

MEMORANDUM

To: Councilmember Tim Burgess, Chair
Councilmember Lisa Herbold, Vice Chair
Councilmember Rob Johnson, Member
Affordable Housing, Neighborhoods, and Finance Committee

From: Erik Sund, Council Central Staff

Date: April 19, 2017

Subject: First Quarter 2017 Supplemental Budget Package Summary

The Executive has proposed Council Bills (CBs) 118949, 118950, 118951, and 118952, which together form the first supplemental budget package for 2017. Briefly, these bills would revise the 2016 and 2017 Adopted Budgets as follows:

CB 118949, the 2016 year-end “exceptions” appropriations ordinance, amends the 2016 Adopted Budget to address unanticipated costs realized late in 2016 that resulted in spending in excess of the expenditure authority previously granted for certain Budget Control Levels’ (BCLs’) and capital projects. It is typical to have an exceptions ordinance transmitted in the first quarter of each year. The net appropriations increase is \$5,154,306, none of which is for a direct General Subfund (GSF) expense. The items included are:

- A \$100,000 Transit Benefit Subfund appropriation to cover City employee ORCA card and ferry pass costs associated with higher than budgeted employment levels.
- A \$5,054,306 appropriation in the Transportation Operating Fund (TOF) in the Department of Transportation’s (SDOT) Engineering Services Budget Control Level (BCL) to cover a overexpenditure caused by a delay in A reimbursement for services provided to Seattle City Light. The reimbursement was received in January 2017 and will not impact the TOF.
- A \$280,000 appropriation transfer within the Judgment/Claims Subfund from the Claims Expenses BCL to the Police Action BCL to cover costs associated with a large settlement paid in late December 2016.

CB 118950, the 2016-17 “carryforward” appropriations ordinance, is typically used to re-appropriate funds previously provided for various purposes in the 2016 Adopted Budget and the various supplemental appropriations ordinances of 2106 but not yet expended, increasing 2017 Adopted Budget appropriations by approximately \$12.8 million in total (\$5.3 million GSF). Specific appropriations include:

- \$1,737,347 GSF for the Office of Economic Development (OED) to continue the Southeast Economic Opportunity Center (SEEOC) project in cooperation with HomeSight. These funds are the remainder of \$1,900,000 provided in the 2016 Adopted Budget. The bulk of the remaining funds will be used to support site acquisition for the SEEOC.
- \$1,567,128 in the Finance and Administrative Services Fund (FAS Fund) for the Department of Finance and Administrative Services (FAS) to complete the first phase of the Integrated Compliance Management System (ICMS), an element of the Citywide Permit System Integration project that was funded in 2016 but suffered delays.
- \$1,201,193 in the FAS Fund for FAS, to be reappropriated from \$1,861,768 provided in the 2016 Adopted Budget to support work Summit financial system reimplementation project, including work on various departmental side systems, that was delayed.
- \$1,104,367 in the Information Technology Fund (ITF) for Seattle IT to use unexpended project funds for continued work on the replacement of the City's Summit financial system.
- \$975,814 GSF for the Seattle Police Department (SPD) to purchase 14 new patrol vehicles for which funding was provided and orders were placed in 2016 but were not delivered or paid for by the end of the year.
- \$925,000 in the Park and Recreation Fund for the Department of Parks and Recreation (DPR) to implement a new asset management system and an upgrade to DPR's recreation program registration system. This appropriation is backed by the remainder of the 2016 funding provided by the Seattle Park District.
- \$800,000 of TOF for SDOT to continued work on Thomas Street improvements approved in the 2nd quarter 2016 supplemental budget but delayed to better coordinate the work with other projects in the area. This appropriation is backed by a combination of contributions from external partners, Seattle Transportation Benefit District funds, and street use fees.
- \$713,392 of TOF for SDOT to complete the One Center City transportation study, which was originally funded in the 1st quarter 2016 supplemental budget.

CB 118951, the first grant acceptance ordinance of 2017, authorizes City departments to accept approximately \$4.5 million of funding from external sources to support a range of purposes, including:

- \$1,500,000 from the Washington State Department of Commerce (DOC) to Seattle City Light (SCL) to support a Solar Microgrid for Resiliency Project. SCL was already granted expenditure authority for this project in the 4th quarter 2016 supplemental budget, but did not receive authorization to accept the grant at that time.
- \$1,060,478 from the United States Department of Health and Human Services the Human Services Department's (HSD) to support the restructuring of Medicaid service delivery through the Medicaid Transformation Project.

- \$673,166 from the United States Department of Justice (DOJ) to the SPD for crime prevention services.
- \$600,000 from the Seattle Housing Authority (SHA) to DPR to pay for half of increased construction cost bids for the Yesler Terrace Neighborhood Park project.

CB 118952, the first quarter supplemental budget ordinance of 2017, provides expenditure authority to use the grants in the grant acceptance ordinance above (CB 118951) and for other budget revisions requested by various City departments.

- The net appropriations increase in the second quarter supplemental, including grant-backed appropriations, is approximately \$15.3 million, of which \$2.7 million is General Subfund (GSF). Of these amounts, about \$4.5 million (\$1.0 million GSF) is backed by grants that would be approved in CB 118951. Among the expenditures authorized in CB 118952 are:
 - \$4,540,000 of TOF for SDOT to cover a portion of cost increases for the First Hill Streetcar project that were caused by delays and scope changes. SDOT intends to cover these costs through the sale of property. There are additional costs expected to close out this project.
 - \$1,000,000 of TOF for SDOT for pedestrian improvements and streetscaping on NE 43rd Street, to improve access to the University District light rail station scheduled to open for service in 2021. The planned revenue source is the commercial parking tax.
 - \$1,000,000 of Cumulative Reserve Subfund (CRS) Unrestricted funds for DPR to support the renovation of the Woodland Park Zoo's Night Exhibit, which was damaged by a fire in December 2016. This item is backed by insurance revenue.
 - \$750,000 of TOF for SDOT, using commercial park tax revenues, for spot repairs, crossing upgrades, and design work for upgrades to the Burke-Gilman Trail in and immediately north of the University of Washington Campus.
 - \$622,649 of GSF for the Seattle Fire Department to repair a ladder truck and replace a fire engine. The two vehicles were involved in a collision during a response to an automated fire alarm on January 1, 2017.
 - \$600,000 for DPR to cover a share of the additional costs associated with higher than anticipated construction bids for the Yesler Terrace Neighborhood Park Development project. The DPR funds would come from excess 2008 Parks Levy revenues and be matched by an equivalent donation from the Seattle Housing Authority (SHA)
 - \$558,102 of ITF expenditure authority for Seattle IT to support the integration of various departments' software side systems into the new Summit Citywide financial system that is expected to be deployed in 2018. Costs would be billed

to the departments receiving the services. The departments to be charged received the necessary appropriations in 2016. Those appropriations are included in the proposed 2016-17 carryforward ordinance (CB 118950).

- \$405,600 GSF in Finance General to pay Seattle IT for the cost of technology support to small City departments. IT service charges for small departments have been paid from the General Subfund through Finance General in accordance with Resolution 30384 and the necessary appropriation was omitted from the 2017 Adopted Budget.
- \$300,000 GSF of the Office of Planning and Community Development (OPCD) to purchase consultant services to evaluate options for selling the surplus 89,000 square foot “Mega Block” property at 800 Mercer Street.
- \$300,000 in the Department of Education Fund for the Department of Education and Early Learning (DEEL) to fund a pilot of the Our Best program, contracting with the Seattle Cares Mentoring Movement with the intent of increasing the number of Black men participating in formal mentorship programs as mentors to young Black males.
- Additionally, a net increase in authorized employment positions of 33.25 full-time equivalent (FTE) positions, through the creation of 31 new full-time positions, the elimination of one part-time position, and the reclassification of five part-time positions (four at Seattle Center and one in Human Resources) as full-time. The newly created positions are shown in the table below:

Item	Department	New FTEs	Titles
6.1	Seattle Center	1.0	Arts Program Specialist
6.2	Education and Early Learning (DEEL)	1.0	Early Education Specialist, Senior
6.3		1.0	Human Services Coordinator
6.4		1.0	Administrative Staff Assistant
7.1		1.0	Manager 1, Exempt
6.5	Neighborhoods (DON)	1.0	Administrative Specialist II
6.6	Human Services (HSD)	1.0	Planning & Development Specialist II
6.7		1.0	Human Services Program Supervisor, Senior
6.8		9.0	Counselor (Medicaid Transformation) (9)
6.9		1.0	Counselor, Senior (Medicaid Transformation)
6.10		1.0	Counselor, Senior (Renton office)
6.11	City Light (SCL)	3.0	Electrical Engineer Associate (3)
6.12		4.0	Line Crew Chief (4)
6.13	Police (SPD)	1.0	Equipment & Facilities Coordinator
6.14		2.0	Video Specialist II (2.0)
7.2	Law (LAW)	1.0	Assistant City Prosecutor
7.3		1.0	Senior Paralegal
	Total New Positions	31.0	

While appropriations provided in the carryforward ordinance generally provide for one-time expenditures, many of the items in the proposed first quarter supplemental, such as new or expanded positions, create ongoing funding requirements that will need to be satisfied in the City's 2018 budget if the positions are to continue.

The Council Central Staff review of the 1st quarter supplemental package will continue.

cc: Kirstan Arestad, Central Staff Executive Director
Dan Eder, Central Staff Deputy Director