



Legislation Text

File #: CB 120124, Version: 2

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to the organization of City government; creating an Office of Economic and Revenue Forecasts; adding a new Chapter 3.44 to, amending Section 3.39.010 and 3.39.035 of, and repealing Section 3.40.060 and Chapter 3.82 of the Seattle Municipal Code.

WHEREAS, the City's economic and revenue forecasts inform the level of resources available to support City services; and

WHEREAS, development and presentation of economic and revenue data by an organization that is independent of the legislative and executive branches of government minimizes the possibility of bias and expands transparency; and

WHEREAS, the Washington State Economic and Revenue Forecast Council provides independent economic and revenue forecasts to inform the Washington state budget process; and

WHEREAS, the King County Forecast Council provides independent economic and revenue forecasts to inform the King County budget process; and

WHEREAS, the Mayor and City Council believe that a similarly structured independent economic and revenue forecast council will similarly benefit and inform the Seattle city budget process; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. A new Chapter 3.44 of the Seattle Municipal Code is added to Subtitle II of Title 3 as follows:

CHAPTER 3.44 OFFICE OF ECONOMIC AND REVENUE FORECASTS

3.44.010 Economic and Revenue Forecast Council

A. Economic and Revenue Forecast Council (Forecast Council). There is established an Economic and

Revenue Forecast Council. The Forecast Council shall receive and review the general forecasts of local economic activity and the specific forecasts of the revenues that support the City's general government programs and services. The forecasts approved by the Forecast Council by the Director of the Office of Economic and Revenue Forecasts are the official city economic and revenue forecasts and shall serve as the basis for the estimates of revenues described in RCW 35.32A.030 and 35.32A.040, provided that the Mayor or Council shall have the authority to deviate from the official forecasts as provided in Section 3.44.010. Any Mayor or City Council deviation from the official forecasts must be described in writing, transmitted to the Forecast Council, and made available to the public. Additionally, any Mayor deviation must be described in writing and transmitted to the City Council, and any City Council deviation must be described in writing and transmitted to the Mayor.

B. Forecast Council composition. The Forecast Council shall be composed of the Mayor or designee, the Director of Finance, the Council President or designee, and the Chair of the City Council Finance Committee or designee. If the Council President and the Chair of the Council Finance Committee are the same individual, the position held by the Chair of the Council Finance Committee shall be determined by the Council President. The Forecast Council shall select one member to serve as Chair of the Forecast Council annually.

C. Approval of official economic and revenue forecasts. The Director of the Office of Economic and Revenue Forecasts (Director) shall present the forecasts described in Section 3.44.040 to the Forecast Council and shall make a recommendation on which of the scenarios (baseline, pessimistic, or optimistic) should serve as the official economic and revenue forecasts. If any member of the Forecast Council disagrees with the recommendation by the Director for the official forecasts, the member may call for a vote to approve, by affirmative vote of at least three members, approval of a different scenario before the date required in subsection 3.44.040.B. If the Forecast Council does not call for such a vote, the forecasts recommended by the Director become the approved official Forecast Council economic and revenue forecasts for that period.

D. Director of the Office of Economic and Revenue Forecasts

1. Appointing authority. The Forecast Council shall by a majority vote appoint the Director of the Office of Economic and Revenue Forecasts, who shall administer the Office of Economic and Revenue Forecasts established in Section 3.44.020. The Forecast Council may appoint an interim Director whenever the term of the current Director expires or the position is otherwise vacant.

2. Term. The first term of the Director shall last five years. The Forecast Council shall establish subsequent term lengths.

3. Salary. The Forecast Council, in consultation with the Seattle Department of Human Relations, or its successor, shall fix the compensation of the Director.

4. Hiring process. The Forecast Council shall conduct an open and competitive process to select the Director.

5. Annual performance review. The Chair of the Forecast Council shall, with input from all members of the Forecast Council, conduct an annual performance review of the Director.

6. Removal. The Director may be removed by a vote of at least three members of the Forecast Council only for cause, and only after the member(s) of the Forecast Council wishing to remove the Director give written notice, specifying the basis for the intended removal, to all members of the Forecast Council.

E. Annual work program

a. The Forecast Council shall review and approve annually, by a vote of at least three members of the Forecast Council, a work program for the Office. The work program shall include all economic and revenue forecasts and any recommended special studies to be conducted and managed by the Director.

b. The Forecast Council may amend the approved annual work plan to meet special circumstances as needed, including approving changes requested by the Director. No change to the work plan shall be made that adversely affects a forecast or study in progress without considering the recommendation of the Director.

F. Meetings. All meetings shall be open to the public, except the Forecast Council may hold an

executive session to consider matters as appropriate. The Director shall, in consultation with the Director of Finance, develop policies and procedures to ensure that confidential tax information is not reviewed or discussed in a manner that is open to the public. The Forecast Council shall, with input from the Director, establish the frequency of Forecast Council meetings.

G. The Forecast Council is further authorized to request the advice and assistance of City departments in the conduct of its duties and upon such request the head of each such department may designate a representative to meet with, advise, and assist the Forecast Council.

3.44.020 Office of Economic and Revenue Forecasts - Establishment and purposes

There is created an Office of Economic and Revenue Forecasts (Office). The Office shall staff the Forecast Council, perform economic and revenue forecasts, conduct special studies at the request of the Forecast Council, and provide ad hoc analytical support on economic and revenue estimation for legislative and executive staff consistent with the work program. Such analyses shall be nonpartisan, and confidential to the extent allowed by law.

In the course of performing this work, the Director of the Office of Economic and Revenue Forecasts (Director) shall work with the Director of Finance consistent with subsection 5.55.200.C.4 to access data related to the financial matters of any department, agency, program, or other entity that receives appropriations or funding of any type from the city. The Office and its staff shall be co-located with the City Finance Division and receive administrative support from the Department of Finance and Administrative Services, or its successor entity.

3.44.030 Director - Functions and powers

The Director of the Office of Economic and Revenue Forecasts functions and powers include but are not limited to the following:

A. Provide economic forecasting, including:

1. Monitoring forecasts for the national and state economies.
2. Developing forecasts for the regional economy.

B. Provide revenue forecasting and analysis for the following revenue sources and others as may be agreed to over time by the Forecast Council and the Director:

1. Retail Sales Tax
2. Business & Occupations Tax
3. Payroll Expense Tax
4. Real Estate Excise Tax
5. Private Utility Taxes
6. Business License Tax Certificate Fees
7. Assessed Value of real and personal property
8. Value of new construction (as input to Property Tax forecast).

C. In coordination with the Director of Finance, monitor revenue collections relative to forecasts.

D. Subject to the City's personnel ordinances and rules, appoint, assign, supervise and control all officers and employees in the Office. The Director shall be responsible for the employment and supervision of those employees whom they deem necessary to assist in the performance of the duties of the office.

E. The Director shall provide staff support to the Forecast Council.

F. The Director may enter into agreements to receive data, technical assistance, and staffing assistance from City departments, offices, and outside entities. Prior to receiving tax information, the Director shall enter into an agreement with the Director of Finance to establish policies and procedures to protect the confidentiality of any tax information provided by the Director of Finance. The Director is further authorized to establish a technical work group comprised of designated forecast staff from City departments to further promote the accuracy, robustness, and coordination across departments of the several forecasts undertaken within the departments.

G. The Director will develop an annual work plan for the Office and submit the work plan to the Forecast Council for review and approval as described in subsection 3.44.010.E.

H. Manage the preparation of the economic and revenue forecasts for the City as described in Section 3.44.040, to be used as the primary basis for estimates of revenues as described in subsection 3.44.010.A.

I. Provide ad hoc analyses on revenue and economic topics to executive and legislative staff. Such analyses shall be nonpartisan and confidential to the extent allowed by law.

J. Provide written reports, not less than quarterly, to the City Council's Finance Committee, or successor committee, on the performance of all forecasted revenues. The Chair of the Finance Committee shall provide direction to the Director on the expected format for such reports.

3.44.040 Revenue forecasts

The Director shall prepare and submit to the Forecast Council, and make available to the public, unofficial economic forecasts both of City revenues and for the Seattle region for the current fiscal year and the next five fiscal years. Each forecast will include three scenarios and assign probabilities to their occurrence: baseline; optimistic; and pessimistic. Forecasts shall be presented and approved each year by April 10, August 10, and the Wednesday immediately following the first Tuesday in November.

Section 2. Section 3.39.010 of the Seattle Municipal Code, enacted by Ordinance 123361, is amended as follows:

3.39.010 Department established-Purpose((-))

There is established a Department of Finance and Administrative Services.

A. The Department shall exercise general supervision over the financial affairs of the City, including but not limited to the following:

1. ~~((direct))~~ Direct City borrowing activities;
2. ~~((provide))~~ Provide policy direction concerning investments;
3. ~~((administer))~~ Administer licensing for regulation and/or revenue unless law or ordinance vests such power elsewhere; ~~((and))~~
4. ~~((provide))~~ Provide support to the Office of Economic and Revenue Forecasts;

5. ~~((provide))~~ Provide economic and policy analysis on matters related to these same revenue sources;

6. ~~((provide))~~ Provide assessments of local economic conditions and more general economic analyses, as appropriate and/or as requested;

7. ~~((provide))~~ Provide general oversight of the City's Retirement Boards; and

8. ~~((manage and maintain the City's accounting and))~~ Provide citywide oversight and management of the City's enterprise financial systems.

* * *

Section 3. Section 3.39.035 of the Seattle Municipal Code, last amended by Ordinance 125204, is amended as follows:

3.39.035 Director of Finance-Functions and powers

The Director of Finance's functions and powers include but are not limited to the following:

A. Provide support to the Office of Economic and Revenue Forecasts for economic forecasting~~((, in coordination with the City Budget Office, including:~~

~~1. Monitor forecasts for the national and state economies, and,~~

~~2. Develop forecasts for the region's and City's economies)).~~

B. Provide support to the Office of Economic and Revenue Forecasts for revenue forecasting and analysis~~((, in coordination with the City Budget Office,))~~ including:

~~((1. Develop and compile forecasts for revenues for the General Fund, Real Estate Excise Tax, Bridging the Gap program, and other special levy supported funds,~~

~~2. Monitor))~~ 1. Monitoring revenue collections relative to forecasts, and

~~((3.))~~ 2. Assessing and developing revenue policy options in response to emerging trends, changes in state policies, and requests by City officials (including the City Budget Office).

* * *

G. Report not less than quarterly to the Council's Finance (~~(& Budget)~~) Committee, or its successor committee, (~~(the performance of all major tax and fee revenue streams; the status of the City cash pool, including cash totals)~~) the cash position of each City Fund, performance of investments (~~(made from the pool)~~) in the common investment portfolio, and the status of (~~(any and)~~) all interfund loans authorized by ordinance. Such report may be in the form of an email to the members of the Council's Finance Committee, or its successor committee.(~~(; and)~~)

H. Report not less than annually to the City's Debt Management and Policy Advisory Committee as established by Section 3.76.010, or its successor committee, the status of City debts, debt service, debt capacity, and debt guarantees.

I. Report to the Council's Finance Committee, or its successor committee, the status of the budgetary fund balance of City funds, with the frequency and scope of this reporting to be determined at the discretion of the Director of Finance or when requested by the Chair of the Finance Committee.

J. In September 2022, and biennially thereafter, prepare and submit a citywide financial condition report to the Council's Finance Committee, or its successor, for the City Council and the people of Seattle. The report shall provide:

1. Information on the City's financial condition as of the end of the prior fiscal year; and
2. Historical trends on City financial indicators.

The report shall include analysis of financial indicators as identified by the Director of Finance, in consultation with the Director of the Office of Economic and Revenue Forecasts.

~~((H.))~~ K. Financial oversight for specified City financial commitments, including:

1. Support the Director of the Office of Intergovernmental Relations by providing financial oversight of and monitoring the City's fiscal responsibilities related to public corporations established pursuant to (~~(Seattle Municipal Code)~~) Chapter 3.110, including City (~~(Public Development Authorities, Preservation and Development Authorities)~~) public development authorities, preservation and development authorities, and

the Museum Development Authority((7)) ;

2. Develop processes to monitor and report on City's use of federal stimulus and infrastructure funds((7 and,)) ; and

3. Assess the City's liabilities for compliance to the Americans with Disabilities Act.

~~((I. Report))~~ L. Submit a report in writing not less than quarterly to the Council's Finance ((& Budget)) Committee, or its successor committee, the status of any audits conducted by the Washington State Auditor's Office and act as a liaison to facilitate communication among City departments, the Washington State Auditor's Office, and the Seattle City Council. Such report may be in the form of an email to the members of the Council's Finance Committee, or its successor committee.

~~((At his or her discretion, and with))~~ With the approval of the Director of Finance and Administrative Services, the Director of Finance may delegate any of the duties authorized in this ~~((chapter))~~ Chapter 3.39 to any other qualified city employee.

Section 4. Section 3.40.060 of the Seattle Municipal Code, enacted by Ordinance 125204, is repealed:

~~**(3.40.060 Financial condition report**~~

~~A. In September, 2017, and September, 2018, and biennially thereafter, the City Auditor shall prepare a citywide financial condition report (the Report) for the City Council. The Report shall provide information to the people of Seattle on the City's financial condition and trends on the financial and economic indicators described in subsection 3.40.060.B.~~

~~B. The City Auditor shall endeavor to use the most reliable data available to produce the Report which shall include analysis of the following financial and economic indicators:~~

~~1. Revenues, including, but not limited to:~~

~~a. Sources of revenue, including, but not limited to, sales tax, property tax, fees, grants and utilities;~~

- b. Revenue per resident;
- c. Uses of property tax revenue; and
- d. General fund revenue surpluses and shortfalls.

2. Expenditures, including, but not limited to:

- a. Expenditures by category (such as public safety, utilities, human services, etc.); and
- b. Expenditures per resident.

[3. Reserved.]

4. Debt, including, but not limited to:

- a. Debt per resident;
- b. Debt by type (such as bonds or lines of credit);
- c. City debt backed by the general fund; and
- d. City debt policies and ratings.

5. Property values (market and assessed values);

6. Employment, including but not limited to:

- a. Jobs, by industry;
- b. Unemployment rates;
- c. Income per resident; and
- d. Number of City employees by department or office.

[7. Reserved.]

[8. Reserved.]

9. City pensions and other liabilities, including, but not limited to:

- a. The employee retirement system; and
- b. Post-employment benefits.

10. Capital assets, including, but not limited to:

- ~~a. Infrastructure assets replacement value;~~
- ~~b. Infrastructure condition; and~~
- ~~c. Funding gap for infrastructure needs.~~

~~11. Financial and operating position, including, but not limited to:~~

- ~~a. Net position;~~
- ~~b. Business net position (utilities);~~
- ~~c. Government net position;~~
- ~~d. Liquidity;~~
- ~~e. Operating revenue surpluses and shortfalls;~~
- ~~f. Reserved and unreserved fund balances.~~

~~12. Other indicators and analysis as requested by the City Council.))~~

Section 5. Chapter 3.82 of the Seattle Municipal Code, enacted by Ordinance 124635, is repealed:

~~**((CHAPTER 3.82 ECONOMIC AND REVENUE FORECAST ADVISORY COMMITTEE**~~

~~**3.82.010 Committee established-Membership**~~

~~There is established an Economic and Revenue Forecast Advisory Committee ("Forecast Committee" in this Chapter 3.82) composed as follows:~~

- ~~A. The City Budget Director shall be its Chair;~~
- ~~B. The Chair of the City Council Budget Committee or its successor committee;~~
- ~~C. The General Manager and Chief Executive Officer of City Light;~~
- ~~D. The Director of Seattle Public Utilities;~~
- ~~E. The City Finance Director; and~~
- ~~F. The Director of the Central Staff Division of the City Council.~~

~~The President of the City Council (or in case of his or her absence, incapacity, disability or~~

~~disqualification, the acting President of the City Council) is authorized to designate alternate members to serve in the event of the absence, incapacity, disability or disqualification of the Chair of the Budget Committee and/or the Director of the Central Staff Division, and each Department Director is authorized to designate an alternate member to act in his or her stead in the event he or she is absent, incapacitated, disabled or disqualified from acting. If a Department Director is unable to designate his or her alternate, then the Mayor (or in case of his or her absence, incapacity, disability or disqualification, the acting Mayor pursuant to Section 9 of Article V of the Seattle City Charter) may designate the alternate. The City Attorney or his or her designated representative shall meet with and provide legal advice and assistance to the Forecast Committee in the conduct of its duties.~~

~~3.82.020 Functions designated.~~

~~A. The Forecast Committee is tasked with informing City decision makers of the assumptions and risks concerning the City's economic and revenue forecasts, and promoting internal consistency, where appropriate, across City forecasts.~~

~~B. The Forecast Committee shall be advisory to the City Budget Director, the City Finance Director, the General Manager and Chief Executive Officer of Seattle City Light, the Director of Seattle Public Utilities, the City Council and the Mayor. The Forecast Committee has the responsibility to review and assess forecasts for revenues that support the City's general government programs and services, as well as forecasts for utility load or demand. In addition, the Committee will review forecasts for components of the local economy that form the basis of City revenue and load forecasts. The Committee may also provide advice to City staff responsible for developing economic, revenue, or utility load forecasts.~~

~~C. The Forecast Committee is further authorized to request the advice and assistance of the City departments in the conduct of its duties and upon such request the head of each such department may designate a representative to meet with, advise and assist the Forecast Committee in the conduct of such duties.~~

~~D. The Forecast Committee shall meet at such times and intervals as suits the conduct of the City's~~

~~forecasting, financial and budget development processes.~~

~~E. The Forecast Committee is further authorized to establish a technical work group comprised of designated forecast staff from the City departments to further promote the accuracy, robustness and coordination across departments of the several forecasts undertaken within the departments.))~~

Section 6. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the _____ day of _____, 2021, and signed by me in open session in authentication of its passage this _____ day of _____, 2021.

President _____ of the City Council

Approved / returned unsigned / vetoed this _____ day of _____, 2021.

Jenny A. Durkan, Mayor

Filed by me this _____ day of _____, 2021.

Monica Martinez Simmons, City Clerk

(Seal)