



Council Bills 121030 & 121031: Mid-year Grant Acceptance & Supplemental Budget Ordinances

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7/16/2025

Presentation Overview

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Carry-Forward Ordinance – Update (1/3)

What is the purpose of the annual Carry-forward ordinance?

- Unless otherwise specified, operating appropriations (as opposed to capital appropriations) “lapse” at the end of the calendar year.
- If the activities for which the funding was appropriated have not been completed, the Executive can request that Council “carry-forward” the appropriation into the current year.

The Carry-forward is usually addressed in the first quarter or early second quarter. Why is it still in process at this point?

- Original legislation was developed and transmitted before the April revenue forecast.
- The new forecast reduced Payroll Expense Tax resources to a level below that needed to pay for 2025 appropriations and the amount that been proposed in the Carry-forward Ord.

Carry-Forward Ordinance – Update (2/3)

Next Steps?

- Central Staff is reviewing newly transmitted legislation and making appropriate adjustments to the original Carry-forward Ord.
- Both pieces of legislation will be referred in time for Committee discussion at a meeting later this month.
- This will provide an opportunity for the Council to then consider the full suite of current budget legislation, including the Grants Acceptance and Mid-year Supplemental bills, in a comprehensive manner.

Carry-Forward Ordinance – Update (3/3)

How is this going to be addressed?

- Need to reduce Payroll Expense Tax appropriations, either existing 2025 appropriations, or the amount requested in the Carry-forward Ord.
- Late last week, the Executive transmitted separate legislation that would decrease 2025 appropriations by reducing the transfer of resources from the Payroll Expense Tax fund to the General Fund in 2025.
- This is possible because the overall balancing strategy for the 2025-2026 biennium had been predicated on carrying a positive General Fund balance in 2025. This balance was to be spent in 2026, so the financial challenge for 2026 will increase under this strategy. The Executive is working to mitigate that impact by underspending overall General Fund 2025 appropriations.

CB 121030 – Mid-year Grant Acceptance (1/2)

- Second comprehensive grant acceptance and appropriation legislation in 2025.
- Would authorize City departments to accept \$23M and appropriate \$22.4M from external sources.
- Limited matching requirements, all met through existing budgets.
- Highlights include:
 - \$4M to Seattle Center from the State Department of Commerce for Memorial Stadium redevelopment, consistent with ILA and Development Agreement.
 - \$3.7M to the Human Services Department (HSD) from the State Department of Social and Health Services for the WA CARES program, Washington State's long-term care insurance program. The Grant would fund nine new positions, which are to be authorized in the Mid-year Supplemental Ordinance.

CB 121030 – Mid-year Grant Acceptance (2/2)

- Highlights (cont'd):
 - \$2.5M to HSD from the State Criminal Justice Training Commission for criminal diversion services for homeless people in Seattle. This funding will be contracted to a community-based organization.
 - \$2M to the Office of Planning and Community Development from the State Department of Transportation for engagement, evaluation, and planning activities for lidding Interstate-5.

CB 121031 – Mid-year Supplemental Budget (1/8)

- First comprehensive supplemental budget legislation in 2025
 - Mid-year appropriation, position, and capital project changes to meet needs that are assumed to be unforeseeable when 2025 budget was adopted.
 - Would decrease the 2025 budget by \$221M, and add 11 FTE's.
 - Technical capital appropriation abandonments (reductions) in utilities totaling \$263M.
 - \$43.6M budget increase after adjusting for the abandonments
 - \$3.3M General Fund decrease
 - \$1.5M Payroll Expense Tax Fund increase
 - \$44.3M increase to other City funds
- Requires 3/4 Council vote for passage.

CB 121031 – Mid-year Supplemental Budget (2/8)

General Fund highlights:

- **Reduce Jail Services Budget to Fund Drug Diversion:** Moves \$559,000 from the jail services contract to the Law Department and Seattle Municipal Court for a Drug Diversion program (funding for 4 FTE positions in SMC, 2 FTE positions in Law) – ongoing.
- **Implementation of Social Housing Tax:** Adds \$724,000 and 2 FTE positions to fund City Finance's administration of the tax (funded by tax proceeds) - ongoing
- **Federal Response Resources:** Adds \$298,000 and 2 FTE positions in the City Attorney's Office to respond to actions being taken by the federal government – ongoing.
- **Grant true-ups:** \$4M reduction across several City departments to reflect abandonment/true-up of grant funding.

CB 121031 – Mid-year Supplemental Budget (3/8)

Payroll Expense Tax Fund highlights:

- **Transfer from Housing Capital to Shelter Rent:** \$1.2M transfer from Office of Housing Multifamily Housing to Human Services Departments' (HSD) Supporting Safe Communities, for homelessness shelter rental costs.
- **Stability Through Access and Resources (STAR) Center:** \$1M increase to HSD to fund street level activation and neighborhood impact mitigation.
- **Rental Assistance Correction:** \$527,000 increase to align HSD rental assistance appropriation added in the 2025 budget process with the intended funding source.

CB 121031 – Mid-year Supplemental Budget (4/8)

Other Fund Highlights:

- **Real Estate Excise Tax I** – \$7M reduction to the Seattle Police Facilities project; projected expenses shifting to future years in CIP.
- **Seattle Center Fund** – \$12M to replace sewer at Memorial Stadium (also reflected in Drainage and Wastewater Fund).
- **Park and Recreation Fund** –
 - \$1.7M increase for capital improvements at City golf courses; and
 - \$2.6M increase for the Community Center Rehabilitation & Development project, funded with insurance settlement proceeds from arson at the Camp Long lodge.

CB 121031 – Mid-year Supplemental Budget (5/8)

Other Fund Highlights (cont'd):

- **Transportation Fund**
 - **Downtown Activation Team:** \$3.3M increase for downtown street cleaning and graffiti abatement; and
 - **Thomas Street Redesigned Project:** \$2.4 M for Phase 2 of the project, funded with developer street vacation proceeds.
- **Move Seattle Levy Fund:** Transfers \$8.3M from various projects to Madison BRT Project and adds \$3M from interest earnings to the project, to close out the project, given cost increases.

CB 121031 – Mid-year Supplemental Budget (6/8)

Position Changes:

	FTEs	Purpose	OG/OT
Finance and Administrative Services	2	Administer Social Housing Tax	OG
Office of Arts and Culture	1	Administrative support for Public Art team	OG
Law Department	4	Drug Diversion; Federal Response	OG
Seattle Municipal Court	4	Drug Diversion	OG
Human Services Department	9	WA CARES grant (funded in CB 121030)	OG
Seattle Center	2	Waterfront/Pioneer Square landscaping	OG*
Seattle City Light	2	Transfer from Seattle IT	OG
Seattle Information Technology	(2)	Transfer to City Light	OG
Seattle Department of Construction and Inspections	(11)	Sunset positions, technical adjustment	OG
Proposed FTE Changes	11		

*Term limited to three years.

CB 121031 – Mid-year Supplemental Budget (7/8)

Other Changes:

- Creates two capital projects in Transportation program:
 - **Better Bike Barriers (MC-TR-C127):** Amend existing bike lanes with stronger safety treatments such as hardened barriers or buffer areas; and
 - **Graham Street Station Access & Complete Street (MC-TR-C156):** Construct new bus stops and bus stop amenities.
- Lifts proviso on Seattle Transportation Benefit District (TBD) Fund appropriations to SDOT's Mobility Operations Budget Summary Level, which restricted \$500,000 to Waterfront Shuttle transit service.
 - Bill includes a shift of \$500,000 from PET funds reserved for ST3, to instead fund the Waterfront Shuttle costs out of the Office of Economic Development.

CB 121031 – Mid-year Supplemental Budget (8/8)

Considerations:

1. Ongoing GF positions added in supplemental
2. New payroll expense tax appropriations in context of April forecast downgrade
 - 2025-2026 combined PET shortfall ~\$150M

Next Steps in Budget Process

- **July 30:** Select Budget Committee hearing and possible vote on CB's 121030 & 121031
 - Amendment concepts due Tuesday, July 22 by noon
- **August 8:** Final action on CB's 121030 & 121031 at the City Council meeting
- **Late September:** Mayor's Proposed 2026 Budget
 - Likely to include year-end supplemental adjustment and grant acceptance & appropriation bills

Questions?