



Legislation Text

File #: CB 119812, Version: 3

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE amending Ordinance 126000, which adopted the 2020 Budget; making appropriations from the Emergency Fund for public assistance during the COVID-19 civil emergency; making an appropriation from the General Fund for public assistance during the civil emergency; and making appropriations from the Revenue Stabilization Fund for public assistance during the civil emergency; all by a 3/4 vote of the City Council.

WHEREAS, on March 11, 2020, the World Health Organization announced that the novel coronavirus (COVID-19) is officially a global pandemic; and

WHEREAS, on February 29, 2020 the Washington Governor issued Proclamation 20-05, proclaiming a state of emergency for all counties throughout the state of Washington in response to new cases of COVID-19, and

WHEREAS, on March 13, 2020 the President of the United States declared a national state of emergency in response to the COVID-19 pandemic; and

WHEREAS, on March 25, 2020 the Washington Governor issued Proclamation 20-25, prohibiting all people in Washington State from leaving their homes and all non-essential businesses in Washington State from conducting business (“Stay Home - Stay Healthy Proclamation”); and

WHEREAS, these actions are appropriate for public health reasons but result in severe economic impacts on businesses, families and individuals in Seattle; and

WHEREAS, these impacts are felt most strongly by people with low incomes who have become unemployed or had their work hours severely reduced; and

WHEREAS, federal and state assistance to people with low incomes will not be sufficient to meet their basic

needs during this public health and financial crisis; and

WHEREAS, without additional support, many people with low incomes will face severe financial hardship which will have significant negative impacts, including but not limited to public health impacts, greater housing insecurity, as well as impacts to small businesses and the local economy; and

WHEREAS, the City will use general fund balance and emergency funds in 2020 to support programs and services that support immigrant communities, small businesses, and the housing needs of low-income households, and people experiencing homelessness or housing insecurity in 2020, to be repaid with proceeds from the new tax collected in 2021; and

WHEREAS, regarding use of the proceeds of these appropriations for emergency financial assistance in response to the COVID-19 civil emergency, the City Council has determined that there is no viable alternative available for advancing a core City objective during a time of civil emergency; and

WHEREAS, after accounting for 2020 deposits the currently available Emergency Fund balance is \$66.9 million and the currently available Revenue Stabilization Account balance is \$60.8 million; and

WHEREAS, the City Budget Director reported on April 22, 2020 that the General Fund had an unanticipated year-end balance of \$18.6 million; and

WHEREAS, the affordable housing crisis, homelessness emergency, and now the COVID-19 pandemic and related economic and unemployment emergencies, in Seattle are deeply impacting the lives of people throughout Seattle and the region and disproportionately harms people of color, immigrants, the LGBTQIA community, indigenous peoples' communities, disabled community members, and women, who already struggle against entrenched inequality; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Findings. The City Council finds that:

A. On March 3, 2020, the Mayor proclaimed that a civil emergency exists in the City of Seattle related to the COVID-19 virus.

B. On March 11, 2020, the Governor of Washington State and the Local Health Officer for Public Health - Seattle & King County issued parallel orders prohibiting gatherings of 250 people or more for social, spiritual and recreational activities in King County.

C. On March 13, 2020, the Governor of Washington state issued an emergency order announcing all K-12 schools in Washington to be closed from March 17, 2020 through June 19, 2020 to combat the spread of the disease.

D. On March 13, 2020, the President of the United States declared a national emergency to allow the government to marshal additional resources to combat the virus.

E. On March 23, 2020, the Governor of Washington State issued an emergency order (“the Stay Home, Stay Safe” order) announcing that “[a]ll people in Washington State shall immediately cease leaving their home or place of residence except: (1) to conduct or participate in essential activities, and/or (2) for employment in essential business services.”

F. As of June 11, 2020, the Washington State Department of Health confirmed 25,171 cases of COVID-19 and 1,204 deaths caused by the virus in Washington State, with 8,611 confirmed cases and 586 deaths caused by the virus in King County.

G. The COVID-19 crisis has had a significant impact on the local economy impacting the retail, restaurant, construction, gig economy, 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 low income workers, people of color, immigrants, and members of the LGBTQIA community, who have become unemployed or had their work hours severely reduced and will have both immediate and long-term impacts.

H. There are at least 38,000 businesses in the City of Seattle employing a minimum of 655,000 individuals. Since the Governor of Washington closed or limited operations of many businesses in the state beginning in March, the statewide unemployment rate went from 5.1 percent in March to 15.4 percent in April.

This equates to 199,000 individuals in March, and 610,000 individuals in April who are unemployed. In the Seattle/Bellevue/Everett area, the unemployment rate went from 5.6 percent in March to 14.5 percent in April. This equates to 96,000 individuals in March and 248,000 individuals in April who are unemployed. Rising unemployment will put more and more Seattle households, particularly low-income households, in financial peril.

I. The impacts of the COVID-19 crisis on the economy, employment, job retention, child care, and businesses has resulted in: restaurants, bars, and other businesses being forced to close; workers being unable to go to work because of illness; the need to care for children home from day care or school or for other family members without paid sick or safe time; and reduced business income due to reduced demand as businesses struggle during the state of emergency proclaimed by Mayor Durkan on March 3, 2020. These impacts have led to a temporary closure of many businesses, which will struggle to reopen.

J. The impacts of the forced closure of businesses will be felt most by small businesses and nonprofits, which typically have smaller profit margins, smaller cash reserves, and less access to capital than larger for-profit businesses.

K. Providing financial assistance to small business owners and operators, including owners of family child care businesses, is necessary to prevent small businesses from having to close permanently due to the hardship associated with government-mandated full or partial closure of their businesses, or requirements to implement new businesses practices and physical modifications to the business to meet public health guidance, during and after the COVID-19 crisis. Such assistance shall provide economic benefits to the public by saving or creating jobs, maintaining access to child care so workers who have children at home can return to work, moderating impacts to local tax revenue by supporting continued operations of small businesses, and ensuring that businesses can modify operations as necessary to comply with public health guidance.

L. Federal and state assistance is inaccessible to many people with low-incomes, to many small businesses, and is being delayed for many others, and will not be sufficient to meet their basic needs during the

COVID-19 public health and financial crisis. In addition, federal assistance provided to small businesses, including child care providers, may not allow flexibility in terms of non-payroll costs that can be covered, timeline for expending funds, etc. Therefore, additional and immediate financial support to small businesses and people with low-incomes is necessary to help meet their basic needs and to help minimize impacts to public health as well as the local economy.

M. On March 12, 2020, the Governor issued Proclamation 20-08 closing schools in King, Snohomish, and Pierce Counties. The next day, he issued Proclamation 20-09 expanding the closing of schools to require the statewide closure of K-12 public and private schools until April 24, 2020 and then extended such orders again until June 19, 2020.

N. On June 11, 2020, the Governor issued Proclamation 20.09.2 allowing a phased re-opening of schools subject to the requirements of the Washington State Department of Health's K-12 Schools - Summer 2020 Guidance and the Re-opening K-12 Fall 2020-2021 Guidance.

O. The science of COVID-19 will evolve over the summer and into the school year, and the trajectory of disease in Washington State and Seattle specifically may require changes to the public health response and adds uncertainty to when the re-opening of schools full-time will occur.

P. The closure of schools increased the need for childcare for first responders, healthcare workers, and other essential front-line employees as they combat the COVID-19 emergency, and as other non-essential businesses are beginning to re-open workers who are required to return to work before schools re-open full time will add to increased need for childcare for all workers.

Q. The economic impacts from the COVID-19 emergency are drastic and immediate but are also expected to last much longer than the civil shut-down emergency itself.

R. Data from the 2012-2016 American Community Survey (ACS) shows that: over 60,000 households in Seattle with incomes at or below 80 percent of AMI are cost burdened, paying more than 30 percent of their income for rent and utilities; and 29,000 households with incomes at or below 50 percent of area AMI are

severely cost burdened, paying over 50 percent of their income for rent and utilities, and, as a result, are at potential risk of homelessness.

S. The 2019 point-in-time count of people experiencing homelessness in King County found in Seattle at least 3,558 individuals who are living unsheltered in addition to at least 4,239 more individuals who are experiencing homelessness but are sheltered, for a total of at least 7,797 individuals who are experiencing homelessness in Seattle.

T. The Centers for Disease Control and Prevention recommend against removing encampments while there is community spread of COVID-19 unless there is adequate housing available, defined as individual housing and non-congregate shelter options.

U. There may be circumstances in which moving people is necessary, even in a pandemic, but in those limited cases such activity should be planned and implemented with great care and appropriate individual housing or temporary alternative workable living arrangements made available.

V. The COVID-19 emergency poses a serious threat to the housing stability of households who are unable to pay rent due to this crisis. The United Way of King County, with funding provided by the City and other partners, expanded their Home Base program to provide emergency rental assistance to households in King County during the COVID-19 emergency. Over 2,500 applications have been submitted by low-income households in Seattle in need of rental assistance.

W. Investments in the programs and services described in this ordinance will help counteract the economic and health impacts caused by the COVID-19 crisis by investing in low-income communities, small businesses, and other services that will be needed by people who saw significant reductions in income due to employment changes and business closures or reductions stemming from the crisis.

X. The City's Adopted 2020 Budget fully appropriates all available municipal revenues to address the many and varied needs of the community.

Y. At an April 22 presentation to the Select Budget Committee, the City Budget Director stated that a

“Rapid Recovery” in City General Fund finances from the COVID 19 civil emergency would result in a \$100 million or 7 percent reduction in General Fund revenues available for City spending priorities in 2020, and further stated that a “Slow Recovery” scenario would result in a \$186 million or 13 percent reduction in General Fund revenues and about \$113 million reduction in other general government revenues in 2020, for a total reduction of about \$300 million in 2020. Additional information provided by the City Budget office anticipates the budget gap expected in 2020 due to increased spending addressing COVID-19 related needs and reduced General Fund resources.

Z. A new payroll tax authorized through Council Bill 119810 is anticipated to provide new and sufficient revenues to replenish the Emergency Fund and Revenue Stabilization Fund in 2021.

Section 2. In order to pay for expenses and obligations to address the economic impacts caused by the COVID-19 epidemic that could not have been anticipated at the time of making the 2020 Budget, appropriations for the following items in the 2020 Budget are increased from the funds shown, as follows:

Item	Department	Fund	Budget Summary Level/BCL Code	Amount
2.1	Executive (Office of Economic Development)	Emergency Fund (10102)	Business Services (BO-ED-X1D00)	\$14,448,000
2.2	Department of Education and Early Learning	Revenue Stabilization Fund (00166)	Early Learning (BO-EE-IL100)	\$3,612,000
2.3	Human Services Department	Emergency Fund (10102)	Addressing Homelessness (BO-HS-H3000)	\$32,643,800
2.4	Executive (Office of Housing)	Emergency Fund (10102)	Homeownership & Sustainability (BO-HU-2000)	\$1,708,200
2.5	Executive (Office of Housing)	Revenue Stabilization Fund (00166)	Multifamily Housing (BO-HU-3000)	\$1,721,600
2.6	Executive (Office of Immigrant and Refugee Affairs)	Emergency Fund (10102)	Office of Immigrant and Refugee Affairs (BO-IA-X1N00)	\$18,100,000

2.7	Executive (Office of Sustainability & Environment)	Revenue Stabilization Fund (00166)	Office of Sustainability and Environment (BO-SE-X1000)	\$13,545,000
Grand Total				\$85,778,600

Section 3. The City Council (“Council”) intends to replenish the Emergency Fund and Revenue Stabilization Fund as described in the ordinance introduced as Council Bill 119811 in 2021 using proceeds received from the tax authorized in Council Bill 119810.

Section 4. The appropriations in Section 2 of this ordinance, amending the 2020 Adopted Budget, shall be subject to the following provisos:

A. Of the funding appropriated to the Office of Economic Development’s Business Services (BO-ED-X1D00) Budget Summary Level in the 2020 Adopted Budget, \$14.45 million of the funds shall be used to address the economic hardship small business owners and their employees, and nonprofit organizations and their employees, experience due to loss of business income, grant funding reductions, layoffs and reduced work hours for a significant percentage of this workforce as a result of the COVID-19 crisis and may be used for no other purpose. Up to five percent of these funds may be used for expenditures incurred by the department to administer the investments. The Council intends that this funding will be allocated as follows:

1. \$14.1 million to provide financial assistance to small business owners or operators and nonprofit organizations, with preference to brick and mortar small businesses, that would be used to reduce the economic hardship caused by COVID-19 crisis and assist small businesses and nonprofit organizations to comply with public health guidelines, thereby protecting the local economy by reducing the number of businesses or nonprofits that are permanently closed and jobs permanently lost due to the short- and long-term economic impacts caused by COVID-19.
2. \$315,000 to provide training, referral services, and technical assistance to support businesses, including assistance in preparing applications for federal or state loans or grants that provide direct financial assistance to small businesses to prepare such businesses for the road to recovery.
3. The Council further intends that:
 - a. Up to \$10,000 in financial assistance may be provided to any single eligible small business owner or nonprofit organization under this proviso.
 - b. Assistance should be prioritized for businesses and nonprofit organizations who commit to not reducing wages and benefits provided prior to the COVID-19 emergency, and for business and nonprofit organizations who have historically, or recently, been unable to access other forms of assistance through state or federal programs available to support businesses, including businesses owned by Black, Indigenous, and people of color and those with limited English proficiency, and businesses in the creative industry. Any awards to those in the creative industry should be made in partnership with advocates in

the creative industry sphere.

- c. For purposes of this proviso, an eligible “small business” is defined as a business with 25 or fewer full time equivalent employees (FTEs) and an eligible “nonprofit organization” is a nonprofit with 25 or fewer FTEs that provides community services that protect or enhance the health, safety, environment, or general welfare of people who live or work in Seattle.
- d. The Executive should develop eligibility criteria for small businesses who have been economically impacted by the COVID-19 crisis and for whom such assistance will provide economic benefits to the public by saving or creating jobs, moderating impacts to local tax revenue by supporting continue operations of small businesses and ensuring that businesses can modify operations as necessary to comply with public health guidance. Criteria should include consideration of equitably distributing financial assistance to small businesses and nonprofit organizations located in neighborhoods across Seattle. Further, businesses that have previously received financial assistance from the City’s Small Business Stabilization Fund are not eligible for additional assistance.

B. Of the funding appropriated to the Department of Education and Early Learning’s Early Learning (BO-EE-IL100) Budget Summary Level in the 2020 Adopted Budget, \$3.61 million of the funds shall be used to address the economic hardship child care providers and their employees experience due to loss of income, layoffs and reduced work hours for a significant percentage of this workforce as a result of the COVID-19 crisis and may be used for no other purpose. Up to five percent of these funds may be used for expenditures incurred by the department to administer the investments. The Council intends that:

1. Up to \$10,000 in financial assistance may be provided to (1) any single eligible family child care provider and (2) other licensed child care providers that adhere to labor laws and has a commitment to labor harmony, under this proviso.
2. Up to \$500 in financial assistance may be provided to any single eligible family, friends, and neighbors (FFN) child care provider under this proviso.
3. Assistance should be prioritized for child care providers who commit to not reducing wages and benefits provided prior to the COVID-19 emergency, and for providers who have historically, or recently, been unable to access other forms of assistance through state or federal programs available to support businesses.
4. For purposes of this ordinance (1) family child care is generally defined as licensed child care for mixed-age children and youth (0-12 years) provided by individuals operating in residential homes; and (2) FFN child care is generally defined as an individual who is exempt from child care licensing requirements and provides in-home child care. FFN providers include grandparents, aunts and uncles, elders, older siblings, friends, neighbors, and others who help families by providing child care.
5. The Executive should develop eligibility criteria for child care providers who have been economically impacted by the COVID-19 crisis and for whom such assistance will provide economic benefits to the public by saving or creating jobs, providing essential child care services as people return to work, and ensuring that child care providers can modify

operations as necessary to comply with public health guidance.

- C. Of the funding appropriated to the Human Services Department's Addressing Homelessness (BO-HS-H3000) Budget Summary Level in the 2020 Adopted Budget, \$32.64 million of the funds shall be used to address housing insecurity by funding housing programs and services that support low-income households and people experiencing homelessness and may be used for no other purpose. Furthermore, none of the money so appropriated may be spent by the Department on congregate shelter. Up to five percent of these funds may be used for expenditures incurred by the department to administer the investments. The Council intends that the City will partner with CBOs that have a history of trust and success in reaching low-income communities and people experiencing homelessness, including experience reaching those who are traditionally marginalized or typically face barriers to enrolling in assistance programs, such as, but not limited to, language barriers, and other historically marginalized communities, to distribute the funds as follows:
1. \$19.5 million for existing homelessness prevention programs and rental assistance programs that serve individuals and families such as the United Way of King County's Home Base program and other programs to provide rental assistance; and
 2. \$10.8 million for shelter de-intensification activities and housing or shelter options for unsheltered homeless individuals and families in non-congregate settings, including costs for new tiny homes, acquiring or leasing hotels or motels or other buildings, or extending leases on such facilities. At least \$3.6 million of this funding shall be used to establish four or five new or expanded tiny home village; and
 3. \$2.35 million to support the ongoing service and operation costs of shelter providers. Eligible service and operating costs can include, but are not limited to: personal protective equipment, overtime or premium pay for staff, food service, or cleaning supplies.
- D. Of the funding appropriated to the Office of Housing's Homeownership & Sustainability (BO-HU-2000) Budget Summary Level in the 2020 Adopted Budget, \$1.1 million of the funds shall be used for mortgage counseling and foreclosure prevention programs, including costs for housing counselors, legal aid, service coordination, and direct financial assistance. The Council intends that the City will partner with CBOs that have a history of trust and success in reaching low-income communities, including experience reaching those who are traditionally marginalized or typically face barriers to enrolling in assistance programs, such as, but not limited to, language barriers, and other historically marginalized communities. Up to five percent of these funds may be used for expenditures incurred by the department to administer the investments.
- E. Of the funding appropriated to the Office of Housing's Multifamily Housing (BO-HU-3000) Budget Summary Level in the 2020 Adopted Budget, \$2.35 million of the funds shall be used for programs that support the ongoing service and operation costs of nonprofit affordable housing providers. Eligible service and operating costs can include, but are not limited to: personal protective equipment, overtime or premium pay for staff, food service, or cleaning supplies. Up to five percent of these funds may be used for expenditures incurred by the department to administer the investments.
- F. Of the funding appropriated to the Office of Immigrant and Refugee Affairs' (BO-IA-X1N00) Budget Summary Level in the 2020 Adopted Budget, \$17.05 million shall be for (1) direct financial assistance to Seattle's low-income immigrant and refugee workers and households who have experienced the economic impacts caused by the COVID-19 crisis, and (2) to advise potential

recipients of this temporary financial assistance to ensure it will not impact the recipients eligibility for, or result in loss of, any other income-tested benefits; and may be used for no other purpose. Furthermore, \$1.05 million shall be for programs and services that provide language access support for low-income people who need help accessing and understanding federal, state and local assistance programs and may be spent for no other purpose. Up to 11 percent of these funds may be used for expenditures incurred by the department to administer the investments. The Council intends the following:

1. Prior to the expenditure of any funds for direct financial assistance, the Executive will partner with CBOs who have a history of trust and success in reaching immigrant and refugee communities to provide such assistance, such as the organizations who worked with the City to distribute emergency grocery vouchers.
2. Assistance should include direct cash assistance, including pre-paid debit or credit cards, or other services to assist with basic living expenses. The maximum amount of financial assistance provided per individual will not exceed \$1,000.
3. CBOs will determine the eligibility, including criteria to confirm income eligibility, prioritizing those who experience structural or institutional barriers to accessing support from the government (e.g. language barriers, risk of deportation), are ineligible for other federal or state emergency assistance, or are receiving such assistance in a limited or delayed manner that does not meet their needs, or those who have had or whose families have had adverse health impacts from COVID. Requests for documentation of eligibility should comply with Seattle Municipal Code Section 4.18.015, should not impose an unnecessary burden on those applying for assistance, and should not unnecessarily delay the approval and distribution process.

G. Of the funding appropriated to the Office of Sustainability and Environment's Office of Sustainability and Environment (BO-SE-X1000) Budget Summary Level in the 2020 Adopted Budget, \$13.6 million shall be used to continue and expand the Emergency Grocery Voucher program to allow more people participating in existing City programs to be served by this program and may be used for no other purpose. Existing City programs include, but are not limited to: Fresh Bucks, Utility Discount Program, Early Childhood Education and Assistance Program, Child Care Assistance Program, and the portion of the Seattle Preschool Program and the Pathway to Seattle Preschool Program that provide services to households that qualify for free tuition. Up to five percent of these funds may be used for expenditures incurred by the department or the CBOs to administer the investments.

The Council intends that vouchers will be made available for use at grocery stores participating in the existing Emergency Grocery Voucher program and expanded to include other community grocers and farmers markets. The Council intends that the Executive will work with CBOs that currently enroll people in the Fresh Bucks program to expand the use of vouchers by identifying culturally appropriate neighborhood grocers to participate in the voucher program.

Section 5. The Council intends to consider additional actions to support small businesses through a future ordinance that could reduce business and occupation tax obligations for certain small businesses.

Section 6. Severability. The provisions of this ordinance are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this ordinance, or the invalidity of its application to any person or circumstance, does not affect the validity of the remainder of this ordinance or the validity of its application to other persons or circumstances.

Section 7. 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 a 3/4 vote of all the members of the City Council the _____ day of _____, 2020, and signed by me in open session in authentication of its passage this _____ day of _____, 2020.

President _____ of the City Council

Approved by me this _____ day of _____, 2020.

Jenny A. Durkan, Mayor

Filed by me this _____ day of _____, 2020.

Monica Martinez Simmons, City Clerk

(Seal)