

**CROSS-CUTTING & OTHER ISSUES**

Staff: Lise Kaye and Central Staff Analysts

**This paper covers three main topics:**

- I. Crosscutting Issues (Not specific to a department or office)
- II. Central Staff-Identified Issues and Councilmember Proposals
- III. Budget Legislation

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## I. CROSS CUTTING ISSUES

### A. Position Changes in the Mayor's 2019-2020 Proposed Budget – Patricia Lee

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Councilmembers have expressed interest in the 160 abrogated positions in the Mayor's proposed 2019-20 budget. This paper provides summary information about the proposed position abrogations. We are also providing similar summary information about new positions that are created in the proposed budget. Position information will be addressed in Central Staff's review of affected City department's budget.

#### Proposed Abrogated Positions

Attachment 1 and the table below display the proposed changes in the Mayor's 2019-20 budget, including the total number of positions proposed to be abrogated categorized by represented and non-represented, vacant and filled, and anticipated layoffs.

<b>Abrogated Positions: Proposed 2019-20 Budget</b>			
	Represented	Non-Represented	Total
Vacant	76	44	120
Filled	12	28	40
Lay-offs	6	2	8

As shown, the proposed budget would abrogate 40 currently filled positions resulting in eight layoffs. None of these 40 filled positions have more than one FTE in them. For the remaining filled positions, some departments have found alternative positions for some individuals, while other positions were term-limited or sunseting positions created with the expectation that they would terminate at the end of 2018.

#### Proposed New Positions

Attachment 2 displays the 189 new positions proposed in the 2019-20 Proposed Budget. Of these, 95 would be represented and 94 would be non-represented.

#### What is a "City position" and how is a position established or changed.

The following provides a summary of how the City organizes its workforce as context for considering the above data.

As of September 2018, the City has approximately 12,081 budgeted positions filled by 10,810 individuals and 1,271 vacant positions. Approximately 70 percent of the 10,810 current employees are represented. In addition, the Seattle Public Library has 664 positions which are not reflected, as they manage their own personnel system.

Departments can only hire for a position authorized by the Council. Every City employee is employed in a single City "position. Every City position has a unique eight-digit identifying number, so it can be accounted for within the City data systems such as payroll. Positions are not the same as Full Time Equivalents (FTEs). The FTE designation represents the maximum number of hours per week authorized for a position. More than one employee can occupy the same position, for example, two separate half-time (0.5 FTE) employees may share one full-

time (1.0 FTE) position. City Council approves both the number of positions and FTE level of each position in every City Department and Office.

Every position carries a specific job title, and every job title has a description of the job duties. Employees should not be assigned work outside of the job duties for that position. The number and type of positions in a department should reflect the body of work the City department or office needs to do their work.

Council approves a position list annually through adoption of the budget. In developing its proposed annual budget, a City department director determines what types and how many positions the department will need to do its upcoming work and requests position changes needed to meet any changing needs. The Mayor and City Budget Office staff review the proposed position changes and make final decisions as part of the Executive's budget review process. Each department's budget in the 2019-20 proposed budget reflects these final decisions. As needs change over the year, departments can propose position changes through the quarterly employment ordinance.

While the budget authorizes most City positions for an indeterminate amount of time, some are specifically limited to accomplish a specific body of work. These positions may either be "sunsetting" to end at a certain date or "term-limited" for a certain amount of time.

## **B. Criminal Legal System Policy and Investment Alignment – Asha Venkataraman**

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In recent years, the Council has asked the City to examine and implement a number of initiatives spanning the range of the criminal legal system and its interaction with and impacts on communities. Mayoral administrations have also addressed changes to the criminal legal system in various ways, including initiatives to move towards a strategy to govern youth violence prevention and diversion. However, the City does not currently coordinate across departments to set and align overall policy, outcomes, and investments or direct that a coordinating body vet all initiatives regarding the criminal legal system to ensure alignment. Relatedly, there does not appear to be a coordinated approach to involve and not over-burden communities most impacted by the criminal legal system to inform policy, outcomes, or investments.

For example, in 2016, the Seattle Municipal Court (SMC) convened the Criminal Justice Coordinating Council (CJCC) as a forum for elected officials or director level stakeholders in Seattle's criminal justice system to share information, collaborate, and work across silos to improve the criminal justice system.<sup>1</sup> But the CJCC has stopped convening and no body has taken its place. In addition, even when it was convening, there was no process by which every initiative about the criminal legal system the City was working on would go to that group for vetting against agreed upon values or policies. Lastly, the CJCC did not partner with communities most impacted by the criminal legal system in developing its values and policies.

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<sup>1</sup> Participants have included members from the Mayor's Office, SMC judges, the City Attorney, City Council, the Seattle Police Department, the King County Department of Public Defense, the Office for Civil Rights, the City Budget Office, King County Jail, and the Human Services Department.

The City's criminal legal system involves multiple departments and elected officials; at a minimum, officers in the Seattle Police Department (SPD), the City Attorney (LAW), and judges and probation counselors in the Seattle Municipal Court (SMC) all have an official role in how persons enter and stay involved in the system. Entities such as public defenders, county jail operators, and regional health and human services agencies, as well as the Office for Civil Rights (OCR), and Council, among others, also play an important part.

The following is a non-exhaustive list of specific initiatives, workgroups, policies, or funding spread throughout City departments over the past several years to demonstrate the breadth of efforts:

- Seattle Youth Violence Prevention Initiative (funding programs in HSD, SPD, Parks, Arts)
- Mayor's Youth Opportunity Initiative
- Criminal Justice Coordinating Council
- Zero Youth Detention initiative
- Comprehensive Gang Model
- Community Service Officers program
- Pre-filing diversion
- Pre-trial diversion
- Reentry workgroup
- Bail reform
- Fair Chance Employment
- Fair Chance Housing
- HSD community safety RFQ and co-design
- Arts partnership with Creative Justice
- Summer Opportunity Fund
- Court Resource Center
- Contract with King County and Snohomish County jails
- Seattle Police Activities League
- Anti-Violence Workshop
- Gang Resistance Education and Training

As previously mentioned, this list is not a complete inventory of criminal legal system initiatives. It does not include efforts to analyze how the criminal legal system and homelessness drive each other, state lobbying efforts (*ie.* Certificates of Restoration of Opportunity (CROP)), responses to changes in state legislation (*ie.* firearms and domestic violence), efforts not led by the City (*ie.* the Pre-Trial Reform Task Force), or all the funding the City provides to community-based organizations to do violence prevention, safety, or diversion work. Additionally, in this year's budget process, Councilmembers have also raised the possibility of shifting investments from probation to community-based solutions.<sup>2</sup>

A recent examination of the City's coordination by the Reentry workgroup formed by Resolution 31637, stated in its report that:<sup>3</sup>

Seattle's criminal legal system processed 9,734 misdemeanor case filings in 2017, resulting in approximately 63,000 nights in jail. [ ] This has an enormous impact on the City; it is felt by every community and constitutes a significant portion of the City's budget. Because Seattle's criminal legal system requires involvement of SMC, the City Attorney's Office, the Legislative Department, and the Executive Department, all four independently elected branches should work closely to build a coherent strategy; one

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<sup>2</sup> See P 35 of this paper regarding Councilmember proposals regarding the Seattle Municipal Court.

<sup>3</sup> City of Seattle, Reentry Workgroup, Seattle Reentry Workgroup Final Report P 20 (Oct., 2018).

that is coordinated and aligned with identifiable values and objectives developed in partnership with communities that have been most impacted by the criminal legal system.

As this recommendation indicates, coordination of efforts around the criminal legal system, particularly those that recognize and address how the traditional system disproportionately burdens communities of color, have yet to come to fruition. The lack of alignment has led to duplicative work using limited resources or insufficient funding to support the work. The workgroups addressing bail reform, reentry, and Zero Youth Detention have multiple staff participating in all the workgroups. When a single workgroup to cover the wider criminal legal system could streamline efforts. In addition, duplication of outreach and engagement to communities most impacted on similar topics can burden those communities further. Engagement efforts around public safety through the Department of Neighborhoods, the community safety RFQ, the bail reform workgroup, the planned racial equity toolkit for Zero Youth Detention, and the pre-filing diversion program all reach out to the same impacted community at multiple times and venues when these efforts could be aligned to most efficiently use community members' time. Work can move forward without grounding in the principles of race and social justice – for example, at the time the bail reform workgroup issued the first part of its recommendations, it had not agreed upon shared values or principles for the work and is only now working towards sharing a systemic racial analysis of inequity. As indicated by the Reentry workgroup, and in line with the City's RSJI principles, a group convened to coordinate efforts around the criminal legal system should:

- Center race;
- Value trust and partnership with communities disproportionately represented throughout the criminal legal system;
- Partner with communities most impacted to develop shared values and objectives;
- Build accountability with communities most impacted;
- Ensure that the criminal legal system benefits vulnerable residents and visitors;
- Assess how institutions interact with and affect communities most impacted;
- Analyze unintended consequences, including the consequences of unaligned decision-making; and
- Examine models regarding how to allocate funding (for example, the equitable development initiative community advisory board or the Social Justice Fund Giving Circle).

One of the Reentry Workgroup's recommendations is to develop an advisory board that would not only provide analysis and implementation of the City's reentry strategies and future requests for proposals but inform and provide oversight of City policy impacting the criminal legal system. Those with lived experience and a strong analysis of systemic racism and the criminal legal system would lead the group.<sup>4</sup>

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<sup>4</sup> See *id.* P 54-5 (Strategy 7).

The following options do not provide the strategy itself, but rather identify potential ways the Council can support a group with the values identified to develop a coordinated and aligned approach. They are not necessarily mutually exclusive.

**Options:**

- A.** Fund staff to create an anti-racist plan that will determine how to align strategy and guide current and future policy and investments for safety and the criminal legal system.
  - 1. Make permanent the existing temporary Equitable Funding position proposed for a six-month extension in the Mayor's Proposed OCR Budget to do equitable criminal legal system work. (1 Strategic Advisor 1 FTE, \$61,023 in 2019, \$138,983 in 2020)
  - 2. Create a Criminal Justice Strategic Advisor to focus on broader criminal justice initiatives. (1 Strategic Advisor 1 FTE, \$103,111 in 2019, \$138,983 in 2020).
  - 3. Funding for community stipends, food, capacity building, community engagement, and facilitation.
- B.** Create and fund a new Criminal Legal Advisory Board, as recommended by the Reentry Workgroup, led by OCR and comprised of individuals with lived experience of the criminal legal system who can further develop a strategic plan, oversee any implementation of the reentry recommendations and advise on criminal legal system policy development.
  - 1. Add a position for someone with direct knowledge of and experience with the criminal legal system to convene the board. (1 Strategic Advisor 1 FTE, \$103,111 in 2019, \$138,983 in 2020)
  - 2. Add .5 FTE to provide policy support (.5 Strategic Advisor 1 FTE, \$59,462 in 2019, \$77,875 in 2020)
  - 3. Add .5 FTE administrative support (.5 Administrative Specialist 1 FTE, \$37,689 in 2019, \$47,390 in 2020)
  - 4. Funding for community stipends, food, capacity building, community engagement, and facilitation.
- C.** Restart convening of the Criminal Justice Coordinating Council and ensure partnership with the bodies described in Options A and B and with communities most impacted, not just institutional partners.
- D.** Take no action.

## II. Central Staff-Identified Issues and Councilmember Proposals

### ARTS, CULTURE AND RECREATION

#### A. Office of Arts and Culture (ARTS) – Asha Venkataraman

Department Support (\$ in 1,000's)					
	2018 Adopted	2019 Proposed	2018-19 % Change	2020 Proposed	2019-20 % Change
General Fund	-	-	-	-	-
Other Fund - Arts and Culture	\$10,359	\$11,234	8.4%	\$11,251	0.2%
Other Fund - Municipal Arts	\$3,407	\$3,448	1.2%	\$3,458	0.3%
Total Appropriations	\$13,766	\$14,682	6.7%	\$14,710	.0.2%
FTE Total	34.59	35.09	1.4%	35.09	0%

*All dollar amounts rounded to \$1,000. Percentages calculated on actuals and rounded to nearest 0.1%.*

The Office of Arts and Culture (ARTS) manages eight programs to support and engage the City in diverse arts and cultural experiences. These programs, Funding Programs and Partnerships; Community Development and Outreach; Cultural Facilities Operations; Public Art; Artwork Conservation; Leadership and Administration; Activations, Equity and Youth; and Cultural Space are supported both by admission tax revenues and the 1% for Arts contributions from City capital projects. Since all admissions tax transitioned to ARTS starting 2018, ARTS no longer receives ongoing general fund support.

The 2019-20 Proposed Budget reflects the addition of 0.5 FTE for a facilities manager to provide additional assistance at the Langston Hughes Performing Arts Institute, as well as two term-limited temporary positions for administrative support at King Street Station and about \$126,000 to support these positions. The proposed budget adds \$110,000 to continue an ARTS permit liaison at the Seattle Department of Construction and Inspections and for ongoing support for new and existing cultural districts. Funding of \$460,000 for the Festál cultural programming series has been moved from General Fund in Seattle Center to funding supported by admissions tax.

#### Councilmember Proposals:

- 1. Film Arts Educational Programs. Add \$50,000 in 2019 and \$50,000 in 2020 for video educational programs developed by non-profit film arts organizations such as Scarecrow Video. (Councilmember Johnson)** – These funds would support educational programs to expand the reach of film arts organizations' collections and provide materials and expert assistance to educators. The education program would increase educator and student

access to the film arts collections; provide curatorial assistance; and present and facilitate lectures and film talks for the community.

2. **Racial Equity and ARTS alignment. Add \$75,000 in 2019 and \$75,000 in 2020 to work with an organization supporting artists of color. (Councilmember Harrell)** – This funding would support an organization, such as the Seattle/King County Martin Luther King Jr. Committee, which serves artists of color, immigrants, and others experiencing structural oppression to expand the “Turning Commitment into Action” model to include a series on creative strategies for racial justice and equity. It would also support strategizing with community organizations and individuals who are vulnerable to cultural displacement due to development and gentrification and support partnership with entities that partner with ARTS.
3. **Programming for an African-American focused Museum. Add \$75,000 in 2019 and \$75,000 in 2020 to for public museum programming. (Councilmember Harrell)** – This funding would provide ongoing support and resources for an African-American focused museum, such as the Northwest African-American Museum, for public programming for community members vulnerable to cultural displacement because of development and gentrification.

#### B. Seattle Center – Brian Goodnight

Department Support (\$ in 1,000's)					
	2018 Adopted	2019 Proposed	2018-19 % Change	2020 Proposed	2019-20 % Change
General Fund	\$ 12,732	\$ 13,038	2.4%	\$ 13,020	(0.1%)
Other Fund	\$ 29,787	\$ 22,693	(23.8%)	\$ 22,343	(1.5%)
<b>Subtotal Operating</b>	<b>\$ 42,519</b>	<b>\$35,731</b>	<b>(16.0%)</b>	<b>\$ 35,364</b>	<b>(1.0%)</b>
<b>Subtotal Capital</b>	<b>\$ 8,240</b>	<b>\$ 13,429</b>	<b>63.0%</b>	<b>\$ 11,059</b>	<b>(17.6%)</b>
<b>Total Appropriations</b>	<b>\$ 50,759</b>	<b>\$49,160</b>	<b>(3.2%)</b>	<b>\$ 46,423</b>	<b>(5.6%)</b>
<b>FTE Total</b>	<b>242.73</b>	<b>228.73</b>	<b>(5.8%)</b>	<b>227.73</b>	<b>(0.4%)</b>

*All dollar amounts rounded to \$1,000. Percentages calculated on actuals and rounded to nearest 0.1%.*

Seattle Center maintains a 74-acre campus that is home to over 30 arts, culture, and science organizations, including KEXP, Pacific Northwest Ballet, Pacific Science Center, Seattle Children's Museum, Seattle Opera, and Seattle Repertory Theatre. The campus hosts more than 12,000 events, festivals, and community programs each year, many of which are free to the public. Seattle Center is funded by a combination of General Fund and revenue earned from commercial operations, such as facility rentals and leases, parking fees, and sponsorships.

The 2019-20 Proposed operating and capital budgets for Seattle Center reflect significant impacts from the upcoming redevelopment of KeyArena. KeyArena has operated profitably for eight consecutive years and that profit has helped to fund other maintenance and programming costs across Seattle Center's campus. The proposed budgets remove all revenue and operating expenses associated with KeyArena, and the department expects to accumulate a deficit during the two-year redevelopment period. To cover this deficit, budget legislation described below would provide Seattle Center the authority for a temporary interfund loan.



The proposed budgets also reflect the department's plan to transition many staff members from full- or part-time KeyArena work to other departmental units, often moving them into current vacancies or by being reassigned to work previously performed by intermittent staff. Overall, Seattle Center proposes to abrogate 13 vacant positions and one filled position in 2019, and one filled position in 2020. Both of the filled positions are ending consistent with their previously assigned sunset dates.

#### **Budget Legislation:**

- 1. Interfund Loan Authorization** – Approval of this Council Bill would authorize the Director of Finance to make a revolving loan of up to \$5 million from the Unrestricted Cumulative Reserve Fund to the Seattle Center Fund to support operations during KeyArena redevelopment. The loan would be required to be repaid no later than December 31, 2026, including interest on the loan at the rate of return of the City's consolidated cash pool. Seattle Center will repay the loan, at least in part, with annual rent payments paid by Oak View Group (OVG) upon the reopening of the arena. The payments will be based on a four-year trailing average of revenues attributable to arena operations, parking, and sponsorships, and Seattle Center will also receive a share of any increased revenue associated with sponsorships and parking receipts above historical averages. Seattle Center expects to first draw on the interfund loan in 2020, and the total interest expenses are estimated to be approximately \$622,000.
- 2. Facility Fee Schedule Revisions** – Approval of this Council Bill would adjust the fee ranges for hosting events on the Seattle Center campus. Having a range of fees provides the Seattle Center director discretion to raise fees if the current event market allows the increase. For example, the revised schedule adjusts the fee range for Fisher Pavilion from \$1,500–\$6,000 per day to \$2,500–\$8,000 per day. In addition, the revised schedule would remove facilities impacted by the KeyArena redevelopment project or which will be used to house department work groups displaced by the project, including KeyArena, the Seattle Center Pavilion, and the Next 50 Pavilion and Annex.
- 3. Parking Charges Revisions** – Approval of this Council Bill would increase the daily and monthly parking charge ranges at Seattle Center, increase the charge range for short-term premises licensee permit, adjust the service charge amounts for the premium parking program and for parking coupons, and remove outdated code language related to parking programs that are no longer active. For example, the monthly parking charge range would increase from \$30–\$140 per month to \$85–\$250 per month. The department expects that these parking charge adjustments would increase annual parking revenue by approximately \$268,000.

#### **Councilmember Proposals:**

- 1. Skatepark Relocation and Additional Enhancements (Councilmember Bagshaw)** – The 2019-20 Proposed budgets for Seattle Center include funding for a new capital project to relocate and replace the existing Seattle Center Skatepark, known colloquially as SeaSk8,

which is located within the footprint of the KeyArena redevelopment area. The project is proposed to be funded through a combination of \$1.7 million in Real Estate Excise Tax (REET) I funds and \$500,000 provided by Oak View Group in accordance with redevelopment agreements. This item would request that Seattle Center work with the skatepark community to pursue outside funding to incorporate additional enhancements into the project, such as lighting and sidewalks, support spaces for Skate Like a Girl, and a canopy structure to increase use during inclement weather.

## ADMINISTRATION

### C. Office of City Auditor – Lise Kaye

Department Support (\$ in 1,000's)					
	2018 Adopted	2019 Proposed	2018-19 % Change	2020 Proposed	2019-20 % Change
General Fund	\$2,633	\$2,613	(0.8)	\$2,614	0%
Other Fund	-	-	-	-	-
Total Appropriations	\$2,633	\$2,613	(0.8)	\$2,614	0%
FTE Total	10	10	0%	10	0%

*All dollar amounts rounded to \$1,000. Percentages calculated on actuals and rounded to nearest 0.1%.*

Under direction of the City Council, the Office of City Auditor conducts audits of City departments, programs, grantees and contracts, as well as some non-audit projects ([Chapter 3.40 SMC](#)). The Auditor's Office performs most of its work in response to specific concerns or requests from City Council members, but the City Auditor may also independently initiate work to fulfill the office's mission. Subject to available resources, the City Auditor also responds to requests from the Mayor, City departments and the public. In 2008, the Council adopted [Resolution 31030](#), giving the City Auditor authority to establish the Office's work program. The Council appoints the City Auditor to a four-year term of office. The proposed 2019-20 budget maintains the Office's staffing levels at 10 FTEs and removes one-time funding added in the 2018 Adopted Budget for the following studies:

- Surveillance Ordinance - (\$100,000). Removes funding for potential consultant assistance.
- Evaluation of the Sweetened Beverage Tax - (\$20,000). Removes one-time funding. The Sweetened Beverage Tax [ordinance](#) provides a total budget of \$2,500,000 for the evaluation of the tax (\$500,000 per year for the first five years). The Auditor received an inter-fund loan in 2017 for \$480,000 to begin work on the baseline study. The remaining \$20,000 was included in the 2018 Proposed Budget. The City Council then appropriated \$500,000 to continue work in 2018. During 2019 baseline, CBO removed the \$20,000 of one-time funds.

- Evaluation of the Secure Scheduling Ordinance- (\$173,000). [Ordinance 125135](#), adopted in September 2016, called for the Office of City Auditor to contract with academic researchers to complete an evaluation of the impacts of the regulations for the baseline, Year 1 and Year 2 periods following implementation. The 2017 and 2018 adopted budgets provided funding for the baseline and one-year evaluation period, but the Mayor’s proposed 2019-20 budget does not include funding for the Year 2 evaluation period.

#### Issue Identification:

##### 1. Evaluation of the Secure Scheduling Ordinance.

As expressed in [Ordinance 125135](#), the Council intended that the Office of City Auditor would 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 team received \$363,356 for the Year 1 evaluation, including \$190,000 in federal grants and private foundation funding, and \$173,356 in General Fund revenue from the City’s Adopted 2018 budget. The Auditor received a budget proposal of \$278,410 to complete the Year 2 evaluation from the research team, comprised of the following elements:

Secure Scheduling Ordinance Year 2 Evaluation Team Members	Funding	Focus
University of California	\$132,250	Workers
University of Chicago	\$98,160	Employers
University of Washington	\$32,000	Report and Quality Control
API Chaya	\$16,000	LEP Survey
<b>TOTAL</b>	<b>\$278,410</b>	

#### Options:

- Increase appropriations to the Auditor’s Office to fully fund the research team’s budget proposal to complete the Year 2 Evaluation
- Increase appropriations to the Auditor’s Office to fund a limited Year 2 Evaluation
- No action.

#### Councilmember Proposals:

- 1. Add funding to complete the Year 2 evaluation of the Secure Scheduling Ordinance (Councilmember González)** – This proposal would increase funding to the Auditor’s Office by \$278,410 for the development of the Year 2 report on the Secure Scheduling ordinance’s effect on workers and employers.

## **D. Capital Projects Oversight – Dan Eder**

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Proposed legislation currently under development would establish reporting requirements for the City's Capital Improvement Program projects and establish the City's intent to use a stage-based appropriation process for selected projects.

### **Background:**

Each year with the annual budget, Council approves a six-year Capital Improvement Program (CIP). The CIP includes high level information about each of the hundreds of capital projects underway or planned by City departments. The CIP includes a brief description of each project's scope and the phase of development. It also provides information about planned spending and the anticipated revenues that will support that spending for a six-year period. Spending for the first year of the CIP is legally authorized in the City's Adopted Budget.

On May 7, 2018, Councilmembers discussed a new format for enhanced quarterly reporting on scope, schedule, and budget for capital projects at the Council's Monday Briefings. On September 5, 2018, the City Budget Office (CBO) began using this enhanced reporting format for a subset of capital projects selected by the Executive; and CBO provided summary information for other projects.

In addition, the 2018 Adopted Budget contains two pilot projects for capital project oversight by stage, or project phase: Ship Canal Water Quality Project (SPU project C361), and Delridge Multimodal Corridor (SDOT project TC367810). Both projects contain provisos that establish a Council reporting requirement before moving to the next stage of the project.

### **Councilmember Proposals:**

- 1. Capital Project Oversight (Councilmember Herbold)** - Proposed legislation would formalize a process by which the Council intends to adopt a so-called "Watch List" of large, complex, or politically sensitive capital projects. The legislation requests that the Mayor submit quarterly reports to the Council with enhanced information about these Watch List projects as well as summary information for all capital projects. The legislation also outlines circumstances in which Council intends to impose stage-based appropriations, allowing unrestricted spending on some project development activities while preventing spending on other specified activities. For instance, the Council may appropriate funding for a project while specifying that none of those appropriations may be used for construction (but allowing activities such as design or real estate acquisition).

#### E. City Budget Office (CBO) – Lise Kaye

Department Support (\$ in 1,000's)					
	2018 Adopted	2019 Proposed	2018-19 % Change	2020 Proposed	2019-20 % Change
General Fund	\$6,553	\$6,795	3.7%	\$6,760	(0.5%)
Other Fund	-	-	-	-	-
Total Appropriations	\$6,553	\$6,795	3.7%	\$6,760	(0.5%)
FTE Total	40.5	36	(11%)	36	0%

All dollar amounts rounded to \$1,000. Percentages calculated on actuals and rounded to nearest 0.1%.

The City Budget Office (CBO) develops and monitors the City's annual budget, provides strategic analysis, and oversees fiscal policy and financial planning activities. CBO's proposed budget for 2019 increases by 3.7 percent (\$242,713), due to changes in internal services costs and accounting. The proposed budget eliminates 4.5 grant-funded positions, due to the sunset of a Bloomberg Family Foundation grant. The appropriation also includes a 2.5 percent reduction (\$163,818) in response to the Mayor's request for General Fund savings to fund other City priorities. The reduction will reduce professional services by \$79,244 and the personnel budget by \$84,574, but according to CBO, the reductions will not impact core services. Central Staff has not identified any significant issues with the proposed budget for CBO.

#### Councilmember Proposals:

- 1. Analysis of Contracted Services. (Councilmember Mosqueda)** – This proposal requests an analysis of the past 10 years' contracts for services valued above \$10,000, specifically reporting on: scope of work, duration and contract; criteria and departmental authority for contracting out the work; required employees and associated hours to conduct the work in house; cost differential between contracting out and doing the work in house, and; FTE reductions attributable to having contracted out this work.

#### F. Finance and Administrative Services (FAS) – Jeff Simms

Department Support (\$ in 1,000s)					
	2018 Adopted	2019 Proposed	2018-19 % Change	2020 Proposed	2019-20 % Change
General Fund	\$ 50,307	\$ 48,236	(4%)	\$48,132	(0.2%)
Other Fund	\$255,153	\$ 250,755	(2%)	\$ 246,641	(2%)
Total Appropriations	\$ 305,460	\$ 298,992	(2%)	\$294,772	(1%)
FTE Total	632.5	594.5	(6%)	594.5	0%

All dollar amounts rounded to \$1,000. Percentages calculated on actuals and rounded to nearest 0.1%.

The Department of Finance and Administrative Services (FAS) has a diverse set of responsibilities for the City, providing services to external customers, as well as City departments. FAS services include: customer service (e.g., the Seattle Animal Shelter and

customer service centers), regulation and oversight (e.g., business licensing and business and occupation taxes), financial services (e.g., bond issuance); and operational services (e.g., building and maintaining facilities).

Notable proposed CIP additions:

- Seattle Municipal Tower Chiller Replacement - \$18,500,000. FAS includes a new \$19 million CIP project to replace the chiller plant located on the 14th floor of the Seattle Municipal Tower, which outside engineering consultants have determined is past its service life. This project will be funded from a variety of sources including Facility Asset Preservation Fund (\$6 million, previously appropriated), Real Estate Excise Tax I (\$3.5 million), and Long-Term General Obligation Bond funding (\$10 million).

Central Staff has not identified any significant issues with the 2019-20 Proposed Budget.

#### **Budget Legislation:**

1. **Regulatory Business and License Fees - \$457,000** - Approval of this Council Bill would raise regulatory business and professional license fees related to operating public garages or parking lots, dealing used goods, adult entertainment, and marijuana. The legislation also directs the Director of FAS to annually review the fees associated with these areas and increase the fees to achieve full cost recovery of the Department's administrative, enforcement, and other regulatory costs. The fees in the proposed legislation related to marijuana would more than double compared to current levels but would not achieve full cost recovery. Instead, the level of General Fund subsidy for the associated regulatory activities would fall from 64 percent to an estimated 22 percent. In total, the proposed budget anticipates \$457,000 of additional revenue from these fees in both 2019 and 2020.
2. **Fees at the Seattle Animal Shelter Spay and Neuter Clinic - \$50,000** - Approval of this Council Bill would allow the Seattle Animal Shelter (SAS) to charge additional fees to fully recover the cost of additional procedures performed during complicated spay and neuter surgeries, estimated in the proposed budget at \$50,000 per year. Historically, SAS has absorbed the cost for these procedures, even though they make the spay/neuter surgery more expensive to perform.

#### **Councilmember Proposals:**

1. **Add \$232,265 in 2019 and \$207,453 in 2020 for a 1.0 FTE Strategic Advisor 1 in Finance and Administrative Services (FAS) for Priority Hire and Contract Compliance (Councilmember O'Brien)**—This budget action would add a Strategic Advisor 1 (SA1) position to monitor and enforce worker protections on large, complex public partnership projects, such as the Key Arena renovation and upcoming waterfront and ship canal projects. The monitoring would include on-site monitoring to provide oversight of the site working conditions and address any labor concerns immediately. The SA1 would monitor and ensure compliance with both the City's social equity requirements (i.e., prevailing wage requirements, apprenticeship utilization, woman and minority business inclusion goals, etc.) and the City's acceptable worksite policy and Priority Hire requirements.

2. **Add \$100,000 for a Study of Child Care in City Hall (Councilmembers Mosqueda and Johnson)** – Provide \$100,000 for a one-time study examining the barriers to and costs of opening a childcare facility in the vacant space on the first floor of City Hall. This report would update and further explore the [2016 response to SLI 76-2-A-2](#). It would specifically provide analysis on (1) what, if any, structural changes would be needed to the interior and plaza exterior to meet state and local licensing requirements, (2) the cost of implementing those structural changes, and (3) a business model for a facility, including anticipated costs and revenues and, potentially, the amount of City subsidization.
3. **Increase Pet License Fees to Support an Animal Control Officer (Councilmember Herbold)**—This budget action would amend budget legislation to raise the price of pet license fees to the level that would support the costs on an additional animal control officer. FAS is still determining the necessary increase in pet license fees to achieve this goal. Current pet license fees range from \$20 to \$200, and \$120,000 was provided for a similar position in the 2017 Adopted Budget.
4. **Request a Report on Transit Benefits for All City Contractors (Councilmember Mosqueda)**— This budget action would request an evaluation of the costs to subsidize transit passes for all City contractors and service providers, either fully or by reducing fares to the price of a senior fare.
5. **Request a Business Plan for a Municipal Public Bank (Councilmember Sawant)**— This budget action would request the development of a business plan for a public bank operated by the City that assumes Washington State regulators will make any necessary exemptions to maximize the financial feasibility of the bank. The business plan would be provided no later than June 1, 2019.

#### G. Indigent Defense Services – Lise Kaye

Department Support (\$ in 1000s)					
	2018 Adopted	2019 Proposed	2018-19 % Change	2020 Proposed	2019-20 % Change
General Fund	\$8,197	\$9,397	14.6%	\$9,397	0%
Other Fund					
Total Appropriations	\$8,197	\$9,397	14.6%	\$9,397	0%

*All dollar amounts rounded to \$1,000. Percentages calculated on actuals and rounded to nearest 0.1%.*

The City of Seattle contracts with King County for defense services provided by King County's Department of Public Defense (DPD) for indigent people facing misdemeanor charges in Seattle Municipal Court.<sup>5</sup> The current agreement runs through December 31, 2022, with two 5-year extensions possible up to December 31, 2032. The Mayor's proposed 2019-20 budget provides

<sup>5</sup> The King County Charter (§350.20.60) states the King County Department of Public Defense (DPD) provides "legal counsel and representation to indigent individuals in legal proceedings, including those in superior and district courts for King County"

a \$1.2 million increase in 2019 to cover King County DPD's increased retirement costs and increased central services, with the stated intent that the added revenue come from savings from the City's jail services contract with King County.<sup>6</sup>

During the 2017 budget deliberations, Council added \$220,000 to fund a two-year civil legal aid pilot program that provided for civil legal services attorneys ("Collateral Consequence Attorneys") to provide services in coordination with the criminal representation provided to Seattle Municipal Court indigent defendants, focused on the impact of arrests, charges, and convictions on housing, employment, family issues, and public benefits. The Mayor's proposed budget does not renew this one-time funding for the pilot program.

### Councilmember Proposals:

- 1. Continued funding for civil legal aid pilot (Councilmember Herbold)** – This budget action would add \$440,000 to continue funding for civil legal services attorneys to provide services in coordination with DPD's criminal representation provided to Seattle Municipal Court indigent defendants. Services include helping KC DPD attorneys and their Seattle Municipal Court clients determine plea agreements that help meet clients' needs by taking into account collateral impacts clients such as housing impacts and providing civil legal representation on housing matters, such as eviction.

The King County Executive's proposed 2019-20 budget adds \$500,000 "to increase contracted civil legal aid services to partner with the Department of Public Defense to address the collateral consequences of criminal charges including impacts to housing, employment, family law, and other areas."<sup>7</sup> The proposed addition cites the success of Seattle funding of this program for the city's misdemeanants.

### H. Jail Services – Lise Kaye

Department Support (\$ in 1000s)					
	2018 Adopted	2019 Proposed	2018-19 % Change	2020 Proposed	2019-20 % Change
General Fund	\$19,819	\$18,619	(6.1%)	\$18,619	0%
Other Fund					
Total Appropriations	\$19,819	\$18,619	(6.1%)	\$18,619	0%

All dollar amounts rounded to \$1,000. Percentages calculated on actuals and rounded to nearest 0.1%.

The City contracts with King County and Snohomish County to provide jail services for individuals arrested, prosecuted, or convicted of misdemeanor crimes in Seattle. The Mayor's proposed budget reduces the 2019 Jail Services appropriation by \$1.2 million (or about 6

<sup>6</sup> See *Transfer of Funding from Jail Services to Indigent Defense*, 2019-20 Proposed Budget, Department of Finance & Administrative Services, p. 488. The jail services contract allowed the City to lower the floor for contracted beds in 2019-20, thereby reducing the city's contract costs by \$1.2 million. Contract requirements prohibit the floor from being lowered any further without reopening the contract.

<sup>7</sup> Direct Service Change DS\_001, [2019-20 Proposed Biennial Budget](#), p. 328



percent) with the stated intent that the savings would be put toward increased costs for the City's Indigent Defense Services contract with King County.<sup>8</sup> (This is consistent with the Mayor's proposed budget for Indigent Defense Services described in a separate budget issue paper.)

The City's interlocal agreement with King County establishes minimum bed usage figures (known as the "floor"), which drive the minimum cost that the City must pay each year, regardless of whether usage drops below that figure.<sup>9</sup> Per the agreement, the floor may be reset every 5 years. In 2017, the floor was set at 215 for 2017 and 2018, and it was lowered to 200 for 2019 and 187 for 2020. The City must pay a minimum of \$18.4 million to King County in 2019 and \$18.2 million in 2020.

The City is not actively sending inmates to Snohomish County due to lower than anticipated bed usage at King County's jail. The City's contract with Snohomish County provides that Snohomish County will charge the City for jail services based on its actual usage, with no charges incurred if the City doesn't use any jail beds. The City currently pays a proportional bed rate for inmates with outstanding Seattle warrants who are held at Snohomish County's jail. The City Budget Office puts the 2018 cost for the Snohomish County contract at about \$210,000 and estimates 2019 and 2020 costs to be about \$60,000 per year.

#### **Councilmember Proposals:**

- 1. Jail Services Contract with King County (Councilmembers Mosqueda and O'Brien)** – This budget action would request the following information from the Mayor:
  - a. Contract rates per bed paid by other cities of comparable size and economic stability,
  - b. Comparison of re-opener clauses in jail contracts for other cities of comparable size and economic stability, and
  - c. Ways to incorporate health standards and accreditation status for the jail facility as well as lowering the floor on the minimum beds in the contract.
- 2. Jail Services Contract with Snohomish County (Councilmembers Mosqueda and O'Brien)** – This budget action would request that the Mayor terminate the City's jail services contact with Snohomish County, cut the resultant \$58,000 in savings from the proposed 2019 Jail Services budget, and add those funds to the Office of Civil Rights to contract with an outside organization that provides trauma-informed, healing-centered youth development services, such as Creative Justice.

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<sup>8</sup> See "Transfer of Funding from Jail Services to Indigent Defense), 2019-20 Proposed Budget, Department of Finance & Administrative Services, p. 488

<sup>9</sup> The contract also establishes a maximum bed usage figure at 30% above the floor, known as the "cap"; if the city exceeds this figure, the County may refuse to accept bookings from the City. The City also pays for a number of other charges such as booking fees, work release costs, and offsite medical charges. maintenance charge, WER charge, minimum bed adjustment charge, offsite medical charges and surcharges.

## I. Judgment and Claims Fund – FAS – Lise Kaye

Department Support (\$ in 1000s)					
	2018 Adopted	2019 Proposed	2018-19 % Change	2020 Proposed	2019-20 % Change
<b>Appropriations by BSL</b>					
<i>Claim Expenses</i>	\$3,524	\$3,524	0%	\$3,524	0%
<i>Litigation Expenses</i>	\$11,887	\$16,887	42%	\$18,487	9.5%
<i>General Legal Expenses</i>	\$88	\$88	0%	\$88	0%
<i>Police Expenses</i>	\$1,121	\$1,121	0%	\$1,121	0%
<b>Total Appropriation</b>	<b>\$16,620</b>	<b>\$21,620</b>	<b>30%</b>	<b>\$23,220</b>	<b>7.4%</b>

*All dollar amounts rounded to \$1,000. Percentages calculated on actuals and rounded to nearest 0.1%.*

The Judgment and Claims Fund (JCF) provides for the payment of legal actions brought against the City government. The City Council requested through [SLI 356-1-A-2](#) that the City Budget Office review current policies governing the JCF, together with the Department of Finance and Administrative Services, the City Budget Office, the Law Department, and City Council Central Staff. Staff from the City Budget Office, Finance and Administrative Services, and the City Attorney's Office presented [recommendations in response to the SLI request](#) to the Finance & Neighborhoods Committee on July 25, 2018 and have submitted budget legislation described below to revise the current policies. The Mayor's proposed 2019-20 budget would increase the 2019 appropriation by \$5 million (30 percent) over the 2018 adopted budget, consistent with the proposed legislation.

Since passage of Council [Resolution 30386](#) in 2001, the JCF budget has been based on a rolling five-year average of actual expenditures for the City's claims and judgments. General Fund departments contribute to the JCF based on the calculated average, and the General Fund is billed directly for premiums for departments that have had less than 2 percent of historical JCF costs. Utilities reimburse the JCF for actual costs. The JCF must maintain a fund balance equivalent to half of expected annual expenditures. The rolling five-year average worked well as a budgeting tool from 2012-2015, when annual expenditures ranged from \$8 million to \$10 million. However, calls on the JCF have been more volatile and claims have been trending upward in recent years.

### Budget Legislation:

The Mayor has transmitted to Council a resolution updating financial policies for the Judgment and Claims Fund. Council approval of the proposed resolution would enact the following changes:

- Policy 4. Budget: To better account for large fluctuations in JCF expenditures and to reduce the need for supplemental funding, the JCF would be funded at a 50 percent confidence level of meeting actual expenditures in 2019, meaning that the funding

would be statistically adequate to cover all necessary expenditures half of the time. This requirement would be increased by 10 percent each year until a 90 percent confidence level is reached in 2023. For non-insurable costs a five-year historical average would be used and adjusted for inflation. For 2019, this would mean a general fund contribution of \$23.8 million instead of \$17.5 million.

- Policy 6. Subfund Balances. The JCF balance would be capped at 200 percent of the City's self-insured retention for excess liability insurance, instead of at 50 percent of expected annual expenditures. (Self-insured retention acts like a deductible; the city must currently pay the first \$6.5 million toward a claim, after which third-party liability insurance pays up to the policy maximum.) The JCF balance could exceed this cap on the recommendation of the Judgment Claims Finance Committee (see Policy 14). This change would allow the JSF funding level to better track with anticipated loss exposure.
- Policy 9. Advance Payments. This would make a technical change to align JCF policies with Ordinance 120521's transfer of the claims investigation function from the Law Department to the Department of Finance (SMC 5.24.040).
- Policy 10. Litigation Expenses. The policy would be updated to charge a newly formed Judgment and Claims Finance Committee (see Policy 14) with adopting written guidelines to implement this policy.
- Policy 12. Annual Briefings of Council. The threshold for reporting claims to Council would increase from \$100,000 to \$200,000 and the reporting date would move from February to April, to better correspond with the City's accounting cycles.
- Policy 13. Reports to Council and City Departments. Semi-annual reports on all claims and lawsuits against the City would be due in April and October, instead of February and September.
- Policy 14. Judgment and Claims Finance Committee. Comprised of members from the City Budget Office, Finance and Administrative Services Department, and the City Attorney's Office, this new committee would monitor and report on expenditures, review current cases and reserves, advise on the sufficiency of JSF funding, and consider risk mitigation strategies.

The proposed Resolution requests that these policies be reviewed and updated every 10 years. Table 1 following the Issue Identification section below compares the proposed policy changes to the existing code.

## **Issue Identification:**

### **1. Judgment and Claims Finance Committee**

This new committee would monitor and report on expenditures, review current cases and reserves, advise on the sufficiency of JSF funding, and consider risk mitigation strategies. The

proposed Resolution designates its membership as representatives from the City Budget Office, Finance and Administrative Services Department, and the City Attorney’s Office. Given the Committee’s purview over risk mitigation strategies and appropriate funding levels, as well as the higher threshold for annual Council briefings, the Council may wish to include a member of the Central Staff on the Committee.

**Options:**

- A. Amend the proposed Resolution to add the Central Staff Director or her designee to the new Judgment and Claims Finance Committee
- B. Adopt the proposed Resolution as transmitted.
- C. No action.

**Table 1.**

<b>Policy</b>	<b>Resolution 30386 (2001)</b>	<b>Proposed</b>
1. Creation of Fund	<ul style="list-style-type: none"> <li>Established for assets and liabilities relating to judgment, claims, and related expenses</li> </ul>	No change
2. Expenditures	<ul style="list-style-type: none"> <li>May pay judgments, claims, advance payment and litigation expenses as authorized by SMC 5.24</li> </ul>	No change
3. Revenues/Fund Balance	<ul style="list-style-type: none"> <li>Appropriations and reimbursements</li> </ul>	No change
4. Budget	<ul style="list-style-type: none"> <li>Cover expected judgment and claims costs less reimbursements from utilities</li> <li>Based on expected average costs (2003); future budgets may be developed based on longer-term averages</li> <li>Goal is a predictable and consistent J&amp;C budget</li> </ul>	<ul style="list-style-type: none"> <li>Fund at 90 percent confidence interval by 2023 (average was essentially the 50 percent confidence interval)</li> <li>Include non-insurable costs in calculations</li> </ul>
5. Cost Recovery	<ul style="list-style-type: none"> <li>Utilities to reimburse J&amp;C for their expenses</li> <li>Depts pay premium based on average percent of J&amp;C expenses over previous 5 years</li> <li>Dept expenses for catastrophic events limited to deductible or equivalent</li> <li>Emergency subfund and then GO debt as back-up</li> </ul>	No change

<b>Policy</b>	<b>Resolution 30386 (2001)</b>	<b>Proposed</b>
6. Subfund balances	<ul style="list-style-type: none"> <li>Fund balance capped at 50 percent of expected annual expenditures; excess rebated to departments</li> </ul>	<ul style="list-style-type: none"> <li>Fund balance capped at 200 percent of the City's self-insured retention (SIR) for excess liability insurance (SIR is equivalent to a deductible)</li> <li>J&amp;C Finance Committee can raise the thresholds if circumstances warrant</li> </ul>
7. Payment of judgments	<ul style="list-style-type: none"> <li>The City Attorney (CA) briefs council on proposed settlements over \$500,000.</li> <li>The CA must consult with the Budget, FAS and relevant dept directors prior to authorizing a settlement involving "significant financial or policy issues."</li> </ul>	No change
8. Adjustment and payment of claims	<ul style="list-style-type: none"> <li>Director of Finance (DOF) investigates and evaluates all claims, with assistance of CA</li> </ul>	No change
9. Advance payments – grounds for payment	<ul style="list-style-type: none"> <li>CA and DOF may make advance payments not to exceed pre-injury take-home pay, subject to conditions</li> </ul>	Technical amendment to align with Ordinance 120521.
10. Litigation expenses	<ul style="list-style-type: none"> <li>CA and DOF authorized to pay for services in support of litigation, claim, threatened litigation or claim filed or contemplated against the city</li> </ul>	<ul style="list-style-type: none"> <li>J&amp;C Finance Committee to adopt written guidelines for implementation of this policy (est. per new Policy No. 14)</li> </ul>
11. Claims evaluation and departmental involvement	<ul style="list-style-type: none"> <li>DOF may request reports from depts which shall be treated as privileged communications</li> </ul>	No change
12. Annual briefings of Council	<ul style="list-style-type: none"> <li>DOF, CA, Dir of Risk Mgmt and involved depts brief Council each Feb on settlements over \$100k</li> </ul>	Reporting threshold increased to \$200k; date moved to April.
13. Reports to Council and City Departments	<ul style="list-style-type: none"> <li>Dir of Risk Mgmt reports on all claims and lawsuits to Council and City depts in Feb and Sept of each year</li> </ul>	Reports due in April and October.

Policy	Resolution 30386 (2001)	Proposed
14. Establish Judgment and Claims Finance Committee	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Comprised of members from CBO, FAS and CA Office, the committee shall meet four or more times per year.</li> <li>Tasks include monitoring and reporting on expenditures; reviewing current cases and reserves; advising on the sufficiency of Judgment Claims funding; and considering whether patterns and/or trends in losses may be mitigated with specific risk mitigation strategies.</li> </ul>

#### J. Life Sciences and Research Tax Deduction – Erik Sund

As part of her Proposed 2019-20 Budget package, the Mayor transmitted legislation that would reestablish a Business License Tax (B&O Tax) deduction for income received by life science research organizations from grants, contracts, and sub-awards from government sources. The City offered this same deduction for five years (June 2012 – June 2017) under [Ordinance 123877](#). The primary beneficiaries of the previous deduction were nonprofit research entities receiving income from previously taxable sources. Nonprofit entities, which collectively received roughly 85 percent of the tax benefit from the 2012 legislation, could take deductions for federal grants, but not for contracts or sub-awards. Private sector entities could not take deductions for any grants, contracts or sub-awards. The cost to the City in lost General Fund revenues from 2012 through 2017 was approximately \$500,000 per year. The revenue forecast accompanying the Mayor's Proposed 2019-20 budget incorporates a \$500,000 annual reduction in revenues due to the assumed approval of this legislation.

#### Options:

- A. Approve the proposed legislation providing a B&O tax deduction for income received by life science research organizations from grants, contracts, and sub-awards from government sources. (No change from the Mayor's Proposed 2019-20 budgeted revenues.)
- B. No action. (Increases available General Fund Revenue by approximately \$500,000 per year.)

## K. Office of Immigrant and Refugee Affairs (OIRA) – Patricia Lee

Department Support (\$ in 1,000's)					
	2018 Adopted	2019 Proposed	2018-19 % Change	2020 Proposed	2019-20 % Change
General Fund	\$3,212	\$5,056	57%	4,902	(3%)
Other Fund					
Total Appropriations	\$3,212	\$5,056	57%	4,902	(3%)
FTE Total	9.0	9.5	5.6%	9.5	0%

All dollar amounts rounded to \$1,000. Percentages calculated on actuals and rounded to nearest 0.1%.

The Office of Immigrant and Refugee Affairs (OIRA) assists the approximately 18% of Seattle's population who are immigrants and refugees to understand and access city services. OIRA's four main focus areas are: Protecting Residents and Workers, Citizenship and Civic Engagement, English as a Second Language, and Language Access.

The Mayor's 2019-20 Proposed Budget reflects increased appropriation authority for the Legal Defense Fund (LDF), Citywide cost adjustments, a new database for the New Citizen Program Initiative, and the transfer of Community Development Block Grant (CDBG) funding for the Ready to Work program from the Human Services (HSD) budget to OIRA's budget.

### Councilmember Proposals:

- 1. Legal Defense Fund: Add \$205,000 General Fund (GF) in 2019 and \$190,000 GF in 2020 to restore City funding to the 2018 level of \$1 million. (Councilmember González)** – In 2017 the Council appropriated \$1 million and King County appropriated \$550,000 to co-establish the Legal Defense Network (LDN). The LDN funds legal support for immigrants and refugees facing deportation proceedings and for community-based navigation and referral services to help connect individuals to these legal services.

The LDN funding is administered by OIRA who issued two requests for proposals for these services: one for non-profits who could deliver legal representation and aid and one for community-based navigation and referral services to help connect individuals to legal services. Five organizations were selected to provide these services.

The Mayor's 2019-20 Proposed Budget shows appropriation authority of \$1.5 million for the LDN. This reflects the anticipated combined budget of City and King County funding with each government entity funding half of the annual amount.

Accordingly, the actual amount of General Fund provided to OIRA for the LDN is \$795,000 in 2019 and \$810,000 in 2020. Irrespective of what the County provides for the LDN, this proposal would continue the City's funding level of \$1 million annually. If approved the appropriation level for the LDN in OIRA's budget would also need to be increased from \$1.5 million to \$1.705 in 2019 and \$1.690 in 2020.

## L. Office of Intergovernmental Affairs (OIR) – Asha Venkataraman

Department Support (\$ in 1,000's)					
	2018 Adopted	2019 Proposed	2018-19 % Change	2020 Proposed	2019-20 % Change
General Fund	\$ 2,926	\$ 2,766	(5.5%)	\$ 2,747	(0.7%)
Other Fund	-	-	-	-	-
Total Appropriations	\$ 2,926	\$ 2,766	(5.5%)	\$ 2,747	(0.7%)
FTE Total	10.50	10.00	(5.0%)	10.00	0%

All dollar amounts rounded to \$1,000. Percentages calculated on actuals and rounded to nearest 0.1%.

The Office of Intergovernmental Relations (OIR) works to advance the City's interests at a regional, tribal, state, federal, and international level in an effort to serve the City's residents better. OIR also advises and informs City officials and departments and interacts with external partners such as the Puget Sound Regional Council.

The 2019-20 Proposed Budget reflects about \$222,000 in reductions, including: \$72,000 that supported a temporary session aide in Olympia during the state legislative session; reductions in the state lobbying contracts budget from \$500,000 to \$400,000; and reductions in the budget for the Association of Washington Cities dues from \$100,000 to \$50,000.

### Councilmember Proposals:

- 1. Association of Washington Cities (AWC) dues. Restore \$50,000 in 2019 and \$50,000 in 2020 to fund dues to the Association of Washington Cities (Councilmember Bagshaw) –** These funds would restore full funding for dues to the Association of Washington Cities (AWC). AWC represents the interests of all cities and towns in Washington State to the State legislature. Councilmembers Bagshaw and Mosqueda serve on the Board of Directors.
- 2. State-level Anti-Poverty Advocacy Contracts. Restore \$85,000 in 2019 and \$85,000 in 2020 for contracts with community organizations with expertise in addressing poverty. (Councilmember O'Brien) –** These funds would restore 85 percent of the cut made to OIR's state lobbying contracts budget to fund state-level anti-poverty contracts. OIR currently contracts for this work with the Statewide Poverty Action Network. The funding would support contracts with community organizations with expertise in addressing poverty issues.



## M. Office of Sustainability and Environment (OSE) – Yolanda Ho

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

	2018 Adopted	2019 Proposed	2018-19 % Change	2020 Proposed	2019-20 % Change
General Fund	\$ 6,972	\$ 7,541	8.2%	\$ 7,616	1.0%
Other Fund	-	-	-	-	-
Total Appropriations	\$ 6,972	\$ 7,541	8.2%	\$ 7,616	1.0%
FTE Total	26.50	26.50	0%	26.50	0%

All dollar amounts rounded to \$1,000. Percentages calculated on actuals and rounded to nearest 0.1%.

The Office of Sustainability & Environment (OSE) collaborates with a wide range of stakeholders to develop innovative environmental solutions that foster equity, vibrant communities, and shared prosperity. OSE develops policies and promotes green initiatives in three main areas: climate change, environmental equity, and creating sustainable communities.

The proposed budget shows a growth in General Fund appropriations of about 8.2 percent from 2018 to 2019, entirely due to an increase in Sweetened Beverage Tax (SBT) revenues to support food access related programs, such as Fresh Bucks and implementation of the Food Action Plan. The use of SBT funds in OSE and other departments is discussed in detail in a separate budget deliberation paper.

In response to the Mayor's directive to reduce costs and improve efficiencies, the proposed 2019-20 budget would cut \$50,000 from the Equity and Environment Initiative (EEI). This amount would have fully funded the EEI's Program Coordinator, a term-limited temporary assignment, through 2019. In collaboration with community-based organizations, EEI staff developed and have been implementing actions from the Equity & Environment Agenda, a blueprint to advance racial equity in Seattle's environmental work. The proposed budget would reduce EEI staff down to one (Program Manager), which, would, according to OSE, limit the program's ability to coordinate the Environmental Justice Fund pilot project and support the work of the Environmental Justice Committee. Further, OSE would have diminished capacity to advance the EEI, particularly in its efforts to integrate environmental equity objectives within the department and programs throughout the City.

Other cuts include \$78,000 in discretionary program costs, specifically: funding for third party verification of City analysis of greenhouse gas and energy benchmarking; sponsorship of community engagement activities related to urban forestry; and some Duwamish Valley Action Plan implementation activities.

### Councilmember Proposals:

- 1. Add 1 FTE to the Equity and Environment Initiative (Councilmember O'Brien)** – This proposal would restore the Program Coordinator/Planning & Development Specialist II position (add \$50,000 in 2019) and make it permanent (add \$116,902 in 2020).

2. **Add \$164,000 in 2019 and 2020 to fund a fellowship program for community-based organizations in the environmental field (Councilmembers O'Brien, Herbold, and Sawant)** – This funding would support fellowships that provide career development opportunities for young leaders and increase organizational capacity at community-based organizations in the field of environmental restoration and justice. This amount will fund half of the program costs for 20 fellows over the two years and advances the Green Pathways strategy, part of the Equity and Environment Agenda. Full program costs include staffing (\$194,000), training for fellows (\$60,000), evaluation (\$10,000), supplies (\$10,000), and administrative and operating costs (\$55,000).
3. **Add \$158,611 for air and noise pollution study in Beacon Hill (Councilmembers Mosqueda and Harrell)** – This proposal would fund a study of air and noise pollution from roadway traffic and aircraft affecting the Beacon Hill neighborhood. The Port of Seattle is currently preparing an Environmental Impact Statement (EIS) for near-term projects in the airport's Sustainable Airport Master Plan, and the study is intended to help Beacon Hill residents provide input during this process. This amount will provide \$139,611 for equipment and labor related to the study and \$19,000 for translation/interpretation services.

#### **N. Seattle Department of Human Resources (SDHR) – Patricia Lee**

<b>Department Support (\$ in 1,000's)</b>					
	2018 Adopted	2019 Proposed	2018-19 % Change	2020 Proposed	2019-20 % Change
General Fund	\$19,114	\$18,906	(1.1%)	\$19,028	1.6%
Other Fund	-	-	-	-	-
Total Appropriations	\$19,114	\$18,906	(1.1%)	\$19,028	1.6%
FTE Total	112.5	108	(4%)	108	0%

*All dollar amounts rounded to \$1,000. Percentages calculated on actuals and rounded to nearest 0.1%.*

The Seattle Department of Human Resources (SDHR) sets the strategic direction for human resource services for City employees in all areas of City hiring, employment, benefits and compensation. SDHR provides full human resource services to 17 City departments and coordinate with the other City departments in administration of HR services.

The 2019-2020 Proposed Budget:

1. Abrogates 4.0 positions and reduces 1 position to part time (-\$674,285). The positions would have worked on the anticipated consolidation of HR services. The consolidation is on hold for 2019-20 although SDHR continues to assess the most efficient strategies to align Citywide services.

2. Adds two positions:
  - a. A City Investigator (Executive 1) to implement a central “hub” to coordinate a consistent Citywide response to anti-harassment complaints by City employees. Individual departments conduct investigations; consequently, the City does not have a central database on the number of allegations, investigations and outcomes. The hub will allow for tracking investigations and decisions Citywide. By the end of 2018, the Executive will assess which investigatory staff from other departments should be transferred to SDHR and will develop legislation to implement the transfers.
  - b. Makes permanent a Training and Development position (Strategic Advisor 1), scheduled to sunset in 2018, to continue work on the Citywide performance management system. Performance evaluations will be reconfigured to 360-degree reviews so that employee feedback of supervisors and peers can be included in the assessment process.
3. Provides additional funding (+\$300,344) for the firefighting recruitment and examination process and a customer service system to assist the employee benefits unit in responding to employee questions.
4. Eliminates funding (-\$150,000) for the Career Quest Scholarship Program (discussed below).

#### **Councilmember Proposals:**

1. **Career Quest (Councilmember Herbold)** – Add \$150,000 in 2019 and \$150,000 in 2020 to restore funding for the Career Quest Scholarship Program, which provides funding so City employees can access training and education not offered by the City to improve their job skills and career mobility.

As way of background, the Career Quest Scholarship Fund (Scholarship) provides funding for selected City employees to access training and education that are not offered by the City to improve job skills and career mobility. Examples include a meter reader who took classes and tested for a commercial driving license, and an administrative specialist who took preparatory classes for the Society for Human Resources Management (SHRM) exam.

Based on data from 2015-2018, Career Quest participants have on average 13 years of service with the City and come from all levels of City employment: 57 percent of the participants are female and 52 percent are people of color; 20 percent are in administrative support positions, and 19 percent in service/maintenance positions. A panel of City employees review the applications and make scholarship funding recommendations to SDHR who administers the program.

## O. Seattle Information Technology Department (Seattle IT) – Jeff Simms

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

	2018 Adopted	2019 Proposed	2018-19 % Change	2020 Proposed	2019-20 % Change
General Fund	-	-	--	-	--
Other Fund	\$253,008	\$277,811	9.8%	\$258,511	(6.9%)
Total Appropriations	\$253,008	\$277,811	9.8%	\$258,511	(6.9%)
FTE Total	667.6	680.6	1.9%	680.6	0%

All dollar amounts rounded to \$1,000. Percentages calculated on actuals and rounded to nearest 0.1%.

The Seattle Information Technology Department (Seattle IT) provides strategic direction for and management of the City's information technology resources. These include data, telecommunications, and supporting physical infrastructure; applications and application infrastructure; computer engineering and operations; data centers, servers, storage, and backup equipment; desktop, mobile, and printing devices; cloud services; digital engagement services; and the services to provide, maintain, and support the above for the City. As an internal service department, Seattle IT provides services to other City departments that in turn pay Seattle IT for those services they purchase. As such, Seattle IT receives revenue from most of the major fund sources within the City.

The 2019-20 Proposed Budget provides appropriation and position authority for the addition of 13 FTE in Seattle IT to increase efficiency and reduce overhead. Ten of the additional positions will be converted from temporary and contract staff.

### Councilmember Proposals:

- 1. Request a report analyzing free public broadband (Councilmember Sawant)**—This budget action would request a report by April 1, 2019 analyzing the cost and timeline for building and maintaining a free public 5G wireless broadband network citywide. The report would also examine options for pilot testing.

## EDUCATION AND HUMAN SERVICES

### P. Department of Education and Early Learning (DEEL) – Brian Goodnight

Department Support (\$ in 1,000's)					
	2018 Adopted	2019 Proposed	2018-19 % Change	2020 Proposed	2019-20 % Change
General Fund	\$ 18,740	\$ 18,238	(2.7%)	\$ 18,092	(0.8%)
Other Fund	\$ 61,489	\$ 85,318	38.8%	\$ 81,072	(5.0%)
Total Appropriations	\$ 80,229	\$ 103,556	29.1%	\$ 99,164	(4.2%)
FTE Total	75.00	98.00	30.7%	98.00	0%

All dollar amounts rounded to \$1,000. Percentages calculated on actuals and rounded to nearest 0.1%.

The Department of Education and Early Learning (DEEL) is responsible for developing the City's education policies, managing the City's early learning programs, and serving as the liaison between the City and the higher education community. The department also administers the Families and Education Levy and the Seattle Preschool Program Levy, both of which will be expiring at the end of 2018 but will continue to fund services through the 2018-19 school year.

The 2019 Proposed budget is approximately \$103.6 million, an increase of about 29 percent relative to the 2018 Adopted budget. The department's number of full-time equivalent (FTE) positions also increases, from 75 FTE to 98 FTE, primarily to support additional early learning classrooms and to staff a new accounting unit. These increases are due to the proposed budgets assuming the passage of the proposed seven-year Families, Education, Preschool, and Promise Levy. If voters approve the levy, revenue collections will begin in 2019 and the first expenditures will be in support of the 2019-20 school year.

In addition to the levy-related modifications, the 2019-20 Proposed budgets also include a number of funding changes with respect to Sweetened Beverage Tax (SBT) proceeds. The SBT-related changes to DEEL's budget are described in a separate budget deliberation paper.

#### Councilmember Proposals:

- 1. Child Care Access and Affordability Study (Councilmembers Mosqueda and Johnson) –**  
This would add \$100,000 to the DEEL budget in 2019 to study child care access and affordability issues in Seattle. The study would examine both the barriers to increasing the supply of available child care (such as low wages, licensing issues, and lack of training opportunities) and the programs that could overcome those barriers.
- 2. Concord International Elementary Community Learning Center (Councilmember Herbold) –**  
This would provide funding to Concord International Elementary school in South Park to sustain the Community Learning Center (CLC) program for the 2018-19 school year. The CLC program was operated in previous school years by the YMCA, but in June of this year the YMCA discontinued its school-based programs in Seattle Public Schools. The CLC program provided academic and physical education programs both before- and after-school.

Councilmember Herbold is working to identify the appropriate amount of funding to sustain this program.

## NEIGHBORHOODS AND DEVELOPMENT

### Q. Office of Economic Development (OED) – Aly Pennucci

Department Support (\$ in 1,000's)					
	2018 Adopted	2019 Proposed	2018-19 % Change	2020 Proposed	2019-20 % Change
General Fund	\$10,875	\$10,867	(0.1%)	\$10,438	(4%)
Other Fund	-	-	-	-	-
<b>Total</b>	<b>\$10,875</b>	<b>\$10,867</b>	<b>(0.1%)</b>	<b>\$10,438</b>	<b>(4%)</b>
FTE Total	35.5	35.5	0%	35.5	0%

All dollar amounts rounded to \$1,000. Percentages calculated on actuals and rounded to nearest 0.1%.

The Office of Economic Development's (OED) work is focused in four primary program areas: (1) supporting entrepreneurs; (2) building healthy and vibrant neighborhood business districts; (3) developing the talent of youth and adults; and (4) investing in key industry sectors, including both international investment and the work of the Office of Film and Music (OFM).

OED's 2019 Proposed Budget is \$10.8 million, \$7,742 or 0.1 percent lower than the 2018 Adopted Budget. The 2020 Proposed Budget is \$10.4 million, \$430,000 or four percent lower than the 2019 proposed budget. The difference between the 2019 Proposed and 2020 Proposed budgets is primarily a result of technical changes spread across a variety of OED and OFM programs to minimize impacts, and of the following proposed one-time 2019 adds:

- \$128,000 (GF) in one-time 2019 funding for a pilot and feasibility study to develop a plan to increase building trades apprenticeships for low-wage students enrolled in the College for Working Adults program.
- Adding \$262,000 (GF-CDBG) in one-time 2019 funding for improvements to King Street Station Plaza that will be used as affordable commercial space for local, low-income owned micro-businesses. (Note: The Community Development Block Grant fund was dissolved in 2017 and was distributed to various other funds, including the General Fund.)

### Councilmember Proposals:

- 1. Add resources to implement a Legacy Business Designation Program. (Councilmember Herbold)** — This proposal would provide resources for OED to implement a Legacy Business Designation Program, potentially in partnership with the Office of Arts and Culture. This builds on the Legacy Business work that OED undertook with resources added by the Council in 2017 and in 2018. Program elements could include, but are not limited to, developing and launching an ongoing nomination and selection process for legacy

businesses, including a marketing and branding plan for designated businesses; creating outreach materials; and developing a Program webpage. Designated businesses will benefit from the marketing and technical assistance tools OED is developing that focus specifically on the needs of legacy businesses.

2. **Add \$185,000 in 2019 and 2020 for a Transgender Economic Empowerment Program. (Councilmember Herbold)**— This proposal would add \$185,000 (GF) to support a non-profit organization that works with transgender and gender nonconforming residents to receive healthcare, legal, and employment assistance, such as the existing Seattle Transgender Economic Empowerment Program run by the Ingersoll Gender Center. The 2018 Adopted Budget included \$100,000 for a pilot expansion of the Ingersoll Gender Center’s program; no funding is included in the 2019-20 Proposed Budget.
3. **Add \$150,000 for Economic Development Support for Small Businesses. (Councilmember Harrell)** — This proposal would add \$150,000 (GF) to OED to contract with an outside organization that provides services to support greater economic stability, security and growth for small businesses, such as the Equity Empowerment Center at Tabor 100. The funding would provide resources for local community members who have historically been disadvantaged in accessing employment and educational opportunities. Services could include, but are not limited to, training, referral services, and technical assistance to support business and workforce development. The outside organization would also seek opportunities for strategic partnerships between small or startup companies with other startups, mid-sized and large companies.

#### **R. Office of Housing (OH) – Traci Ratzliff**

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##### **Department Support (\$ in 1,000s)**

	2018 Adopted	2019 Proposed	2018-19 % Change	2020 Proposed	2019-20 % Change
General Fund	\$468	\$576	23%	\$555	(3.7%)
Other Funds	\$68,579	\$68,557	0%	\$68,594	0%
Total Appropriations	\$69,047	\$69,133	0.1%	\$69,149	0%
FTE Total	44.50	45.00	1.1%	45.00	0%

*All dollar amounts rounded to \$1,000. Percentages calculated on actuals and rounded to nearest 0.1%.*

The mission of the Office of Housing (OH) is to build strong healthy communities and increase opportunities for people of all incomes to live in the city. To accomplish this mission, OH operates the Multi-Family Production and Preservation Program and Homeownership and Sustainability Programs using Housing Levy funding, as well as other federal, state, and local funds.

Notable changes in the Proposed Budget include:

1. Reducing General Fund expenditures by \$25,000 in 2019 and 2020 that support a portion of a policy position. The Proposed Budget would instead fund the position with available resources from the Housing Levy and Mandatory Housing Affordability/ Incentive Zoning programs.
2. Appropriating \$255,000 in 2019 and \$263,000 in 2020 in available funding from the Housing Levy, Incentive Zoning, and other fund sources designated for administrative costs, to support the following housing related activities: (a) additional legal services needed to handle the increased volume and complexity of OH's financial transactions; (b) the purchase of customized housing market data; (c) conducting community events focused on housing-related policy issues; (d) providing outreach and engagement efforts for OH's direct service programs like the home repair and weatherization programs; and (e) staff training.

#### **Councilmember Proposals:**

- 1. Capacity Building for Development of Community Owned Housing (Councilmember O'Brien)** – This proposal would appropriate \$250,000 in 2019 and \$250,000 in 2020 to fund capacity building for community ownership projects that are grounded in communities at risk of displacement. These resources would be allocated toward capacity building of community-led housing projects. These funds would not need be specifically tied to projects in the City's existing housing funding pipeline, but instead, could be used to enable future project development.

In 2018, the Council appropriated \$150,000 in one-time funds to invest in capacity building for community ownership projects such as limited equity housing co-ops and community land trusts. OH awarded these funds to HomeSight and Homestead Community Land Trust. Funding to continue this work was not included in the Mayor's proposed 2019 -2020 budget.

- 2. Outreach Activities for Office of Housing Programs (Councilmember O'Brien)** – This proposal would add \$80,000 in 2019 to further support outreach and engagement efforts for OH's current direct service programs, such as the Home Repair and Weatherization program, and potentially new programs. OH would contract and work collaboratively with community-based organizations to reach underserved communities and communities at risk of displacement. The Mayor's Proposed Budget includes \$20,000 in 2019 and \$20,000 in 2020 for such outreach and engagement efforts.
- 3. Expansion of the Home Repair Loan Program (Councilmember O'Brien)** – This proposal is for a Statement of Legislative Intent (SLI) that would request that the OH prepare recommendations for a one-year pilot program expanding the existing Home Repair Loan Program. This new pilot would allow for loans to low-income homeowners who want to create additional habitable space on their property to house a family or community member and/or generate rental income. This could include: (a) adding a basement bedroom or bedroom elsewhere in the existing home, (b) creating an Attached Accessory Dwelling Unit (ADU), (c) converting a garage to a detached ADU, or (d) legalizing an existing



unpermitted ADU. The existing Home Repair program provides low-interest loans and grants to address immediate health and safety issues and structural deficiencies of homes occupied by low-income homeowners.

The SLI would also request a response in the first quarter of 2019 that would identify any amendments to the Housing Funding policies necessary to allow for such a pilot, and it would include a plan and timeline outlining how OH could launch the pilot in 2019, with a goal of providing five to ten loans to low-income homeowners.

- 4. Home and Hope Project Support (Councilmember González and Councilmember Mosqueda)** – This proposal would provide \$250,000 in 2019 and \$250,000 in 2020 for the Home and Hope Project. This funding would be in addition to the \$400,000 the City provided over the last two years. Home and Hope identifies publicly and/or privately-owned tax-exempt lands that are viable for production of affordable housing and affordable childcare facilities. The program provides technical support to non-profit organizations to strengthen capacity in seeking funds towards their goals of building affordable housing, including childcare facilities.
- 5. Increased Funding for Affordable Housing Development (Councilmember Sawant)** – This proposal would increase General Fund appropriations by \$48 million in 2019 and 2020 to support development of additional affordable housing units through OH’s Multifamily Housing Program. The Mayor’s Proposed Budget includes \$49.6 million in 2019 and 2020 for the Multifamily Housing Program.
- 6. Bond Financing for Affordable Housing Development (Councilmember Sawant)** – This proposal would increase the General Fund appropriation by \$36 million in 2019 and 2020 to support debt service payments on a \$480 million bond that would fund the development of affordable housing.

#### **S. Office of Planning and Community Development (OPCD) – Lish Whitson**

##### **Department Support (\$ in 1,000’s)**

	2018 Adopted	2019 Proposed	2018-19 % Change	2020 Proposed	2019-20 % Change
General Fund	7,534	11,767	56.2%	11,692	(0.6%)
REET I	505	546	8.2%	540	(1.1%)
Total Appropriations	8,038	12,313	53.2%	12,232	(0.7%)
FTE Total	45.5	44.0	(3.3%)	44.0	0%

*All dollar amounts rounded to \$1,000. Percentages calculated on actuals and rounded to nearest 0.1%.*

The Office of Planning and Community Development (OPCD) leads citywide and neighborhood planning efforts to support thriving communities. OPCD develops and manages plans to inform decisions about equitable growth consistent with Seattle’s Comprehensive Plan. In addition to stewarding the Comprehensive Plan, the Office runs the Equitable Development Initiative (EDI), citywide planning, community planning and placemaking, and planning for Sound Transit 3 and

affordable housing. The Office also provides support to the Seattle Planning and Design Commissions.

The 2019-20 Proposed Budget reflects the addition of \$5 million from the short-term rental tax to support the Equitable Development Initiative (EDI). EDI supports community-based organizations through grants and technical assistance for projects intended to mitigate displacement and increase access to opportunity. The proposed budget also includes abrogation of 2.5 FTE and the addition of one FTE position to support Equitable Development projects. The use of short-term rental tax funds in OPCD and other departments is discussed in detail in a separate budget deliberation paper.

### **Councilmember Proposals:**

- 1. District 1 Community Planning (Councilmember Herbold)** – This proposal would confirm that there is capacity within OPCD to begin planning with West Seattle communities in 2019. In July, OPCD published “Community Planning Practice + Prioritization,” its response to Statement of Legislative Intent (SLI) 135-1-A-1, which asked for a report on priorities for community planning. In that report, OPCD identified three areas where planning is starting in 2018: (1) Crown Hill in District 6; (2) the NE 130<sup>th</sup>/145<sup>th</sup> light rail station area in District 5; and (3) Imagine Downtown - a long-range urban design plan for the Center City. The next three community planning priorities are: (1) Westwood/Highland Park in District 1; (2) Aurora/Licton Springs in District 5; and (3) Columbia City, Hillman City and the future Graham Street light rail station area in District 2. According to the SLI response, future light rail station areas along the West Seattle to Ballard alignment are also intended to be an area of focus of community planning beginning in 2019. This action would ensure that there are resources to begin work with communities in Westwood/Highland Park and the Delridge and Avalon/West Seattle Junction station areas in the 2019-20 biennium through reporting requirements, a budget proviso, or additional staffing.

## PUBLIC SAFETY

### T. Seattle Municipal Court (SMC) – Asha Venktaraman

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

	2018 Adopted	2019 Proposed	2018-19 % Change	2020 Proposed	2019-20 % Change
General Fund	\$ 32,976	\$ 34,859	5.7%	\$ 34,342	(1.5%)
Other Fund	-	-	-	-	-
Total Appropriations	\$ 32,976	\$ 34,859	5.7%	\$ 34,342	(1.5%)
FTE Total	215.10	215.10	0%	215.10	0%

All dollar amounts rounded to \$1,000. Percentages calculated on actuals and rounded to nearest 0.1%.

Seattle Municipal Court (SMC) has jurisdiction over misdemeanors, gross misdemeanors, infractions, and civil violations of city code. SMC works with the City Attorney's Office, the Seattle Police Department, and the defense attorneys to promote public safety. It also partners with social service agencies and community organizations to help defendants comply with court-ordered conditions.

The 2019-20 Proposed Budget reflects the addition of about \$300,000 to continue one-time support the Council added in the 2018 Adopted Budget for 2.0 FTEs to staff the Court Resource Center. It also includes a statutorily mandated increase for judicial salaries of about \$35,000.

#### Councilmember Proposals:

- 1. Divest funding from probation and invest in community-based solutions. Decrease \$1.7M in 2019 and \$2.3M in 2020 from probation services and invest \$4.2M in community-based solutions. (Councilmember Sawant)** – This proposal would move funding from SMC's court compliance division, which runs probation services, to the Office for Civil Rights to distribute the funding to organizations doing community-based care. Organizations doing this work include the Community Justice Project, Community Passageways, Creative Justice, Got Green, Not This Time, and the Washington Defender Association Immigration Project.
- 2. Reduce the usage and funding of probation and fund community-based solutions. Decrease funding in 2019 and 2020 from probation services. (Councilmember O'Brien)** – This proposal would move some of the funding currently supporting probation services to community-based organizations providing services to court-involved individuals.

## UTILITIES & TRANSPORTATION

### U. Seattle City Light (SCL) – Eric McConaghy

Department Support (\$ in 1,000's)					
	2018 Adopted	2019 Proposed	2018-19 % Change	2020 Proposed	2019-20 % Change
Capital Appropriations	\$388,900	\$351,394	(9.6%)	\$368,216	4.8%
Operating Appropriations	\$1,020,611	\$1,023,130	0.2%	\$1,053,358	3.0%
Total Appropriations	\$1,409,511	\$1,374,524	(2.5%)	\$1,421,575	3.4%
Employment (FTEs)	1,816.8	1,791.3	(1.4%)	1,784.8	(0.4%)

*All dollar amounts rounded to \$1000. Percentages calculated on actuals and rounded to nearest 0.1%.*

The Mayor's Proposed Budget for Seattle City Light (SCL) is consistent with [SCL's 2019-2024 Strategic Plan](#) and rate path established in July 2018 via [Resolution 31819](#). As part of the Resolution, Council acknowledged that to achieve the goals of the Strategic Plan, annual rate increases averaging 4.5 percent system-wide per year are anticipated over the period of 2019-2024.

In the Resolution, Council requested that the Executive submit the 2019-2020 SCL Proposed Budget and the 2019-2020 SCL Rate Proposal in support of the Strategic Plan. Overall, total SCL spending in the proposed 2019-20 budget would decrease by nearly \$35 million from 2018 to 2019 (down 2.5 percent) and would increase by approximately \$47 million from 2019 to 2020 (up 3.4 percent).

Over the six-year duration of the 2019-2024 Capital Improvement Program (CIP), the Mayor proposes to implement \$241 million in capital reductions. For 2019-2020, the reductions in CIP spending are to overhead equipment replacement (\$6 million in 2019 and \$8.5 million in 2020) and to Boundary and Skagit facilities master plan improvements (\$6 million in 2020).

Also, the Mayor's proposes reductions to operating appropriations of approximately \$20.8 million in 2019 and \$19.7 million in 2020. These changes amount to about a 2.0 percent reduction per year, compared to 2018 operating appropriations.

The Executive indicates that these are permanent, ongoing reductions to operating appropriations, and are composed of: cuts to vacant and temporary positions; an increase in the vacancy rate assumption for positions; reductions in spending on travel and training; and reductions in spending on consulting and contracted services. Increasing the vacancy rate assumption means SCL would intentionally hold positions vacant to achieve savings. The reductions also include a \$3 million cut in 2019 and the same cut in 2020 from the typically unspent \$4 million of the \$30 million annual budget for conservation incentives.

In August 2018, Councilmember Mosqueda requested the City Auditor to audit the

performance of City Light in the areas of billing and customer service<sup>10</sup>. The City Auditor estimates delivery of the report on the audit in the 3<sup>rd</sup> or 4<sup>th</sup> quarter of 2019. Regarding overall customer service, City Light has stated that the proposed budget reductions “will not adversely impact core functions. The department will monitor operations and prioritize spending to ensure that current customer service levels are maintained.”<sup>11</sup>

### **Budget Legislation**

1. **SCL Rates.** Council Bill 119349 would codify the 2019 and 2020 SCL rates consistent with the adopted Strategic Plan.
2. **SCL Bond Sale.** The council bill authorizing the issuance and sale of municipal light and power revenue bonds would allow a City Light bond sale for \$255 million anticipated to occur in July 2019. The bond proceeds combined with internally generated funds would support City Light’s capital program for about one year. The bond proceeds would also be used to make a deposit to the bond reserve fund and to pay issuance costs.

### **Councilmember Proposals:**

1. **Statement of Legislative Intent (SLI) Requesting Reporting on Power Outages and Infrastructure Maintenance (Councilmember González)** – This SLI would request Seattle City Light to deliver monthly updates to the Chair of the Housing, Health, Energy and Workers’ Rights Committee (or successor committee) on unplanned power outages and irregularities occurring throughout the City of Seattle, including the causes and SCL’s responses. This SLI would also request SCL to report to the same Committee on the utility’s plan for the replacement of aging infrastructure, particularly pertaining to “equipment failure”- related outages.

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<sup>10</sup> Letter from Councilmember Mosqueda to David G. Jones, Seattle City Auditor, RE: Audit Request of Seattle City Light, dated August 16, 2018. <http://councilconnect.wa.gov/wp-content/uploads/2018/09/8-16-18-SCL-Audit-Request-FINAL.pdf>

<sup>11</sup> 2019-2020 Proposed Budget, page 337.

<http://www.seattle.gov/financedepartment/19proposedbudget/default.htm>

## V. Seattle Public Utilities (SPU) – Brian Goodnight

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

	2018 Adopted	2019 Proposed	2018-19 % Change	2020 Proposed	2019-20 % Change
General Fund	\$ 9,008	\$ 10,170	12.9%	\$ 10,623	4.5%
Other Fund	\$ 863,846	\$ 893,596	3.4%	\$ 945,555	5.8%
Subtotal Operating	\$ 872,853	\$ 903,766	3.5%	\$ 956,178	5.8%
Subtotal Capital	\$ 294,816	\$ 360,230	22.2%	\$ 440,009	22.1%
Total Appropriations	\$ 1,167,669	\$ 1,263,996	8.2%	\$ 1,396,188	10.5%
FTE Total	1,398.55	1,414.55	1.1%	1,421.55	0.5%

All dollar amounts rounded to \$1,000. Percentages calculated on actuals and rounded to nearest 0.1%.

Seattle Public Utilities (SPU) operates three distinct utilities: drainage and wastewater; solid waste; and water. At approximately \$1.3 billion, SPU's proposed budget for 2019 comprises approximately one-fifth of the City's total proposed budget. SPU revenue consists primarily of ratepayer revenue that may only be used for utility purposes, that is deposited into SPU's enterprise funds: Drainage and Wastewater Fund, Solid Waste Fund, and Water Fund.

The 2019-20 Proposed budgets for SPU align with the [Strategic Business Plan Update](#) for the department approved in 2017. The budgets primarily reflect increases to the department's capital projects, including: watermain and pipeline rehabilitation, green stormwater infrastructure, and combined sewer overflow projects, the largest of which is the Ship Canal Water Quality Project. In addition, the Executive proposes to add 16.0 FTE in 2019 and 7.0 FTE in 2020. Fourteen of these positions, seven in each year, would increase permanent staffing in the Contact Center that handles customer inquiries for both SPU and Seattle City Light. The proposed budgets would also convert temporary positions into permanent positions for sewer cleaning and permit review work and would abrogate six vacant positions.

Changes in SPU's proposed budgets related to the Clean City suite of programs and its associated staffing are described in the homelessness budget deliberations memorandum.

### Budget Legislation:

- 1. 2019 Drainage and Wastewater System Bond Authorization** – Approval of this Council Bill would amend [Ordinance 125454](#), which was approved along with the 2018 Adopted budget, to authorize up to \$350 million of 30-year fixed-rate bonds to fund a portion of capital expenditures for the City's drainage and wastewater system. SPU is currently also pursuing Water Infrastructure Finance and Innovation Act (WIFIA) financing through the U.S. Environmental Protection Agency for the Ship Canal Water Quality Project and, if awarded, some of the debt authorized by this bill would be composed of WIFIA loans rather than bonds. SPU anticipates selling the bonds in mid-2019 and expects that this level of debt, combined with other sources of funding, would support the capital program for approximately 18 months. SPU estimates the annual debt service to be about \$16.5 million, starting in 2020.

2. **2019 Water System Bond Authorization** – Approval of this Council Bill would authorize up to \$68.1 million of 30-year fixed-rate bonds to fund a portion of capital expenditures for the City’s water system. SPU anticipates selling the bonds in late 2019 and expects that this level of debt, combined with other sources of funding, would support the water system capital program for approximately 10 months. SPU estimates the annual debt service to be about \$4.7 million, starting in 2020.
3. **2019 Water System Bond Refunding** – Approval of this Council Bill would authorize the Director of Finance to enter into agreements for refunding (or refinancing) the City’s water system bonds when interest rate savings can be captured. The legislation replaces the existing omnibus bond refunding ordinance, most recently amended by [Ordinance 125183](#). The Finance Director will notify the Council President at least 30 days in advance of any refunding of water system bonds authorized by this Bill.

#### **Councilmember Proposals:**

1. **Roosevelt Reservoir Feasibility Study (Councilmember Johnson)** – SPU has decommissioned the Roosevelt and Volunteer Reservoirs to study the impact of the closures on the City’s drinking water system. The department also conducted a seismic evaluation of the entire drinking system, which recommends retaining the water storage of both reservoirs as non-potable emergency supply for a post-earthquake scenario. This item would add \$200,000 to SPU’s budget in 2019 to fund a feasibility study for the Roosevelt Reservoir to evaluate lidding options addressing development opportunities on the City property.
2. **Utility Discount Program Eligibility (Councilmembers Herbold and Mosqueda)** – At the direction of Council through the Strategic Business Plan Update process in 2017, SPU is currently working on an Affordability and Accountability Strategic Plan to be delivered to Council in June 2019. This item would request that SPU work with Seattle City Light to include in that plan an analysis of the Utility Discount Program and its eligibility criteria, including the financial impacts of a shift in the median income qualifier and an exploration of a tiered discount system.

### III. Budget Legislation

The Mayor transmitted legislation to implement the proposed budget. Each council bill or resolution 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.

Generally, budget legislation falls into seven broad categories: (1) legislation to amend, adopt, or endorse the budget; (2) legislation levying the 2019 property tax; (3) legislation modifying fees and charges for city services; (4) legislation proposing new, or amending existing, policies and regulations for taxes and use of funds; (5) legislation authorizing issuance of bonds; (6) legislation authorizing interfund loans; and (7) other legislation with a nexus to budget. Transmitted legislation is summarized below. Some proposed legislation is described more fully in individual issue identification papers.

	Proposed Legislation	Purpose
<b>Legislation to Amend, Adopt, or Endorse the Budget</b>		
1.	2018 Third Quarter Supplemental Budget Bill	Amend the 2018 budget to implement approved programs, change position authority, amend the Capital Improvement Program (CIP), and transfer funds.
2.	2018 Third Quarter Grant Acceptance Bill	Accept funding from non-City sources in 2018 and authorize use of those funds.
3.	2019 Budget Adoption Bill	Adopt the 2019 budget and CIP, modify positions, and create positions.
4.	2020 Budget Endorsement Resolution	Endorse the 2020 budget and CIP.
5.	Mayor's Proposed 2019 – 2020 Budget Clerk File	File the Mayor's 2019 – 2020 Proposed Budget.
6.	Mayor's Proposed 2019 – 2024 Capital Improvement Program Clerk File	File the Mayor's 2019 – 2025 Capital Improvement Program.
<b>Legislation Levying The 2019 Property Tax</b>		
7.	2019 "Long" Property Tax Bill – Passage of the Families, Education, Pre-school and Promise (FEPP) Levy	Levy the City's property tax for 2019, assuming passage of the FEPP levy. In 2019 revenue from property taxes, including voter-approved levies, is estimated to be approximately \$539 million.
8.	2019 "Long" Property Tax Bill – Failure of the Families, Education, Pre-school and Promise Levy	Levy the City's property tax for 2019, assuming the FEPP levy does not pass. In 2019 revenue from property taxes, including voter-approved levies, is estimated to be approximately \$453 million, if the FEPP levy does not pass.
9.	2019 "Short" Property Tax Bill – Passage of the Families, Education, Pre-school and Promise Levy	Provide a short property tax bill, assuming passage of the FEPP levy, to comply with Referendum 47. Referendum 47, which was approved in 1997, requires taxing jurisdictions to separately pass an ordinance identifying the percentage increase or decrease due to all property taxes levied by the jurisdiction. In 2019 that increase would be approximately 8.69 percent.



	Proposed Legislation	Purpose
10.	2019 “Short” Property Tax Bill – Failure of the Families, Education, Pre-school and Promise Levy	Provide a short property tax bill, assuming the FEPP levy does not pass, to comply with Referendum 47. In 2019 that decrease would be approximately 9.49 percent, if the FEPP levy does not pass.
<b>Legislation Modifying Fees and Charges for City Services</b>		
11.	Arts Facilities Fee Bill	Broaden the authority of the Director of the Office of Arts and Culture (ARTS) to set fees and charges for facilities operated by ARTS.
12.	Seattle Center Parking Rates Bill	Adjust rates Seattle Center can charge for daily and monthly parking.
13.	Seattle Center Facilities Fees Bill	Adjust the range of fees Seattle Center may charge for use of facilities at Seattle Center.
14.	DPR Fee Bill	Adjust fees for use of DPR facilities, such as pools, tennis courts, and picnic pavilions.
15.	FAS Regulatory License Fee Bill	Adjust regulatory license fees for certain regulated businesses, including marijuana businesses, to improve cost-recovery for regulatory compliance activities.
16.	Animal Shelter Fee Bill	Adjust fees for spay and neutering services provided by the Seattle Animal Shelter.
17.	SDCI Fee Bill	Adjust fees for most SDCI regulatory services by the Consumer Price Index and establish fees for new regulatory reviews required by the Seattle Municipal Code.
18.	SDCI Rental Registration and Inspection Ordinance (RRIO) Fee Bill	Adjust fees for registration and inspections for the City’s RRIO program.
19.	SDOT Street Use Fee Bill	Adjust rates and fees for SDOT regulatory services and use of City-owned transportation rights-of-way.
20.	SFD Fee Bill	Adjust fees charged by the SFD for inspections and certifications required by the Fire Code and other regulatory codes.
<b>Legislation Proposing New, or Amending Existing, Policies and Regulations For Taxes and Use of Funds</b>		
21.	Judgment and Claims Fund Policy Resolution	Revise Judgment and Claims fund policies to improve fund stability.
22.	Sweetened Beverage Tax Modification (SBT) Bill	Modify the SBT authorizing legislation to change the percentage of net proceeds that must be spent on one-time expenditures.
23.	Cumulative Reserve Subfund Policies Resolution	Modify Cumulative Reserve Subfund policies to clarify that Real Estate Excise Tax revenue may be used as debt service for all public safety facilities not just fire facilities.
24.	Life Sciences Tax Deduction Bill	Amend the Business and Occupation Tax code to reinstate a tax deduction for life science research organizations.
25.	Business License Modification Bill	Amend the business license code to make changes the definition of “engaging in business within the city” to conform to recent changes in state law.
26.	Neighborhood Matching Fund (NMF) Policies Bill	Amend guidelines for the awarding of NMF grants and allow for the automatic carry-forward of grant funds.

	Proposed Legislation	Purpose
<b>Legislation Authorizing Issuance of Bonds</b>		
27.	Limited Tax General Obligation Bond Issuance Authorization Bill	Authorize issuance of up to \$55 million in LTGO bonds to finance capital projects, including affordable housing.
28.	City Light Bond Issuance Authorization Bill	Authorize issuance of up to \$255 million in bonds to finance a portion of SCL's CIP.
29.	SPU Drainage and Wastewater Bond Issuance Authorization Bill	Authorize issuance of up to \$210 million in bonds to finance drainage and wastewater system improvements.
30.	SPU Water Bond Issuance Authorization Bill	Authorize issuance of up to \$350 million in bonds to finance water system improvements.
31.	SPU Water Bond Refunding Bill	Authorize refinancing to lower interest rates of issued water bonds.
<b>Legislation Authorizing Interfund Loans</b>		
32.	Seattle Center Interfund Loan Authorization Bill	Authorize up to a \$5 million loan from the Cumulative Reserve Subfund to support Seattle Center during KeyArena renovations.
33.	Streetcar Operation Interfund Loan Extension Bill	Extend to 2019 a \$2.2 million loan from the Move Seattle Levy Fund to finance streetcar operations.
<b>Other Legislation with A Nexus to Budget</b>		
34.	SDOT Grant Seeking Authorization Bill	Provide specific Council authorization to seek specified for transportation investments.
35.	Parks Lease Bill	Authorize the DPR Director to sign a 15-year lease for office space at 6 <sup>th</sup> Avenue and Wall Street.
36.	Creation of the Office of Employee Ombud Bill	Create an Office of the Employee Ombud in the Executive Department.
37.	Seattle City Light Rates Bill	Codify City Light rates for 2019 and 2020.
38.	Interlocal Agreement with the Seattle Park District Bill	Amend the interlocal agreement between the City and the Seattle Park District to exempt Park District interest earnings from the calculation of revenue used to determine how much to reduce Park District tax collection.

**Attachments:**

1. Position Changes in the Proposed 2019-20 Budget
2. New Positions in the Proposed 2019-20 Budget