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Title: A RESOLUTION adopting revised financial policies for the Cumulative Reserve Subfund of the General Fund; and superseding Attachment B to Resolution 31848.

Sponsors: Teresa Mosqueda

Indexes:

Attachments: 1. Att A – CRS Financial Policies v2, 2. Att A – CRS Financial Policies, 3. Summary and Fiscal Note, 4. Summary Att A - Redline Version of Changes to CRS Financial Policies, 5. Amendment 1 - CRS/REET Financial Policies, 6. Signed Resolution 31952, 7. Affidavit of Publication

| Date | Ver. | Action By | Action | Result |
|-----------|------|----------------------------|------------------------------------|--------|
| 8/21/2020 | 2 | City Clerk | attested by City Clerk | |
| 8/21/2020 | 2 | Mayor | returned | |
| 8/21/2020 | 2 | Mayor | Signed | |
| 8/14/2020 | 2 | City Clerk | submitted for Mayor's signature | |
| 8/10/2020 | 1 | City Council | adopted | Pass |
| 8/5/2020 | 1 | Select Budget Committee | adopt as amended | Pass |
| 7/6/2020 | 1 | City Council | referred | |
| 6/25/2020 | 1 | Council President's Office | sent for review | |
| 6/23/2020 | 1 | City Clerk | sent for review | |
| 6/23/2020 | 1 | Mayor | Mayor's leg transmitted to Council | |

CITY OF SEATTLE

RESOLUTION _____

A RESOLUTION adopting revised financial policies for the Cumulative Reserve Subfund of the General Fund; and superseding Attachment B to Resolution 31848.

WHEREAS, the Mayor and City Council are committed to maintaining high standards of financial management; and

WHEREAS, adopting and periodically updating financial policies are important actions that help to assure consistent and rational financial planning and management; and

WHEREAS, Resolution 30379 establishes financial policies for the General Fund Subfunds, including the

Cumulative Reserve Subfund; and

WHEREAS, the Cumulative Reserve Subfund is an essential component of The City of Seattle's ("City") financial program; and

WHEREAS, Resolution 31083 was further amended by Resolution 31848, which adopted financial policies regarding allocations from the Cumulative Reserve Subfund's capital project accounts for use of Real Estate Excise Tax revenues for debt service; and

WHEREAS, the Mayor and City Council have reviewed the financial policies for the Cumulative Reserve Subfund, and wish to update and revise certain parts of those policies as a result of a shortfall in the City's 2020 revenue streams caused by the COVID-19 pandemic and resulting economic slowdown; NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE MAYOR CONCURRING, THAT:

Section 1. The City Council ("Council") finds and declares:

A. In the exercise of The City of Seattle's police powers, the City may pass regulations designed to protect and promote public peace, health, safety, and welfare.

B. On January 24, 2020, the Seattle Office of Emergency Management announced that the first reported case in Washington and in the United States of novel coronavirus (COVID-19) occurred in Snohomish County.

C. On February 28, 2020, Public Health - Seattle and King County announced the first King County and United States death due to COVID-19 at Evergreen Hospital in Kirkland, Washington.

D. On February 29, 2020, Washington Governor Jay Inslee declared a state of emergency in response to new cases of COVID-19, directing state agencies to use all resources necessary to prepare for and respond to the outbreak.

E. On March 3, 2020, Mayor Jenny Durkan issued a proclamation of civil emergency in response to new cases of COVID-19, authorizing the Mayor to exercise the emergency powers necessary for the protection

of the public peace, safety, and welfare.

F. On March 11, 2020, Washington Governor Jay Inslee amended his emergency order to prohibit gatherings of 250 people or more for social, spiritual and recreational activities including, but not limited to, community, civic, public, leisure, faith-based, or sporting events; parades; concerts; festivals; conventions; fundraisers; and similar activities.

G. On March 13, 2020, Washington Governor Jay Inslee amended his emergency order closing all schools in King, Snohomish, and Pierce Counties through April 24, 2020 to apply statewide.

H. On March 13, 2020, the U.S. President declared that the COVID-19 outbreak constituted a national emergency.

I. On March 16, 2020, Washington Governor Jay Inslee mandated the immediate two-week closure of all restaurants, bars, and entertainment and recreational facilities and amended his emergency order to prohibit gatherings of 50 people or more.

J. On March 18, 2020, Washington Governor Jay Inslee announced a statewide moratorium on evictions, prohibiting landlords from serving a notice of unlawful detainer for default payment of rent and issuing a 20-day notice for unlawful detainer, unless the landlord provides an affidavit stating that the action is believed necessary to ensure the health and safety of the tenant or others.

K. On March 23, 2020, Washington Governor Jay Inslee announced a “Stay-Home Stay Healthy” order that required that all non-essential businesses be closed and banned all gatherings for two weeks, and on April 2, extended the order until May 4. On May 1, 2020, Governor Inslee extended that order until May 31.

L. The City of Seattle’s 2020 Budget was adopted in late 2019, before the impacts of the COVID-19 could be anticipated.

M. The impacts of the COVID-19 emergency include a severe local, state, national, and global economic recession, all of which impact the City’s revenue streams. As a result, it is necessary for the City to revisit and adjust the 2020 Budget to reflect the new economic reality.

N. Because of the long-lasting financial impacts of the COVID-19 public health emergency and the response to it, the City must quickly reprioritize available financial resources to meet its fiscal obligations.

O. Expanding the permissible uses of Real Estate Excise Tax (REET) will provide flexibility in reprioritizing existing resources to meet 2020 budgetary obligations.

Section 2. The City Council hereby acknowledges and endorses the following changes to the Financial Policies for the Cumulative Reserve Subfund of the General Fund:

a) Policy 6c, regarding the use of Capital Project Account revenues, previously allowed those revenues to be used for paying debt service for Public Safety facilities and for paying debt service on previously issued debt for authorized capital projects per RCW 82.46.010 and 82.46.035. This resolution expands permitted uses of those revenues to 1) debt service for the repair or replacement of the West Seattle Bridge and 2) paying debt services on newly issued debt between January 1, 2021 and December 31, 2022 for authorized capital projects per RCW 82.46.010 and 82.46.035. This resolution also establishes debt service coverage limitations on the amount of Real Estate Excise Tax that may be used for the payment debt service.

b) Policy 12, regarding the ending fund balance for the REET subaccounts, is modified to allow a decrease in the ending fund balance below the specified target as a result of significant revenue fluctuations caused by proclaimed civil emergencies, natural disasters, or public health emergencies.

Section 3. The City Council hereby adopts Attachment A to this resolution as the financial policies for the Cumulative Reserve Subfund of the General Fund, superseding Attachment B to Resolution 31848.

Adopted by the City Council the _____ day of _____, 2020, and signed by me in open session in authentication of its adoption this _____ day of _____, 2020.

President _____ of the City Council

The Mayor concurred the _____ day of _____, 2020.

Jenny A. Durkan, Mayor

Filed by me this _____ day of _____, 2020.

Monica Martinez Simmons, City Clerk

(Seal)

Attachments:
Attachment A - CRS Financial Policies