmember O’Brien)** – In 2016, Council approved \$600,000 to contract with the Social Justice Fund to allocate this funding to community grassroots organizations for Zero Detention Projects. That funding is in the process of being allocated. OCR administers the contracts and their administrative costs are included in this funding. The proposed additional \$600,000 would be for supporting activities in 2018.

4. **Indigenous People’s Day Celebration. Add \$5,000 in 2017 and \$5,000 in 2018 to support funding of the Indigenous People’s Day Celebration (Councilmember Sawant)** - \$1,000 of this funding would pay for the celebration march for the costs of city permits, transportation for elders, sound systems and honorariums for the drum groups. \$4,000 would pay for the evening Daybreak Star celebration for the costs of food, facility rental and performances.

M. SEATTLE DEPARTMENT OF HUMAN RESOURCES (PATRICIA LEE)

Department Support (\$ in 1,000’s)					
	2016 Adopted	2017 Proposed	2016-2017 % Change	2018 Proposed	2017-2018 % Change
General Fund	\$ 16,572	\$ 18,645	12.5%	\$ 18,961	1.7%
Other Fund	-	-	-	-	-
Total Appropriations	\$ 16,572	\$ 18,645	12.5%	\$ 18,691	1.7%
FTE Total	148.25	156.75	5.7%	156.75	-

The Seattle Department of Human Resources (SDHR) promotes an equitable and engaging work environment by providing citywide human resource services such as development of Personnel Rules, negotiation of the city’s collective bargaining agreements, employee recruitment, training and leadership development, and implementation of citywide benefits. SDHR also assists smaller departments that have limited human resources.

The Proposed Budget includes the addition of 8.0 FTEs. SDHR will work on two key initiatives: the HR Consolidation Strategic Plan to align citywide human resources programs and the Workforce Equity Strategic Plan to enhance and promote equity within the City of Seattle.

Councilmember Proposals:

- 1. *Paid Leave Benefits Coordinator: Add \$144,050 for one FTE Strategic Advisor 2 in 2017 and \$148,369 in 2018 for a Paid Leave Benefits Coordinator (Councilmember González)*** - This position would help the City consistently implement the City's paid leave benefits (including paid parental leave, sick leave, and vacation) across City departments and help employees understand and coordinate their leave benefits.

In 2015, the City established a Paid Parental Leave (PPL) Benefit. City employees are entitled to four weeks of PPL, in addition to their accrued sick and vacation leave, upon the birth, or placement of a child through adoption or foster care. This leave may be taken in addition to the unpaid 90 days of Paid Family Leave Act provided through Federal and State law. With a department's agreement, PPL may be taken either intermittently or through a reduced schedule.

The City also recognizes City employees' interest in a longer period of time for the PPL benefit and interest in a paid family leave benefit that would allow employees paid time off to care for an ill family member. The City is currently in negotiations with the labor unions representing City employees. Coordinating these different benefits can be complex and many smaller departments have limited human resources to assist employees. Having one staff member as the citywide resource would also help provide a consistent implementation of the benefit.

- 2. *Green Pathways: Add \$144,050 for one FTE in 2017 and \$148,369 in 2018 (Councilmembers Herbold and O'Brien)*** - Green Pathways will support the identification of and entry into "green" jobs. Examples of such jobs include employment in energy and clean technology, alternative transportation, and urban farming.

The City has established a Workforce Entry and Employment Pathways interdepartmental team to identify how City internships, apprenticeships, youth employment, workplace investment and job training can lead to career paths. The green pathways work will be integrated with this citywide work, and this position will oversee and implement this work.

N. OFFICE OF SUSTAINABILITY AND ENVIRONMENT (ERIC MCCONAGHY)

Department Support (\$ in 1,000's)					
	2016 Adopted	2017 Proposed	2016-2017 % Change	2018 Proposed	2017-2018 % Change
General Fund	\$ 3,375	\$ 4,224	25.2%	\$ 4,176	(1.1%)
Other Fund	-	-	-	-	-
Total Appropriations	\$ 3,375	\$ 4,224	25.2%	\$ 4,176	(1.1%)
FTE Total	17.25	19.50	13.0%	19.50	-

The Office of Sustainability and the Environment (OSE) is funded by cost-allocated revenue from multiple City departments. This funding appears as General Fund in the budget. OSE is also funded via memoranda of understanding with Seattle City Light and Seattle Public Utilities and grants.

In 2016, The OSE has received \$549,086 in grant appropriations via 2016 supplemental budget legislation, not including grant funding that could be included in the 4th quarter supplemental. OSE expects grant funding in 2017 of \$1.43 million and \$1.16 million in 2018.

The OSE coordinates and implements multiple initiatives organized under themes of climate action, environmental equity and growing sustainable communities, including: measuring and reducing carbon emissions, increasing the use of electric vehicles, improving building efficiency, supporting local food production and access to fresh, local produce to people with lower income, stewarding Seattle’s urban forest, and the Equity and the Environment Initiative (EEI).

The Mayor’s proposed budget states that the EEI will “ensure that all people and communities benefit from Seattle's environmental progress.” Consistent with the EEI, OSE partners with Office of Planning and Community Development, Department of Neighborhoods, Seattle Public Utilities, and other departments to advance the City’s environmental justice goals and promote equitable development in the Duwamish Valley, with an emphasis in the South Park and Georgetown neighborhoods.

During 2016, the Mayor and Council changed Seattle’s regulations dealing with building energy use benchmarking and reporting ([Ordinance 125000](#)) and building tune-ups ([Ordinance 125002](#)). As part of the passage of the new regulations, the Mayor and Council approved 2016 supplemental appropriations to OSE of \$95,000 for building energy use benchmarking and reporting and \$103,000 for monitoring compliance with building energy tune-up regulations.

The Mayor’s proposed budget differs from OSE’s 2016 baseline budget as follows:

- Add \$50,000 for Fresh Bucks support (2016 baseline \$150,000) which currently provides Fresh Bucks to 4,000 customers. Added funds to support 600 more customers. This permanent level of funding will provide a full match for our federal funding.
- Add \$60,000 for Good Food Bag Pilot. This new, one-year funding (nothing in current baseline) will provide Good Food Bags to 50 percent of eligible Seattle Preschool Program families weekly throughout the SPP school year.

- Add \$150,000 for Building Tune-Up Legislation implementation. New funding in 2017 provides for early notification/outreach, increased staffing, and training/technical assistance for vendors and building owners.
- Add \$310,000 in 2017 and \$260,000 in 2018 for a database to deliver and track the building tune-up legislation. These new funds will form the basis for implementing the new law, allowing us to effectively engage building owners with meaningful data, automate the reporting process, and track and report on progress over time.
- Add \$51,000 for scope, design, and outreach for the Environmental Justice Steering Committee. No 2016 funds in baseline. As part of the release of the Equity & Environment Agenda the Mayor committed to creating an Environmental Justice Steering Committee (EJC) to provide early design review of an environmental program and policy ideas to ensure EEI populations benefit.
- Add 0.25 FTE to support building energy efficiency efforts (as part of funding shown above)
- Add 1.0 FTE Administrative Specialist (net-zero increase in funding)

Councilmember Proposals:

- 1. Add \$100,000 in 2017 and \$250,000 in 2018 for a proposed Environmental Justice Fund (Councilmember O'Brien)** - This would add \$100,000 in 2017 to OSE to develop a plan for a proposed Environmental Justice Fund and add \$250,000 to fund pilot projects in 2018 aimed at achieving the goals set out in the Equity and Environment Initiative (EEI). The additional funding in 2017 would support the Community Partners Steering Committee (CPSC) in the discussion of the anticipated outcomes and of the process to select project to support with the Fund, paid internships to support the EEI, and other administrative support. The additional funding in 2018 would support pilot projects according to the process laid out in 2017 in consultation with the CPSC.
- 2. Add \$80,000 in 2017 for a pilot neighborhood energy efficiency project (Councilmember Juarez)** – This proposal would add \$80,000 in 2017 only to OSE to fund a contract for a two-year program to conduct outreach to and assist small building owners in neighborhood business districts to improve energy efficiency in their buildings and individual businesses. This proposal recognizes that many small building owners face difficulties in accessing City resources to improve building efficiency. The program would be intended to reduce racial and language barriers to accessing resources to improve efficiency and to increase access to minority-owned contractors.
- 3. Statement of Legislative intent (SLI) requesting that OSE report on the inventory, preservation and expansion of Seattle's tree canopy (Councilmember Johnson)** - This SLI would request that OSE collaborate with the Office of Planning and Community Development as needed to:
 1. Identify how Seattle could better inventory the existing tree canopy;
 2. Propose strategies to maximize preservation efforts; and

3. Present the latest information regarding best practices for expanding Seattle's tree canopy.
4. ***SLI requesting that OSE conduct a comprehensive evaluation of the status of the Climate Action Plan implementation actions SLI (Councilmember Herbold)*** This SLI would request that OSE:
 1. Update Council on the status of implementing those actions called for in Seattle's Climate Action Plan (CAP) ([RES 31447](#) approved by Council in 2013).
 2. Provide a report on the best available scientific and economic information relevant to achieving the goals of the CAP.
 3. Make recommendations for specific policy and budgetary actions needed to implement the CAP or to amend it in order to achieve its goals.
5. ***Add \$100,000 in 2017 and \$250,000 in 2018 for a proposed Environmental Justice Fund (Councilmember O'Brien)*** - This would add \$100,000 in 2017 to OSE to develop a plan for a proposed Environmental Justice Fund and add \$250,000 to fund pilot projects in 2018 aimed at achieving the goals set out in the Equity and Environment Initiative (EEI). The additional funding in 2017 would support the Community Partners Steering Committee (CPSC) in the discussion of the anticipated outcomes and of the process to select project to support with the Fund, paid internships to support the EEI, and other administrative support. The additional funding in 2018 would support pilot projects according to the process laid out in 2017 in consultation with the CPSC.
6. ***Add \$80,000 in 2017 for a pilot neighborhood energy efficiency project (Councilmember Juarez)*** – This proposal would add \$80,000 in 2017 only to OSE to fund a contract for a two-year program to conduct outreach to and assist small building owners in neighborhood business districts to improve energy efficiency in their buildings and individual businesses. This proposal recognizes that many small building owners face difficulties in accessing City resources to improve building efficiency. The program would be intended to reduce racial and language barriers to accessing resources to improve efficiency and to increase access to minority-owned contractors.

O. SEATTLE MUNICIPAL COURT (PETER LINDSAY)

Department Support (\$ in 1000s)					
	2016 Adopted	2017 Proposed	2016-2017 % Change	2018 Proposed	2017-2018 % Change
General Fund	\$ 30,334	\$ 31,855	5.0%	\$ 32,366	1.6%
Other Fund	-	-	-	-	-
Total Appropriations	\$ 30,334	\$ 31,855	5.0%	\$ 32,366	1.6%
FTE Total	214.10	212.10	(0.9%)	212.10	-

The Seattle Municipal Court (SMC) is authorized by the Seattle Municipal Code to adjudicate misdemeanors, gross misdemeanors, infractions and civil violations related to zoning and building offenses in Seattle. The Proposed Budget is \$1.5 million higher in 2017 than the 2016 Adopted Budget. Changes to citywide central costs, state mandated judicial salary increases and allocations for the City’s Summit Re-implementation Project represent 90 percent of the proposed increased appropriations for SMC in 2017. SMC’s Proposed Budget includes a lone discretionary increase, adding one FTE to staff new SMC technology initiatives such as Tableau Server and migration to the Next Generation Data Center. The additional staff resources will provide the Court with oversight and leadership for new technology initiatives and help prepare existing Court systems for implementation of the Municipal Court Information System replacement project—a CIP project led by Seattle IT. The Mayor’s budget does not include any significant new initiatives or controversial discretionary increases for SMC.

Councilmember Proposals:

- 1. Fund 2.0 FTE Probation Counselor II and Manager I for the Court Resource Center and add a proviso (Councilmembers Bagshaw and Harrell)** – The Court Resource Center (CRC) is SMC’s on-site, social service hub to assist individuals that are homeless or unsheltered and the working poor with reaching positive restorative outcomes. This proposed budget action would appropriate an additional \$251,000 in 2017 and endorse similar level of funding in 2018 for a Probation Counselor II and a Manager I to staff SMC’s CRC and add a proviso. The proviso requires SMC to present and file a report with Council describing how the CRC is integrated with the Mayor’s Pathways Home initiative.
- 2. Fund 1.0 FTE Probation Counselor II for the CRC (Councilmember González)** —The proposed budget action would increase appropriations in the SMC budget by \$117,000 in 2017 and a similar amount in 2018 to fund one FTE in support of the CRC in an on-going basis. It also endorses \$50,000 of one-time funding in 2018 for a consultant to review CRC processes and assist the SMC in implementing recommendations from the City Auditor (see item #3 below).
- 3. Court Resource Center SLI (Councilmember González)** – The proposed SLI would request the City Auditor to provide an evaluation of the CRC’s effectiveness to process and serve clients especially as it pertains to unsheltered individuals and defendants participating in court directed diversion programs.

4. **Fund 1.0 FTE Court Security Marshal for the CRC (Councilmember González)** – Court Security Marshals are the public safety officers responsible for maintaining safe and secure SMC operations including but not limited to defendant transport, courtroom security and lobby screening. This proposal would increase appropriations to SMC by \$97,500 in 2017 and endorse appropriations of \$100,050 in 2018 for 1.0 FTE Court Security Marshal intended to serve the CRC.
5. **Juror Pay Increase (Councilmembers González and Harrell)** – The proposed budget action would increase appropriations to SMC by \$61,770 on an on-going basis to allow the Court to increase juror pay from \$10 to \$25 per day.
6. **2.0 FTE SMC Pre-Trial Service Probation Counselors and support software for Seattle Criminal Justice Pre-Trial Services (Councilmember Harrell)** – This proposal would add \$354,000 in 2017 and \$362,000 in 2018 for two SMC Pre-Trial Services Probation Counselors and King County Jail Assessment software to reduce pre-trial detention. The counselor positions will provide diversion support services for young people 18-24 as appropriate.

P. ETHICS AND ELECTIONS COMMISSION (LISH WHITSON)

Department Support (\$ in 1,000's)					
	2016 Adopted	2017 Proposed	2016-2017 % Change	2018 Proposed	2017-2018 % Change
General Fund	\$ 654	\$ 724	10.7%	\$ 746	3.0%
Other Fund	-	4,281	-	\$ 709	(83.4%)
Total Appropriations	\$ 654	\$ 5,005	665.3%	\$ 1,454	(71.0%)
FTE Total	4.9	5.9	20.4%	5.9	-

The Seattle Ethics and Elections Commission (SEEC) provides education, training, and enforcement of the City's Ethics Code, Whistleblower Code, and lobbying regulations. It also promotes informed elections through education, training, and enforcement of the City's Elections Code and Election Pamphlet Code. With the passage of Initiative 122 in November 2015, the Commission now administers the Election Voucher program, with funding for the program provided by a \$3 million a year voter-approved levy. In 2017, the Election Voucher program will begin distributing \$100 in vouchers to Seattle residents that can be redeemed by candidates for City Council and City Attorney who choose to participate in the program. Increased funding starting in 2017 reflects the costs and revenues related to that program.

Councilmember Proposals:

1. Targeted Outreach through Community Based Organizations (Councilmember González)

As mandated by the 2015 passage of Initiative-122, the City of Seattle is instituting an Election Voucher Program with the aim of increased civic participation, especially from traditionally underrepresented populations in City elections. This budget action would add \$100,000 in one time funds in 2017 to fully realize the aims of this program.

The proposed \$100,000 add would be used to contract with community-based organizations to do outreach and education to bolster understanding of and participation in the Elections Voucher Program. Of particular importance is reaching legal permanent residents that are difficult to reach through traditional means used to contact registered voters. Organizations that would receive funds should meet the following criteria:

1. Have 501(c)3 status;
2. Be viewed as a trusted messenger in their target community;
3. Possess a track record of successful community engagement;
4. Provide culturally appropriate outreach methodology;
5. Provide in-language materials;
6. Track name and demographic information on contacted community members; and
7. Agree to report back on efficacy of outreach efforts by 12/15/2017.

If Levy proceeds are to be used, the SEEC, which has a fiduciary responsibility over the use of the levy funds, would need to approve the use of these funds for this purpose. GSF could also be used for this type of activity.

Q. OFFICE OF PLANNING AND COMMUNITY DEVELOPMENT (LISH WHITSON)

Department Support (\$ in 1000s)					
	2016 Adopted	2017 Proposed	2016-2017 % Change	2018 Proposed	2017-2018 % Change
General Fund	\$ 8,027	\$ 7,643	<i>(-4.8%)</i>	\$ 7,715	0.9%
Other Fund	-	-	-	\$ 430	-
Total Appropriations	\$ 8,027	\$ 7,643	<i>(-4.8%)</i>	\$ 8,145	6.6%
FTE Total	45.00	46.50	3.3%	46.50	-

The Office of Planning and Community Development (OPCD) was created during the 2016 budget process to coordinate long range planning across all City departments. Its functions include:

- Citywide planning
- Comprehensive planning
- Research and analysis
- Coordination of capital planning citywide
- Implementation of the Housing Affordability and Livability Agenda

- Community planning and implementation
- Equitable community development
- Staffing the Seattle Planning Commission and Seattle Design Commission.

In the 2017 Budget, the Mayor has proposed to add one FTE to increase capacity within OPCD to support and implement equitable community development strategies, providing expertise to implement specific projects that may involve financial and legal negotiations and multiple stakeholders. In addition, the Mayor has included \$200,000 in 2017 to support community-based organizations working to develop equitable development projects as part of a Race and Social Equity Taskforce. The Race and Social Equity Taskforce is a coalition of leaders from the Central District, South East Seattle, International District, and Chinatown who represent neighborhoods historically redlined and at high-displacement risk. The Mayor’s proposed budget includes an additional \$430,000 of Community Development Block Grant funds to help implement these projects starting in 2018. That funding is intended to be ongoing.

Councilmember Proposals:

1. ***Increase funding for the Equitable Development Implementation Plan (Councilmembers González, Harrell, Herbold, Johnson, O’Brien and Sawant)*** – In September, Council passed [RES 31711](#) in support of five Equitable Development Implementation Plan (EDIP) community-initiated projects as priorities for mitigating further displacement and increasing access to opportunity in the Central Area, the Chinatown/International District and South Seattle. These projects will require capital investments over the coming eight years.

The five EDIP projects are:

1. Rainier Beach Innovation District: a strategy to attract high quality jobs coupled with education and training so that those who are now closed-out can fully participate in the region's economic growth;
2. the Multicultural Community Center: provide a stable future for cultural anchors, providing support, reinforcement and cultural preservation for the immigrants and refugee communities in the area;
3. South East Economic Opportunity Center: provide an education, training and services hub. \$6 million dollars have already been secured through investments from governmental agencies and institutional partners;
4. William Grose Center for Cultural Innovation: hub for entrepreneurial resources to support cultural preservation and innovation in the creative economy and provide pathways to the creative industries for those who are excluded; and
5. Little Saigon Landmark Project: project in the Little Saigon business district to assure the Vietnamese community is not displaced in a rapidly gentrifying market.

This action would create a \$6.5 million reserve fund for OPCD to administer beginning in 2017 for site control and other development needs related to these five projects. These projects are leveraging funds from multiple venues, and may require start-up and ongoing city investment. The

Race and Social Equity Task Force has outlined a phasing process to meet the needs for site acquisition for each project. While resources are included for leadership and capacity building in the 2017-2018 Proposed Budget, site acquisition resources for the five defined projects is limited, and gaining site control is urgent to successfully move forward with these anti-displacement projects. OPCD has several staff who will focus on equitable development related work. OPCD is directed to create a process for evaluating projects and distributing these funds.

II. CROSSCUTTING ISSUES

- 1. *Business & Occupation (B&O) Tax Category Revision (Councilmember Sawant) [Staffed by Erik Sund]*** – Proposed legislation currently under development would eliminate the rate tier provided under the SMC 5.45.050(F) for international investment management services. This tier was established in 2009 by Ordinance 123099 and provides a tax rate of 0.153 percent of gross receipts for 2017, increasing to 0.155 percent for 2018 and beyond. If this tier were eliminated, businesses currently eligible for this rate would be captured by the “other business activity” tier, which provides a rate of 0.423 percent of gross receipts in 2017, increasing to 0.427 percent beginning January 1, 2018. This would generate an estimated \$2.0 million of additional GSF revenue in 2017 and \$2.1 million in 2018.
- 2. *Cap Employee Salaries at \$150,000 a year (Councilmember Sawant) [staffed by Patricia Lee]*** – This proposed budget action would amend the City’s payroll ordinance to limit City employee base salaries to no more than \$150,000/year and cut an estimated \$3.3 million from 22 departments’ budgets. This would free up funding for other Council priorities. Pay would be reduced for 125 positions.

This estimate is based on the hourly rate for all City positions and a calculation of how many employees who fit that category are in each department. This estimate may include some employees who make more than \$150,000 because of overtime, and it does not identify employees represented by a collective bargaining agreement. Further analysis would be needed to provide a more refined estimate.

Table 4. Savings by department in 2017 (totals are estimated):

Department	# FTEs w/ Base Salary Above 150k	Combined Total Salaries	Combined Total Salaries When Base Lowered to \$150k	Savings
City Budget Office	1	\$ 176,191	\$ 150,000	\$ 26,191
City Employees Retirement System	3	\$ 497,313	\$ 450,000	\$ 47,313
Seattle City Light	21	\$ 4,127,237	\$ 3,150,000	\$ 977,237
Education & Early Learning	1	\$ 164,466	\$ 150,000	\$ 14,466
FAS	3	\$ 504,936	\$ 450,000	\$ 54,936
Fire Department	11	\$ 1,987,051	\$ 1,650,000	\$ 337,051
Hearing Examiner	1	\$ 160,804	\$ 150,000	\$ 10,804
Housing	1	\$ 150,279	\$ 150,000	\$ 279
Human Services	1	\$ 153,434	\$ 150,000	\$ 3,434
Law Department	3	\$ 468,401	\$ 450,000	\$ 18,401
Legislative-City Council	1	\$ 177,816	\$ 150,000	\$ 27,816
Mayor's Office	5	\$ 889,329	\$ 750,000	\$ 139,329
Municipal Court	1	\$ 151,482	\$ 150,000	\$ 1,482
Civil Rights	1	\$ 156,498	\$ 150,000	\$ 6,498
Parks Department	3	\$ 521,381	\$ 450,000	\$ 71,381
Police Department	37	\$ 6,627,962	\$ 5,550,000	\$ 1,077,962
Seattle Center	1	\$ 165,414	\$ 150,000	\$ 15,414
Construction & Inspections	2	\$ 317,851	\$ 300,000	\$ 17,851
Human Resources	3	\$ 487,523	\$ 450,000	\$ 37,523
Transportation	9	\$ 1,469,323	\$ 1,350,000	\$ 119,323
Seattle IT	6	\$ 962,568	\$ 900,000	\$ 62,568
Public Utilities	10	\$ 1,747,123	\$ 1,500,000	\$ 247,123
Grand Total	125	\$ 22,064,383	\$ 18,750,000	\$ 3,314,383

- 3. Municipal Broadband [Staffed by Calvin Chow]** – Since 2005, the City has explored the potential to develop a Fiber-to-the-Premises (FTTP) network to meet increasing demand for bandwidth in the information economy. Most recently, a 2015 financial feasibility study found that a municipal broadband utility (1 Gigabit-per-second, data only) could potentially break even, if the utility could deploy FTTP infrastructure within Seattle City Light’s “power space” (i.e., in proximity to power lines) rather than the more crowded “communication space” (i.e., space reserved for phone lines, traffic signals, other communication fiber). The study noted that customers are very sensitive to price, and that the market response of existing providers would affect the financial feasibility of establishing a new FTTP network. At this point in time, the City is not actively pursuing a municipally-owned broadband network.

Councilmember Proposals:

- 1. Add \$300,000/1.0 FTE to develop a Ten-Year Business and Implementation Plan for Municipal Broadband (Councilmembers Johnson and Sawant)** – This item would commission a “Ten-Year Business and Implementation Plan” for a City-owned internet utility based on the findings in the 2015 “Fiber-to-the-Premises Feasibility Study” that incorporates the cost of upfront infrastructure investments, expected monthly charges for customers, accommodations for a “low-income internet utility discount program”, and expected roll-out of availability of internet utility services based on time and location. Additionally potential cost-savings should be explored through infrastructure investments currently existing through other city utilities and expected reductions in City of Seattle based telecommunications expenditures across departments. Costs for the study are expected to be a one-time expenditure of \$170,000, plus potentially one FTE (\$130,000) to administer the study in [Seattle IT](#), Office of Policy and Innovation, or Office of Planning and Community Development.

III. BUDGET LEGISLATION

The Mayor transmitted legislation to implement the proposed budget. Each piece of legislation will require Committee action on a green sheet to recommend that the legislation pass, not pass, or pass with amendments. Through review of the proposed budget the Council may identify additional legislation for Committee consideration.

Transmitted legislation is summarized below. Staff is anticipating two additional pieces of proposed budget legislation from the Mayor: (1) a bill changing how the City makes contributions to the Fire Pension Fund and (2) a bill changing how drainage and wastewater charges for King County facilities are passed-through to the City. Some proposed legislation is described more fully in individual issue identification papers.

Table 5. Budget Legislation

	Proposed Legislation	Purpose
1	2016 Third Quarter Grant Acceptance Ordinance	Accept funding from non-City sources in 2016 and authorizes use of those funds.
2	2016 Third Quarter Supplemental Ordinance	Amend the 2016 budget to implement approved programs, change position authority, creates a new Capital Improvement Program (CIP) project, and transfer funds.
3	2017 Budget Adoption Ordinance	Adopt the 2016 budget and CIP, modify positions, and create positions.
4	2018 Budget Endorsement Resolution	Endorse proposed 2018 appropriations and position modifications. Actual appropriations and position authority are subject to Council approval through mid-biennium review in the fall of 2017.
5	Short Property Tax 2017 Ordinance	Provide a short property tax ordinance to comply with Referendum 47. Referendum 47, which was approved in 1997, requires taxing jurisdictions to separately pass an ordinance identifying the percentage increase due to all property taxes levied by the jurisdiction. In 2017 that increase will be approximately 5.82 percent.
6	Long Property Tax 2017 Ordinance	Impose the City's property tax for 2017. In 2017 revenue from property taxes, including voter-approved levies, is estimated to be approximately \$484,387,400.
7	Limited Tax General Obligation (LTGO) Bonds 2017 Ordinance	Authorize issuance of up to \$108 million in LTGO bonds to finance and refinance capital projects.

	Proposed Legislation	Purpose
8	Seattle Public Utilities (SPU) 2017 Water Bonds Ordinance	Authorize issuance of up to \$110 million in bonds to finance a portion of SPU's CIP for the water system.
9	Seattle City Light (SCL) Bonds 2017 Ordinance	Authorize issuance of up to \$275 million in bonds to finance a portion of SCL's CIP.
10	Seattle Department of Transportation (SDOT) Waterfront Interfund Loan Extension Ordinance	Extend a previously authorized interfund loan to the Central Waterfront Improvement Fund.
11	Department of Parks and Recreation (DPR) Smith Cove and Capital Fund Interfund Loan Ordinance	Extend and increase a previously authorized interfund loan for Smith Cove Park to \$4,000,000 and establish a cash reserve in the Parks Capital Fund.
12	Emergency Subfund Policy 2017 Resolution	Amend financial policies for the Emergency Subfund to establish a minimum appropriation of \$60,000,000, adjusted annually based on the Consumer Price Index, and a maximum appropriation equal to .375 cents per thousand dollars of assessed value, which is the maximum allowed by state law.
13	Department of Neighborhoods (DON) Community Involvement Commission Ordinance	Create a Community Involvement Commission and amend the function and purpose description for DON to align with direction in Executive Order 2016-06.
14	DON Community Involvement Principles Resolution	Adopt community involvement principles and direct DON to develop community involvement plans for City departments with the assistance of the Office for Civil Rights and the Office of Immigrant and Refugee Affairs.
15	Office of Labor Standards (OLS) 2017 Ordinance	Move the OLS from the Office for Civil Rights and establish OLS as a stand-alone office in the Executive Department.
16.	SDOT Parklet Program Ordinance	Establish a program whereby portion of rights-of-way may be used for amenities, such as publicly accessible open space or landscaping.

	Proposed Legislation	Purpose
16	DPR 2017 Fees and Charges Ordinance	Amend fees charged for aquatics, athletic fields, and special events to offset inflationary cost-increases. Change some proposed fees to align with the Community Center Strategic Plan. And, make other adjustments to fees charged for other functions, such as special event and ceremony fees.
17	Finance and Administrative Services (FAS) Pet License Fees 2017 Ordinance	Increase pet license fees, particularly fees for unaltered pets.
18	FAS 2017 Spay and Neuter Fee Ordinance	Increase fees for spaying and neutering pets to improve cost recovery.
19	FAS Marijuana Licensing Fee Ordinance	Increase marijuana business license fees to improve cost-recovery for regulating marijuana businesses.
20	Seattle Center Facility Fees 2017 Ordinance	Amend the fees charged for events and use of facilities at Seattle Center and authorizes the Seattle Center Director to modify fees to maintain the competitiveness of Seattle Center as an entertainment venue.
21	Seattle Department of Construction and Inspections (SDCI) 2017 Fee Ordinance	Amend the SDCI fee ordinance for improved cost recovery of SDCI's regulatory function.
22	SDOT 2017 Street Use Fee Schedule Ordinance	Amend the SDOT street use fee schedule to reflect increases to labor and other inflationary costs.
23	SDOT Vanpool Fee Adjustment Ordinance	Increase fees for vanpool permits to increase cost recovery and come-closer to market rates for parking.
24	Seattle Fire Department 2017-2018 Fee Ordinance	Amend fees for regulatory reviews and functions provided by the Fire Marshal's Office to increase cost-recovery, fund permit technology improvements, and provide additional inspection and fire protection system testing services.

IV. DEPARTMENTS/OFFICES WITHOUT IDENTIFIED ISSUES OR COUNCILMEMBER PROPOSALS

A. SEATTLE CITY LIGHT (TONY KILDUFF)

Department Support (\$ in 1000s)					
	2016 Adopted	2017 Proposed	2016- 2017 % Change	2018 Proposed	2017- 2018 % Change
General Fund	-	-	-	-	-
Other Fund	\$ 1,369,595	\$ 1,366,870	(0.2%)	\$ 1,399,795	2.4%
Total Appropriations	\$ 1,369,595	\$ 1,366,870	(0.2%)	\$ 1,399,795	2.4%
FTE Total	1,868	1,779	(4.8%)	1,794	0.8%

Seattle City Light provides electric power to 780,000 customers in Seattle and a number of surrounding suburban jurisdictions. It owns and operates electrical generating, transmission, and distribution system assets worth \$10 billion, including seven dams, over 3,000 miles of transmission and distribution lines linked to 15 power substations, and over 100,000 electrical poles. The utility's power system is over 90 percent hydroelectric-based and it has been carbon neutral since 2005.

Central Staff have not identified any budget issues because City Light's Proposed Budget is consistent with the Six-year Strategic Plan that the Council adopted in July 2016.

B. SEATTLE INFORMATION TECHNOLOGY DEPARTMENT (TONY KILDUFF)

Department Support (\$ in 1,000's)					
	2016 Adopted	2017 Proposed	2016-2017 % Change	2018 Proposed	2017- 2018 % Change
General Fund	\$ 1,718	\$ 20,481	1092.1%	\$ 18,790	(8.3%)
Other Fund	\$ 81,705	\$ 225,010	175.4%	\$ 218,642	(2.8%)
Total Appropriations	\$ 83,423	\$ 245,491	194.3%	\$ 237,432	(3.3%)
FTE Total	-	656.60	-	658.60	0.3%

The Seattle Department of Information Technology (Seattle IT) is a new department created by the 2016 Budget to consolidate the information technology staff and resources of all the Executive departments (the Legislative Department, City Attorney's Office, and the Seattle Public Libraries were not part of the consolidation). Seattle IT went live in April, 2016, replacing and expanding upon the Department of Information Technology, the extant central IT services department. Since it is new and only existed for a part of 2016, comparison with last year's budget is not informative.

Seattle IT will provide information technology services to all Executive departments, including network infrastructure and data center services, desktop and mobile phone services, first responder mobile communication services, and desktop computing services. It will also oversee

the design and integration of new IT systems as the need arises. Operation technology (OT) specific to particular departments—City Light’s Energy Management Systems, for example—will remain with those departments.

Central Staff have not identified any significant issues with Seattle IT’s Proposed Budget. The Mayor’s Proposed Budget implements the Council’s action to consolidate the City’s information technology functions.

C. SEATTLE PUBLIC LIBRARY (PATRICIA LEE)

Department Support (\$ in 1000s)

	2016 Adopted	2017 Proposed	2016-2017 % Change	2018 Proposed	2017-2018 % Change
General Fund	\$ 50,206	\$ 52,322	4.2%	\$ 53,516	2.3%
Other Fund	\$ 21,545	\$ 22,928	6.4%	\$ 21,942	(4.3%)
Total Appropriations	\$ 71,750	\$ 75,250	4.9%	\$ 75,458	0.3%
FTE Total	-	-	-	-	-

The Seattle Public Library (SPL), consists of the downtown Central Library and 26 neighborhood libraries, the Center for the Book and a “virtual library” available through the SPL’s website. SPL provides print, electronic, video and digital materials, free services such as homework help, tax assistance, programs such as story time and author readings, and meeting rooms for community use.

The Revised Code of Washington and City Charter grant the five member Board of Trustees “exclusive control of library expenditures.” The Library Board adopts an annual Operations Plan after the City approves SPL’s

The 2017-2018 Proposed Budget includes funding to support the SPL’s participation in the Next Generation Data to support data security, and savings from a restructuring of divisions.

D. SEATTLE CENTER (PATRICIA LEE)

Department Support (\$ in 1000s)

	2016 Adopted	2017 Proposed	2016-2017 % Change	2018 Proposed	2017-2018 % Change
General Fund	\$ 12,949	\$ 13,044	0.7%	\$ 13,226	1.4%
Other Fund	\$ 32,313	\$ 42,904	32.8%	\$ 38,070	(11.3%)
Total Appropriations	\$ 45,261	\$ 55,948	23.6%	\$ 51,296	(8.3%)
FTE Total	241.1	241.7	0.2%	241.73	-

The Seattle Center is home to cultural and educational organizations, sports teams, festivals, community programs and entertainment facilities, for example, the Pacific Northwest Ballet, Seattle Opera, Seattle Repertory Theatre, Pacific Science Center and Children’s Museum.

Numerous festivals throughout the year including Bumbershoot and Festal celebrations are free to the public.

Seattle Center is financed by a combination of city general fund and revenue earned from commercial operations which include facility rentals, parking fees, long term leases to non-profit organizations, sponsorships, food sales and monorail fares.

Seattle Center’s financial situation has continued to improve and beginning in 2016 they have reduced their reliance on the GSF. The 2016 Adopted Budget reduced \$186,000 GSF to Seattle Center. The 2017 Proposed Budget reduces \$527,000 of GSF support. Seattle Center anticipates this will be covered by increased revenue from other sources particularly leases and parking revenues.

E. JUDGMENT AND CLAIMS SUBFUND (ALAN LEE)

Department Support (\$ in 1,000’s)

	2016 Adopted	2017 Proposed	2016-2017 % Change	2018 Proposed	2017-2018 % Change
General Fund	-	-	-	-	-
Other Fund	\$ 17,749	\$ 16,350	(7.9%)	\$ 15,220	(17.8%)
Total Appropriations	\$ 17,749	\$ 16,350	(7.9%)	\$ 15,220	(17.8%)
FTE Total	-	-	-	-	-

The budget of the Judgment and Claims Subfund (JCSF), per Council [RES 30386](#), is based on a rolling five year average of actual expenditures for the City’s claims and judgments. General Fund departments make premium payments to the subfund each year based on the average, with Finance General paying the premiums for departments that have had less than 2 percent of historical JCSF costs. Utilities reimburse the subfund for actual costs. The subfund must maintain a fund balance equivalent to half of expected annual expenditures.

The Mayor’s proposal reduces the JCSF budget for two reasons. First, about \$1.25M is reduced in 2017 and \$2.5M in 2018 to adjust the budget to the five year average in accordance with the methodology outlined in RES 30386; the magnitude of this adjustment is within the fund’s expenditure volatility (\$5.5M) seen from 2006 – 2015. Second, \$150k is reduced to reflect the addition of a 0.5 FTE land use attorney and the anticipated savings for the Law Department for outside counsel costs. Central Staff has not identified any significant issues with the JCSF proposed budget.

F. CITY BUDGET OFFICE (TRACI RATZLIFF)

Department Support (\$ in 1000s)

	2016 Adopted	2017 Proposed	2016-2017 % Change	2018 Proposed	2017-2018 % Change
General Fund	\$ 5,895	\$ 6,207	5.3%	\$ 6,365	2.5%
Other Fund	-	-	-	-	-
Total Appropriations	\$ 5,895	\$ 6,207	5.3%	\$ 6,365	2.5%
FTE Total	35.00	35.00	-	35.00	-

The City Budget Office (CBO) is responsible for developing and monitoring the City's annual budget, carrying out budget-related functions, and overseeing fiscal policy and financial planning activities.

CBO's proposed budget increases by \$311,484 in 2017 and \$158,000 in 2018 which reflect changes in the internal services costs, health care, retirement contribution rate, and updates to unemployment and industrial insurance charges. Central Staff has not identified any significant issues with the proposed budget for CBO.

G. OFFICE OF THE WATERFRONT (BRIAN GOODNIGHT)

The Office of the Waterfront is responsible for coordinating the City's waterfront improvement efforts, including the rebuilding of Alaskan Way after the removal of the viaduct, rehabilitating the Central Waterfront piers, designing and constructing the Overlook Walk that will connect the waterfront, the Seattle Aquarium and the Pike Place Market, and improving connections between the downtown core and the waterfront. The Office also leads the City's efforts in partnering with the Aquarium, waterfront businesses, Pike Place Market, local governmental entities, and others.

The proposed 2017-18 budgets continue appropriations for the Central Waterfront Improvement program and reflect an overall delay in progress related to the pace of the state's tunnel project. The major components of planned spending in 2017-18 are the Alaskan Way Main Corridor, the Overlook Walk and East/West connections, the piers rehabilitation, partner projects, and the preparation for a Local Improvement District (LID).

With the proposed budgets, the Mayor submitted legislation related to an interfund loan for the Waterfront that will be repaid with bond proceeds backed by the future LID. The legislation extends the duration of the interfund loan from 2016 to 2019 and makes a technical correction to comply with State auditing requirements, but does not alter the total interfund loan amount.