

December 4, 2020

MEMORANDUM

To: Members of the Finance and Housing Committee
From: Tom Mikesell, Analyst
Subject: Council Bill 119970 - 2020 4th Quarter Supplemental Budget Ordinance

On December 9th, the Finance and Housing Committee will consider, and potentially vote on [Council Bill \(CB\) 119970](#), the 2020 4th Quarter Supplemental Budget Ordinance. CB 119970 provides expenditure authority to use grant revenues accepted in the 4th quarter grant acceptance ordinance ([CB 119971](#)) and includes other budget revisions requested by various City departments.

Overall, CB 119970 decreases 2020 appropriations by approximately \$83 million. This is the net result of a \$232 million decrease in the capital budget more than offsetting a \$149.6 million increase in the operating budget. Within the increase about \$84.5 million (\$14.5 million General Fund (GF)) is backed by new revenues, of which \$19 million (\$12 million GF) is from new grants that would be approved in CB 119971 with the remainder coming from new revenues from non-grant sources, including interfund transfers and charges, reimbursements and fees.

This memo describes CB 119970 by section and describes one proposed amendment identified at the time of publication of the agenda.

Section 1. Appropriation Reductions

As detailed in items 1.1 through 1.13 of the [2020 4th Quarter Supplemental Ordinance Summary Detail Table](#) (Summary Detail Table), Section 1 of the bill reduces total appropriations by \$25.9 million (\$17.8 million GF). These items generally represent the reduction of unneeded appropriation authority due to technical adjustments, the completion of grant-funded work, and the alignment of spending plans with revised revenue expectations.

Noteworthy adjustments include the \$16.9 million GF reduction to Finance General in items 1.11 and 1.12, which reflect the reduction of reserved appropriations of federal Coronavirus Relief Fund (CRF) monies for emergent COVID-19 response needs as passed in [Ordinance 126130](#). The Executive has determined that existing departmental appropriations totaling \$16.9 million have been diverted to substantially different/dedicated COVID-19 response needs in 2020, and that the CRF resources can support these appropriations. This is similar and in addition to the original spending proposal for CRF monies adopted in Ordinance 126130, which identified \$65 million of existing appropriation to substantially different COVID-19 response needs. The result is that the contingent authority in Finance General is not needed, and that CRF monies can be spent within existing appropriations.

Section 2. Appropriation Increases

As detailed in items 2.1 through 2.22 of the Summary Detail Table, the bill increases total appropriations from existing resources by \$113.2 million (\$18.4 million GF). Of this amount, \$84.9 million is for two items which together appropriate resources for 2020 lending activity from the Low-Income Housing Fund. GF increases include:

- \$2.8 million for property and liability insurance premium increases;
- \$2.0 million to backfill paid parental leave in several departments;
- \$1.2 million to Seattle Public Utilities for the Public Hygiene Program;
- \$1 million for a loan to Community Roots (formerly Capitol Hill Housing) to defray significant reductions in rental assistance payment revenues; and
- \$11.6 million for additional COVID-19 response costs in the Seattle Fire Department (SFD), the Seattle Police Department (SPD), Seattle Public Utilities, and the Human Services Departments. These costs will be submitted for potential reimbursement from the Federal Emergency Management Agency (FEMA).

Section 3. Appropriation Increases – Revenue Supported

As detailed in items 3.1 through 3.14 of the Summary Detail Table, the bill increases appropriations from new, non-grant resources by \$47.3 million (\$1.9 million GF). Highlights include appropriation of \$28.3 from the Low-Income Housing Fund supported by Multi Housing Authority revenue received above budget in 2020, which will be committed in the fall Notice of Funding Availability, and \$10.8 million in the Department of Finance and Administrative Services (FAS) Fund for prior purchases of personal protective equipment, signage and safety equipment for City buildings. The FAS Fund expenditures are due to the COVID-19 emergency and will be submitted for potential reimbursement from FEMA. In 2021 the Executive plans to execute an interfund loan, from an as-yet unidentified source, as a bridge resource while potential reimbursement is pursued.

Section 4. Appropriation Increases – Grant Supported

As detailed in items 4.1 through 4.36 of the Summary Detail Table, the bill increases appropriations by \$14.9 million (\$12 million GF) using new revenues from grants accepted in CB 119971. The sources behind each grant, and the departments with authority to accept them, are detailed in the [4th Quarter Grant Acceptance Ordinance Summary Detail Table](#). The largest, noteworthy grants include:

- \$2 million to SPD from FEMA and the U.S. Department of Homeland Security through the Washington State Military Department – Emergency Management Division under the Urban Areas Security Initiative, for projects and programs to prevent, protect, respond to and recover from acts of terrorism as well as other emergency events. The SFD would receive \$625,000 for related purposes, covered by a separate appropriation; and

- \$1.4 million to SFD from the U.S. Department of Homeland Security for the Biowatch program.

Section 5. Net Zero Appropriation Changes

As detailed in items 5.1 through 5.11 of the Summary Detail Table, the bill includes changes that shift resources between Budget Control Levels (BCL), with no net impact. Though neither increasing nor decreasing total appropriation, these changes shift \$13.4 million of appropriation between BCLs. A noteworthy example is a shift of \$2 million from Finance General Reserves in the General Fund to City departments that incurred Paid Parental Leave costs in 2020.

Sections 6 through 11. Capital Improvement Project Changes

As detailed in items 6.1 through 11.13 of the Summary Detail Table, Section 6 through 11 make changes to the City’s 2020-2025 Capital Improvements Program, including:

- Section 6: Adds the [Water Structures Program Project \(MC-TR-C11\)](#) to the Transportation Capital Program;
- Section 7: Reduces capital appropriations and capital project allocations by \$266 million;
- Section 8: Increases capital appropriations and capital project allocations by \$11.1 million, using existing resources;
- Section 9: Using new, non- grant revenues, increases capital appropriations and capital project allocations by \$18.1 million;
- Section 10: Contingent on the acceptance of grants authorized in CB 119971, increases capital appropriations and capital project allocations by \$4.2 million; and
- Section 11: Reallocates a total of \$37.8 million of appropriations between capital projects

Section 12. New Positions

As detailed in items 12.1 through 12.3 of the Summary Detail Table, Section 12 adds 4 FTE positions, as follows:

Item	Department	Position Title	Position Status	Number
12.1	Finance and Administrative Services	Strategic Advisor 1	Exempt	1
		Strategic Advisor 1	Exempt	1
12.2	Seattle Fire Department	Fire Captain	Protective Service	1
12.3	Seattle Police Department	Victim Advocate	Non-Exempt	1
Total				4

It is worth noting that the funding sources identified for positions under items 12.2 and 12.3 have time limits, as follows:

- Item 12.1: 24-month funding from revenues from the SPU Ship Canal Water quality Project; and

- Item 12.2: U.S Department of Justice Office of Victims of Crime (OVC) grant term expires on September 30,2023.

The ordinance does not apply a specific sunset date to any of the added positions.

Amendments Proposed as of December 7, 2020

1. Reallocate ESG-CV funds in HSD from Hotel Sheltering to Youth Homelessness Programs.

Sponsor: Councilmember Lewis

This amendment would reduce funding from HSD's 2020 Budget for the Streets to Housing Pilot that is supported by Emergency Solutions Grant COVID (ESG-CV) funding and increases funding to support program modifications to respond to the COVID pandemic at youth homelessness agencies. Unspent funds provided for this purpose in 2020 will carry forward into 2021 for the same purpose. The final amendment language, with the specific funding needed to support youth homelessness agencies, will be distributed at the Committee meeting on December 9th.

cc: Dan Eder, Interim Director
Aly Pennucci, Budget Manager