

## SUMMARY and FISCAL NOTE\*

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*\* Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

### **1. BILL SUMMARY**

**Legislation Title:** A RESOLUTION expanding the requirements for the Summary and Fiscal Note that accompanies new legislation so that it also considers impacts of climate change and, for certain capital projects seeking funds from the City of Seattle, the basic financial documents needed for a more thorough assessment of fiscal impacts and renaming it the Summary, Environmental, and Fiscal Note.

#### **Summary and background of the Legislation:**

The City Council Rules and Procedures, adopted by Resolution 31920 in December 2019, call for all Council Bills and Resolutions to include a Summary and Fiscal Note. The form and content of the Note has evolved since August 1994, when Ordinance 117255 first required a fiscal note to be prepared for all proposals for capital projects.<sup>1</sup> At present, the City Budget Office (CBO), in coordination with Council’s Central Staff, posts a template and instructions to Departments and Offices for completing a Summary and Fiscal Note on the City’s intranet. Departments and Offices complete, and the City Budget Office (CBO) reviews, Summary and Fiscal Notes for legislation proposed by the executive. If, upon transmittal of the legislation, Central Staff finds errors or omissions in a Summary and Fiscal Note, an analyst may request revisions from CBO. If the legislation originates with Council, Central Staff prepares the Summary and Fiscal Note. The City Council does not adopt a Summary and Fiscal Note with proposed legislation, but it does become part of the legislative record; the current Summary and Fiscal Note includes a caveat that it may not fully describe final legislation as amended.

This proposed resolution would:

- rename the Summary and Fiscal Note the “Summary, Environmental, and Fiscal Note”;
- add a new section to the Summary and Fiscal note on environmental and climate change implications;

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<sup>1</sup> Ordinance 117255, adopted in August 1994, first required a fiscal note to be prepared for all proposals for capital projects, as part of a response to a report from a Citizens’ Capital Investment Committee. The Citizens’ Capital Investment Committee was created in February 1994 by Resolution 28876 to provide guidance on capital policy issues. Ordinance 117255 was repealed in August 2001 by Ordinance 120469 and appears to have been replaced that same month with Resolution 30365, which adopted updated capital and major maintenance planning and funding policies. Resolution 30365 included minor changes to the fiscal note requirements in Ordinance 117255 and referenced specific fiscal note templates for information technology and for capital projects with public-private elements. The public-private protocol is described in Resolution 30072 and the business case format used for the information technology template is described in Resolution 29627.

- request specific financial analysis when City funds may be appropriated or otherwise committed in support of non-City owned capital projects and when legislation would approve any lease for a term of 10 years or greater; and
- request a report to Council by CBO and OSE no later than December 31, 2020 on implementation of the Summary, Environmental, and Fiscal Note, including any new tools that could ensure consistent and effective identification of environmental implications of proposed legislation, at which time the Council could consider recommended updates to the Summary, Environmental, and Fiscal Note template.

The revised template also states that Central Staff will update each Summary, Environmental, and Fiscal Note to reflect substantive differences adopted in the final legislation. Attachment A to the resolution is the revised template, and Attachment B to the resolution is a redline version of the template. The substantive changes to the template are summarized below (numbers are for internal reference only and don't correspond to the template).

### 1. New Environmental/Climate Implications Section and Questions

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

### 2. New Question in the Summary of Financial Implications Section

Does the legislation call for additional legislation or executive actions that, if adopted and/or implemented, would have financial impacts to the City of Seattle?

### 3. New Financial Document Checklist of Requested Documents Subsection for Certain Capital Projects

- a. Will the legislation appropriate or otherwise commit City funds in excess of \$100,000 through interfund transfers, memoranda of understanding or other legal obligations for a private or public capital project not owned by the City of Seattle or for a lease for a term of 10 years or greater? If the answer is yes,
  - i. Have documents in the Financial Document Checklist of Requested Documents (see below) been requested from the project sponsor?
  - ii. Has the project sponsor indicated a desire to receive technical assistance to produce the requested documents? (*In the event that such assistance is requested, the proposed resolution allows Council to consider a proviso that would have the Executive review the requested documents after Council approval, but prior to disbursement of funds.*)
  - iii. If applicable, which City Department or Office could provide or is providing this assistance?

b. Requires completion of a Financial Document Checklist of Requested Documents if the legislation would appropriate or otherwise commit City funds in excess of \$100,000 through interfund transfers, memoranda of understanding or other legal obligations for a private or public capital project not owned by the City of Seattle or for a lease for a term of 10 years or greater. (Legislation appropriating or otherwise committing \$100,000 or less in City funds or approving leases for 10 years or less would be exempt.) The checklist asks whether the following documents have been reviewed (an “N/A” response indicates that a document is not available or has not been provided):

- i. a detailed description of the proposed capital project
- ii. proposed sources and uses of all funds
- iii. certified historical operating statements
- iv. projected operating statement for at least the next 5 years
- v. the most recent independent audit of the project
- vi. drawings, diagrams, photographs and maps of the project and a site plan
- vii. a list of direct public benefits from the proposed project
- viii. any other documents pertinent to determining financial need, feasibility, and public benefits.

### 3. SUMMARY OF FINANCIAL IMPLICATIONS

**Does this legislation amend the Adopted Budget?**    \_\_\_ Yes \_\_\_ **X** No

**Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?**

The proposed Summary, Environmental and Fiscal Note will require additional Department and Office staff time for training and/or assistance to complete the environmental and climate change impact questions, to analyze financial documents, and to support organizations, if requested, as they produce the documents listed in the Financial Documents Checklist. Central Staff and the City Clerk will need to develop procedures to fulfill the requirement to update the Summary, Environmental, and Fiscal Note to reflect substantive differences adopted in amended legislation.

**Is there financial cost or other impacts of *not* implementing the legislation?**

If the legislation is not implemented, Departments and Offices may not necessarily consider whether action(s) proposed by legislation would increase or decrease carbon emissions or Seattle’s ability to adapt to climate change. In addition, Departments and Offices would not be required to review specific financial documents as part of financial due diligence, prior to transmitting legislation to the Council that would appropriate or otherwise commit over \$100,000 in City funds for capital projects and leases in excess of 10 years.

#### 4. OTHER IMPLICATIONS

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

All departments and offices originating legislation will be required to complete the new sections and questions in the Summary, Environmental, and Fiscal Note, when applicable, and CBO will review the completed Notes.

**b. Is a public hearing required for this legislation?**

No

**c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?**

No

**d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No

**e. Does this legislation affect a piece of property?**

No

**f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?**

Inclusion in the Summary, Environmental, and Fiscal Note of the Environmental/Climate Implications section could indirectly support the City's efforts to achieve its environmental justice goals, such as protecting communities vulnerable to climate change impacts, by identifying legislation that would likely increase carbon emissions or decrease the City's ability to adapt to climate change. With respect to the requirement for the City to review specific financial documentation when making a financial commitment in excess of \$100,000 toward a non-City owned capital project, the legislation would mitigate potential negative impacts on organizations with insufficient capacity to provide the required information (which may include those that represent historically disadvantaged communities) by reporting whether an organization requires assistance to assemble the required financial documentation. If such assistance is required, the legislation would allow Council to consider a proviso to have the Executive review the requested documents after Council approval, but prior to disbursement of funds.

**g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).**

N/A.

**List attachments/exhibits below:**

N/A