

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

..title

AN ORDINANCE relating to authorizing the loan of funds from the Construction and Inspections Fund to the General Fund.

..body

WHEREAS, on November 2, 2015, the Mayor issued a Civil Emergency to address the homelessness crisis in the City of Seattle; and

WHEREAS, on November 3, 2015, the City Council adopted Resolution 31630, ratifying and confirming the Mayoral Proclamation of Civil Emergency; and

WHEREAS, the Civil Emergency to address the homelessness crisis is still in effect today; and

WHEREAS, the Mayor declared a civil emergency on March 3, 2020, and the City Council modified the civil emergency proclamation by adopting Resolution 31937 on March 5, 2020; and

WHEREAS, the COVID-19 crisis has had a significant impact on the local economy impacting the retail, restaurant and other industries resulting in layoffs and reduced work hours for a significant percentage of this workforce and loss of income for small businesses. These impacts are being felt most strongly by people with low incomes who have become unemployed or had their work hours severely reduced; and

WHEREAS, there are at least 38,000 businesses in the City of Seattle employing a minimum of 655,000 individuals; and

WHEREAS, since the Governor of Washington closed or limited operations of many businesses in the state, over 133,000 individuals statewide and 37,000 individuals in King County, alone, have filed for unemployment insurance in just the first weeks; and

1 WHEREAS, unemployment insurance generally only covers a portion of lost wages; and
2 WHEREAS, those filing for unemployment insurance will, in all likelihood, only increase as the
3 closure continues; and

4 WHEREAS, this will put more and more Seattle households, particularly low-income
5 households, in financial peril; and

6 WHEREAS, federal and state assistance to people with low low-incomes will not be sufficient to
7 meet their basic needs during the COVID-19 public health and economic crisis; and

8 WHEREAS, additional financial support to low income households is necessary to help meet
9 their basic needs such as housing, food, and medical needs, and to help minimize impacts
10 to public health as well as the local economy; and

11 WHEREAS, the City will [describe the planned uses of the IFL proceeds] through Council Bill
12 [redacted]; and

13 WHEREAS, the City imposed a new payroll expense tax through Council Bill 119810 on the
14 largest businesses that will provide new revenues to allow the City to make immediate
15 cash assistance available to those households most impacted by the COVID-19 civil
16 emergency; and

17 WHEREAS, the City intends to make \$14 million of community and research investments
18 through Amendments 33 and 34 to Council Bill 119825; and

19 WHEREAS, the City is contemplating a series of cuts and provisos are intended to require the
20 City to lay off 100 sworn officers in 2020; and

21 WHEREAS, the City intends to maintain a hiring freeze in 2021 and beyond, leading to
22 significant budget savings in 2021 and beyond; and

1 WHEREAS, the City anticipates repaying the interfund loan principal and interest using 2021
2 General Fund revenues that are expected to be available from a reduction to the Seattle
3 Police Department's (SPD) budget attributable to laying off 100 sworn officers in 2020
4 and then continuing a hiring freeze through at least the end of 2021; and

5 WHEREAS, in the unlikely event that there are not sufficient 2021 savings from SPD's budget,
6 the City intends to allocate an additional amount from the 2021 City Payroll Tax
7 revenues to fully repay the interfund loan principal and interest; and

8 WHEREAS, regarding use of the proceeds of these interfund loans for an emergency response to
9 the COVID-19 civil emergency, the City Council has determined that there is no viable
10 alternative available for advancing a core City objective during a time of civil
11 emergency; and

12 WHEREAS, there is sufficient cash in the Construction and Inspections Fund to support a loan
13 of up to \$13,114,000 through the end of 2021; and

14 WHEREAS, the City's 2020 Adopted Budget fully appropriates all available municipal
15 revenues to address the many and varied needs of the community; NOW, THEREFORE,

16 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

17 Section 1. The City Council finds and declares that there is no viable alternative to meet a
18 core City objective. The extraordinary circumstances discussed in this section call for an
19 exception to the Debt Management Policies approved by Resolution 31553 as contemplated by
20 the Introduction to the Policies, and therefore the Director of Finance is authorized to make loans
21 as provided for in this ordinance.

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Section 2. The City Council finds that there is no viable alternative to meet a core City objective, and therefore the Director of Finance is authorized to make a loan of not more than \$13,114,000 of principal and interest outstanding at any one time from the Construction and Inspections Fund () to the General Fund (00100) from which funds may be drawn to pay for the immediate needs resulting from the investments that are authorized by Council Bill . This loan is to be repaid no later than December 31, 2021, with interest on the loan at the rate of return of the City's Consolidated (Residual) Cash Pool.

Section 3. The entire principal and interest amount of the loan authorized in Section 2 of this ordinance, and owed by the General Fund to the Construction and Inspections Fund, is intended to be repaid no later than December 31, 2021 from the savings in the Seattle Police Department as outlined in Resolution and (only if for any reason such anticipated savings are not sufficient) from revenue generated from the tax on corporate payroll in Seattle Municipal Code Chapter 5.38.

Section 4. The Director of Finance may effectuate the loans authorized in this ordinance by transferring cash to the General Fund until no later than December 31, 2020. The Director of Finance is further authorized to establish, and modify if necessary from time to time, a repayment plan and schedule.

1 Passed by the City Council the _____ day of _____, 2020,

2 and signed by me in open session in authentication of its passage this _____ day of

3 _____, 2020.

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President _____ of the City Council

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Approved by me this _____ day of _____, 2020.

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Jenny A. Durkan, Mayor

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Filed by me this _____ day of _____, 2020.

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Monica Martinez Simmons, City Clerk

13 (Seal)