



SEATTLE CITY COUNCIL

Select Budget Committee

Agenda

Wednesday, September 25, 2024

9:30 AM

Council Chamber, City Hall
600 4th Avenue
Seattle, WA 98104

Dan Strauss, Chair
Maritza Rivera, Vice-Chair
Joy Hollingsworth, Member
Robert Kettle, Member
Cathy Moore, Member
Tammy J. Morales, Member
Sara Nelson, Member
Rob Saka, Member
Tanya Woo, Member

Chair Info: 206-684-8806; Dan.Strauss@seattle.gov

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SEATTLE CITY COUNCIL
Select Budget Committee
Agenda
September 25, 2024 - 9:30 AM

Meeting Location:

Council Chamber, City Hall, 600 4th Avenue, Seattle, WA 98104

Committee Website:

<http://www.seattle.gov/council/committees/budget>

This meeting also constitutes a meeting of the City Council, provided that the meeting shall be conducted as a committee meeting under the Council Rules and Procedures, and Council action shall be limited to committee business.

Members of the public may register for remote or in-person Public Comment to address the Council. Details on how to provide Public Comment are listed below:

Remote Public Comment - Register online to speak during the Public Comment period at the meeting at

<https://www.seattle.gov/council/committees/public-comment>

Online registration to speak will begin one hour before the meeting start time, and registration will end at the conclusion of the Public Comment period during the meeting. Speakers must be registered in order to be recognized by the Chair.

In-Person Public Comment - Register to speak on the Public Comment sign-up sheet located inside Council Chambers at least 15 minutes prior to the meeting start time. Registration will end at the conclusion of the Public Comment period during the meeting. Speakers must be registered in order to be recognized by the Chair.

Pursuant to Council Rule VI.C.10, members of the public providing public comment in Chambers will be broadcast via Seattle Channel.

Please submit written comments to all Councilmembers four hours prior to the meeting at Council@seattle.gov or at Seattle City Hall, Attn: Council Public Comment, 600 4th Ave., Floor 2, Seattle, WA 98104.

Please Note: Times listed are estimated

City Budget Office (CBO) Overview of the Mayor's Proposed Budget

CBO will present and discuss the Mayor's 2025 and 2026 Proposed Budgets and will describe any significant program or staffing additions, changes or reductions, relative to the 2024 budget.

A. Call To Order

B. Approval of the Agenda

C. Public Comment

D. Items of Business

1. Introduction and Budget Process Overview

Supporting Documents: [Presentation](#)

Briefing and Discussion

Presenter: Ben Noble, Director, Council Central Staff

2. City Budget Office (CBO) Overview of the 2025 and 2026 Proposed Budgets

Supporting Documents: [Presentation](#)

Briefing and Discussion

Presenter: Dan Eder, Interim Director, CBO

E. Adjournment



Legislation Text

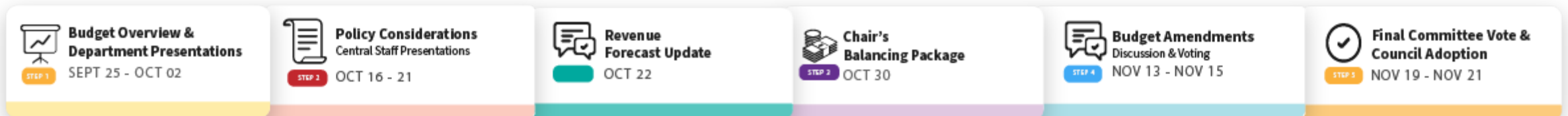
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Introduction and Budget Process Overview

Seattle City Council 2024 Budget Process

Select Budget Committee | September 25, 2024

Ben Noble, Director



Central Staff Team

Director	Ben Noble*		
Deputy Director	Yolanda Ho*		
Legislative Legal Counsel	Lauren Henry		
Executive Assistant	Paddy Wigren*		
POLICY ANALYST TEAMS			
Infrastructure (Ho)	Land Use & Labor (Ho)	Community Safety (Noble)	Fiscal Policy (Noble)
Calvin Chow (lead) Brian Goodnight* Jen LaBrecque Eric McConaghy Traci Ratzliff	Lish Whitson (lead) Karina Bull Ketil Freeman Jasmine Marwaha Asha Venkataraman	Ann Gorman Greg Doss Tamaso Johnson	Tom Mikesell* Edin Sisic*

* participates on the year-round Budget Team

Budget Roles

The Mayor

- Pursuant to RCW 35.32A.030, the Mayor prepares and submits to the Council a proposed annual budget 90 days prior to the next fiscal year
- The proposed budget must be balanced - that is, proposed spending cannot exceed estimated resources

The Council

- Reviews Mayor's proposal
- Accepts or rejects aspects of the proposal, prepares a final annual budget that reflects legislative priorities, informed by the Council's public process
- Must adopt a balanced budget no later than 30 days prior to the next fiscal year

Council's Review of the Proposed Budget

Provide Oversight of Executive Proposals

- 40+ pieces of proposed budget legislation
- Provisos
- Statements of Legislative Intent (SLIs)

Identify Funding for Council's Collective City-wide Policy Priorities

- The executive will provide info regarding all potential reductions, including those not incorporated in the Mayor's budget.

Address District-specific Issues

Context of the Proposed Budget

Economic Conditions

- National economy showing continued strength, with the Fed beginning to lower interest rates
- Local economy continues to grow, but at a slower rate than experienced in recent years
- Growth in the technology sector, and the resulting boom in residential and commercial construction, has slowed

Budget Situation

- \$250+M projected General Fund deficit
- Revenue forecast projects modest growth forecast in overall General Fund resources
- Payroll Expense Tax revenue has out-paced original forecasts, but volatility will be a challenge going-forward
- One-time, COVID-related Federal assistance expires in December
- Some new “outside” funding sources for City priorities (e.g., Inflation Reduction Act, Climate Commitment Act)
- Transportation Levy renewal vote in December; Families, Education, Preschool & Promise Levy renewal in 2025

On-going Policy Challenges

- Budget Sustainability
- Homelessness
- Downtown Recovery
- Housing Affordability
- Public Safety

Budget Timeline | FALL 2024



Budget Overview & Department Presentations

STEP 1

SEPT 25 - OCT 02



Policy Considerations

Central Staff Presentations

STEP 2

OCT 16 - 21



Revenue Forecast Update

OCT 22



Public Hearing #1

OCT 16 @ 5 PM



Chair's Balancing Package

STEP 3

OCT 30



Budget Amendments

Discussion & Voting

STEP 4

NOV 13 - NOV 15



Final Committee Vote & Council Adoption

STEP 5

NOV 19 - NOV 21



Public Hearing #2

NOV 12 @ 5 PM



Budget Overview & Department Presentations

STEP 1

SEPT 25 - OCT 02

Overview of Mayor’s 2025 – 2026 Proposed Budget

CBO Director presents the Mayor’s 2025 – 2026 Proposed Budget

Department Presentations

CBO and select departments present the Mayor’s proposal, describing proposed changes to funding for existing programs, services, or staffing.

	Wednesday September 25	Friday September 27	Monday September 30	Tuesday October 01	Wednesday October 02
9:30 a.m.	Public Comment	Public Comment	Office of Sustainability & Environment	Community Assisted Response & Engagement Department	Office of Housing
	Central Staff Introduction & Overview	Office of Arts & Culture	Seattle Department of Transportation	Seattle Police Department	Department of Finance & Administrative Services, Seattle Department of Human Resources, Information Technology Department
	CBO Proposed Budget Overview	Office of Economic Development			
2:00 p.m.	RESERVED (if needed)	Office of Planning & Community Development	Seattle Parks & Recreation	Human Services Department	RESERVED (if needed)
		Seattle Department of Construction & Inspections	Department of Education & Early Learning		



Policy Considerations

Central Staff Presentations

STEP 2

OCT 16 - 21

Up Next: Policy Considerations &
Public Hearing #1

Public Hearing #1:

Wednesday, October 16 at 5:00 p.m.

Public Hearing #2:

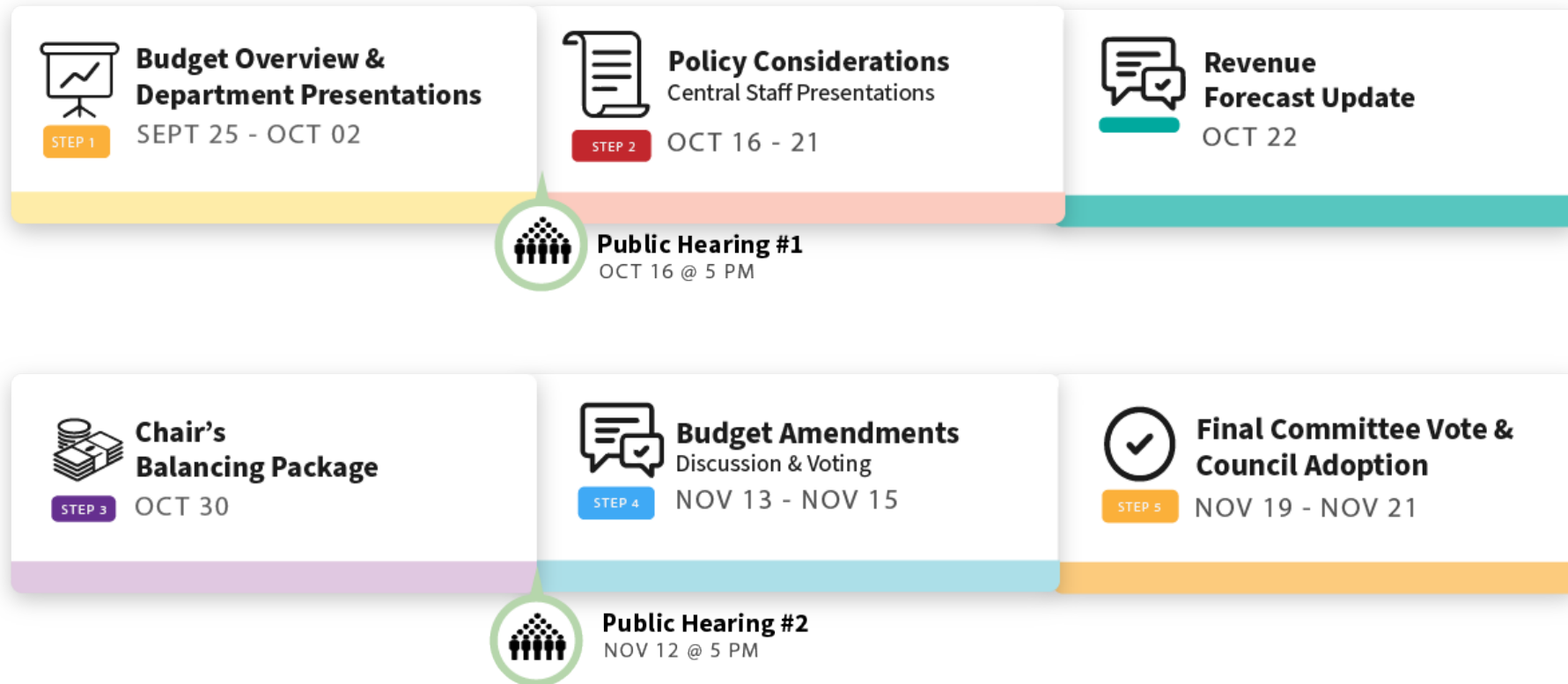
Tuesday, November 12 at 5:00 p.m.

Central Staff Presentation of Policy Considerations (October 16 – 21)

- Central Staff Analysts will identify potential budget considerations and, where appropriate, offer policy options associated with the Proposed Budget
- Opportunity for the committee to review, discuss, and ask questions about the Proposed Budget, and provide direction to staff on issues and amendments they are considering
- Councilmembers may also share amendment ideas they are considering with their colleagues during these discussions

Questions?

Budget Timeline | FALL 2024





Legislation Text

File #: Inf 2521, **Version:** 1

City Budget Office (CBO) Overview of the 2025 - 2026 Proposed Budgets

2025-2026 Proposed Budget Overview

September 25, 2024

Dan Eder, Interim City Budget Director



Agenda

- Background / Context
- Mayor's Proposed Budget
- Addressing the General Fund Deficit
- Priority Investment Areas



Background / Context

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Timeline: Developing the Budget: Process

JAN	FEB	MAR	APRIL	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	JAN
CBO Prepares Budget Guidance		Departments Prepare Budget Proposals			CBO/MO Review and Finalize				Council Reviews, Modifies, and Adopts			Goes into effect

- The process that resulted in the work presented here began in January 2024
- City departments worked closely with CBO and the Mayor's Office over the last 9 months
 - Looking for efficiencies
 - Refining ideas for new investment
 - Looking strategically to partner with others



Context

- State law requires the Mayor to propose, and the Council to adopt, a balanced budget
- Mayor proposes two one-year budgets: 2025 and 2026
- Council action will adopt 2025 and endorse 2026
- August Forecast establishes the available resources
- Operating budget and 6-year CIP



Economy and Revenue

1. Inflation has shown good progress towards the Fed's 2% target; the Fed acted this month to reduce federal funds rate by half a point.
2. Downside risks for the region are now tied to the labor market rather than inflation; employment growth in Seattle has been mixed with gains in some sectors largely offset by declines in tech.
3. Increasing office vacancy rates in Seattle are also affecting economic activity and revenues, especially in the construction sector.
4. However, still low likelihood of recession in current outlook and revenues are projected to grow, though at slower pace than previously anticipated.



Developing the Budget: Racial Equity Considerations

- Racial equity impacts are considered as part of budget deliberations
 - Each individual proposal has an opportunity to note how the change impacts Race and Social Justice Initiative (RSJI) goals
- Departments reflected on their racial equity process in preparing budget proposals
- CBO's Change Team has lead efforts along three main areas:
 - Implementing a tool to assess growth in racial equity focus in budget development
 - Partnering with departments to improve use of data to measure equity impacts of City programs, and
 - Reviewing and improving internal workforce equity conditions in the office

Overview of Mayor's Proposed Budget

September 25, 2024

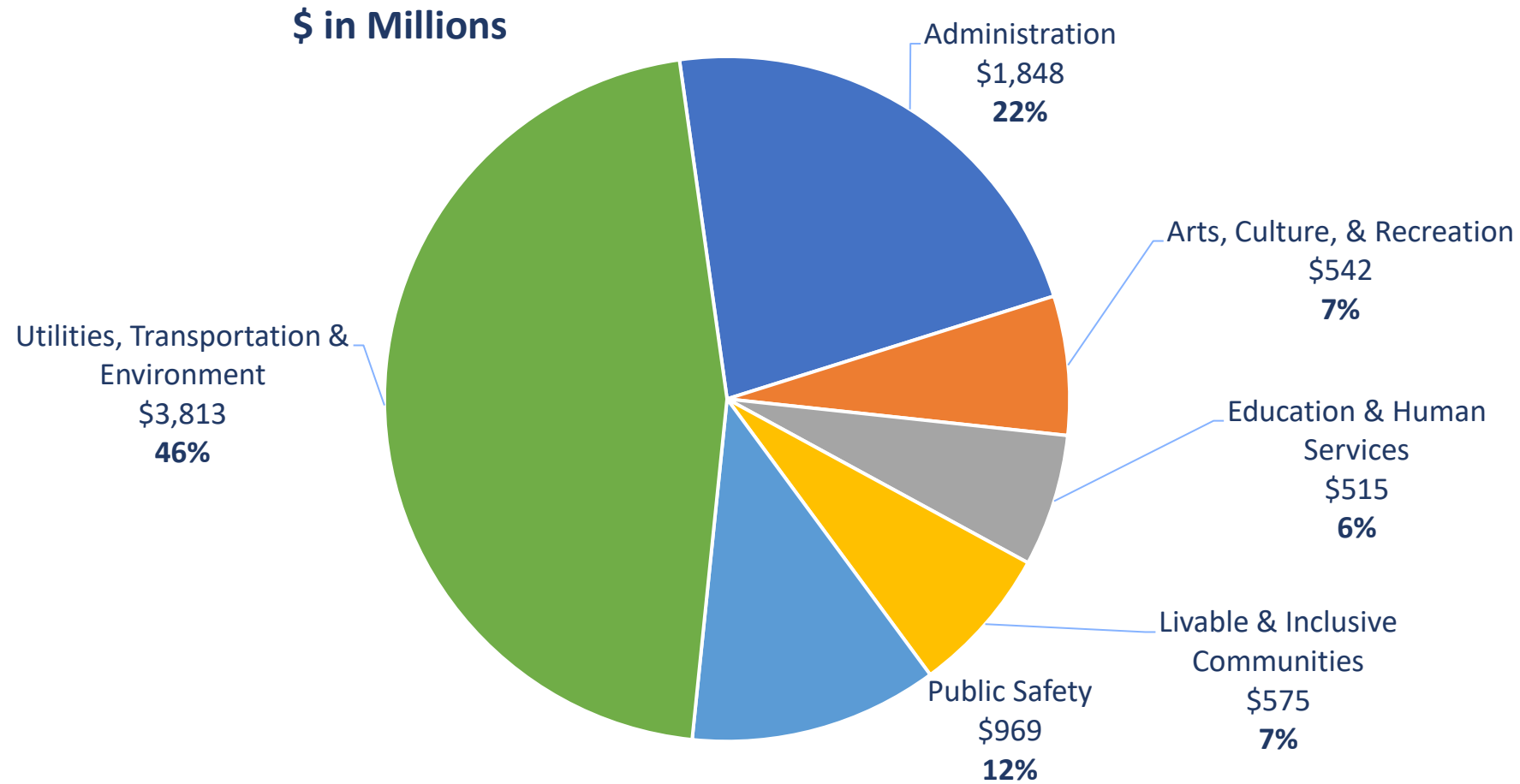
City Budget Office



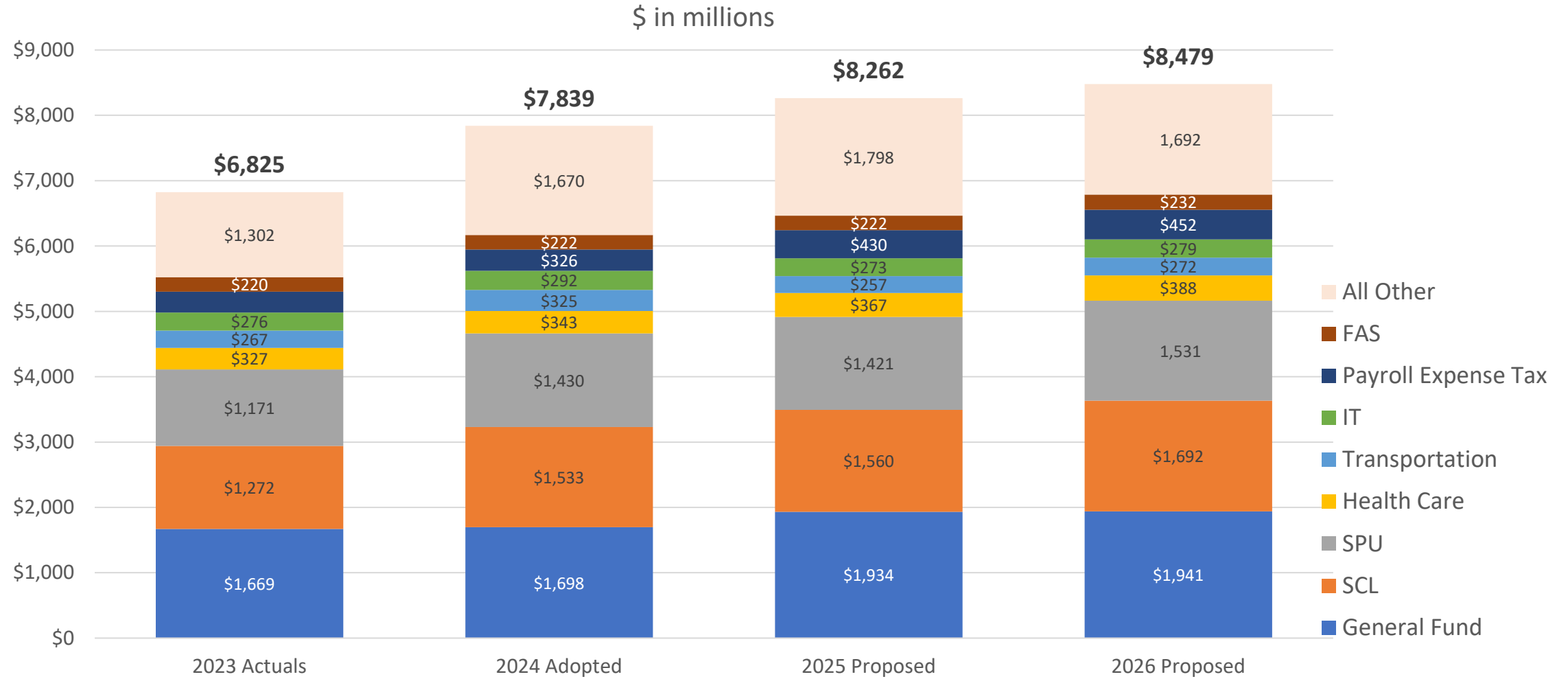
City of Seattle **22**

2025 Proposed Budget

All Funds Budget Expenses by Investment Area: \$8.3 Billion

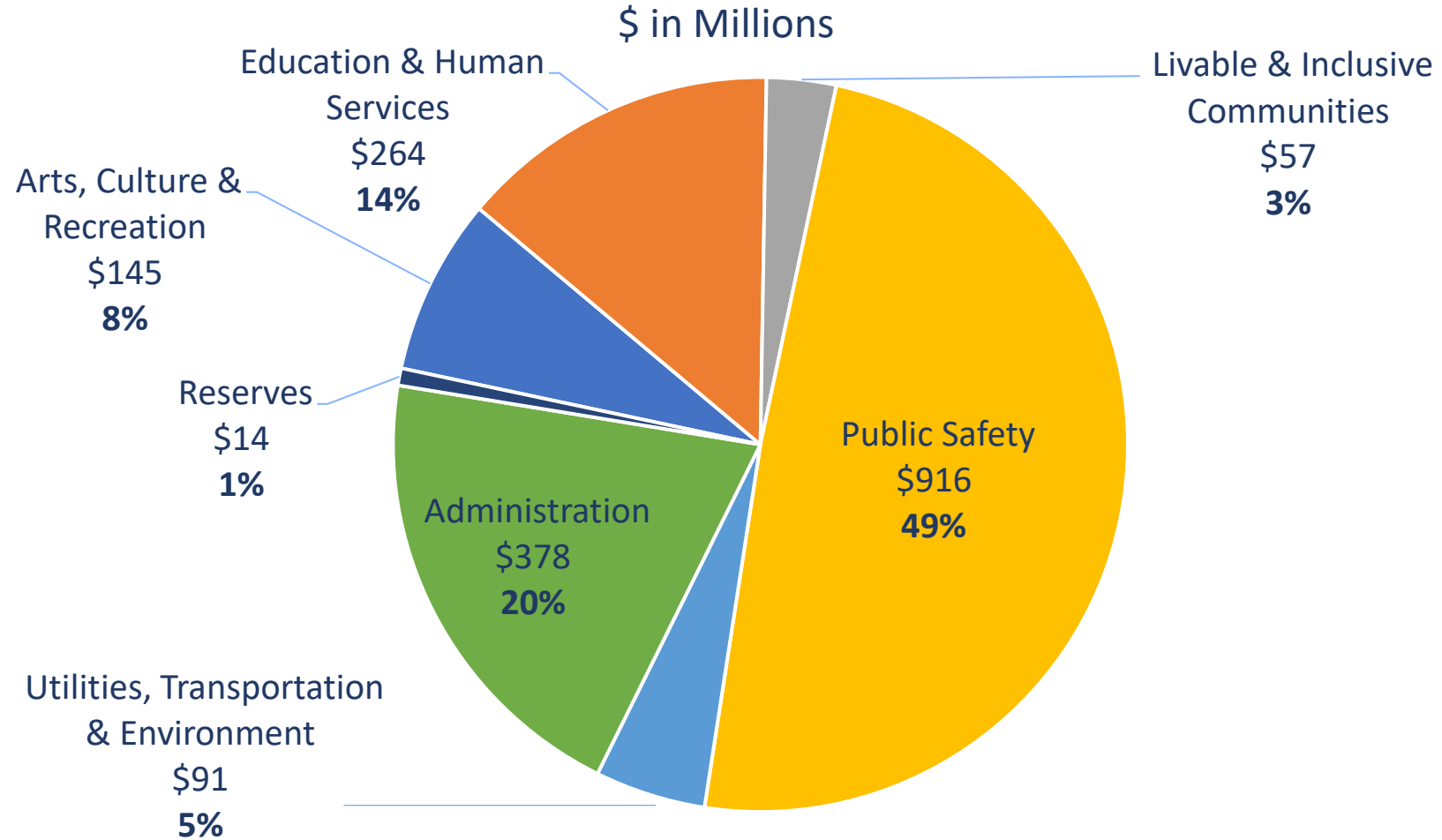


All Funds Budget Snapshot: 2023 Actuals - 2026 Proposed Revenues by Fund



2025 Proposed Budget

General Fund Expense Budget by Investment Area: \$1.9 Billion



Addressing the General Fund Deficit

September 25, 2024

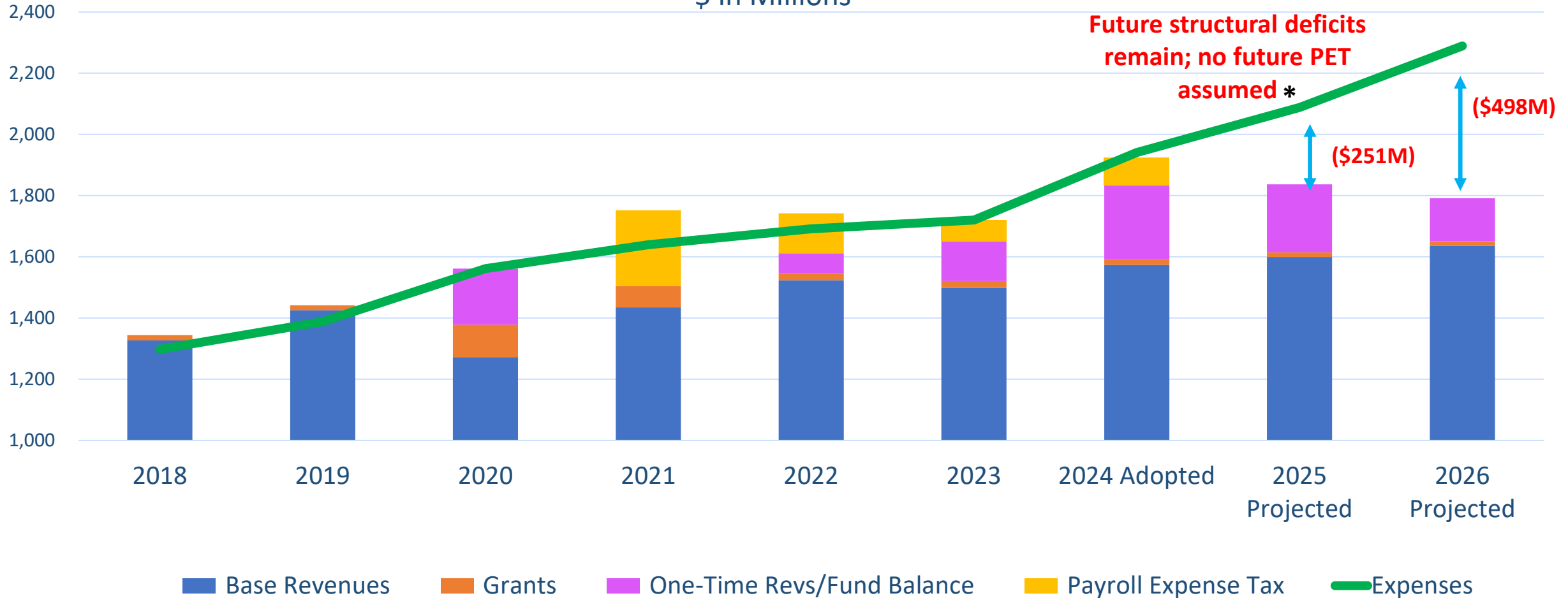
City Budget Office



City of Seattle **26**

General Fund 6-Year Financial Plan

\$ in Millions



*Grants, one-time revenues, and fund balances are not sustainable solutions; and this chart reflects no PET transfers to the general fund after 2024 per current law



Maintained

1. Shelter beds and homelessness response
2. Affordable Housing and Equitable Development Initiative (EDI)
3. Public Safety
4. Public-facing services
 - *Libraries*
 - *Senior Centers*
 - *Community Centers*
 - *Community Service Centers*
 - *Core Parks Services*
5. Reserves (Emergency Fund, Revenue Stabilization Fund)



Challenges to closing the Deficit

- Addressing the General Fund deficit with reductions alone would have resulted in a 14% reduction in service from ALL City departments in the General Fund
- Public Safety spending accounts for 49% of the General Fund
 - Holding those departments harmless would have resulted in reducing GF support to all other departments by 30%



Addressing the General Fund deficit

1. Early initiatives in 2024

- Hiring Freeze and resulting vacancy savings
- Use Unallocated Healthcare fund Balance ("Holiday")
- Good news in August revenue forecast

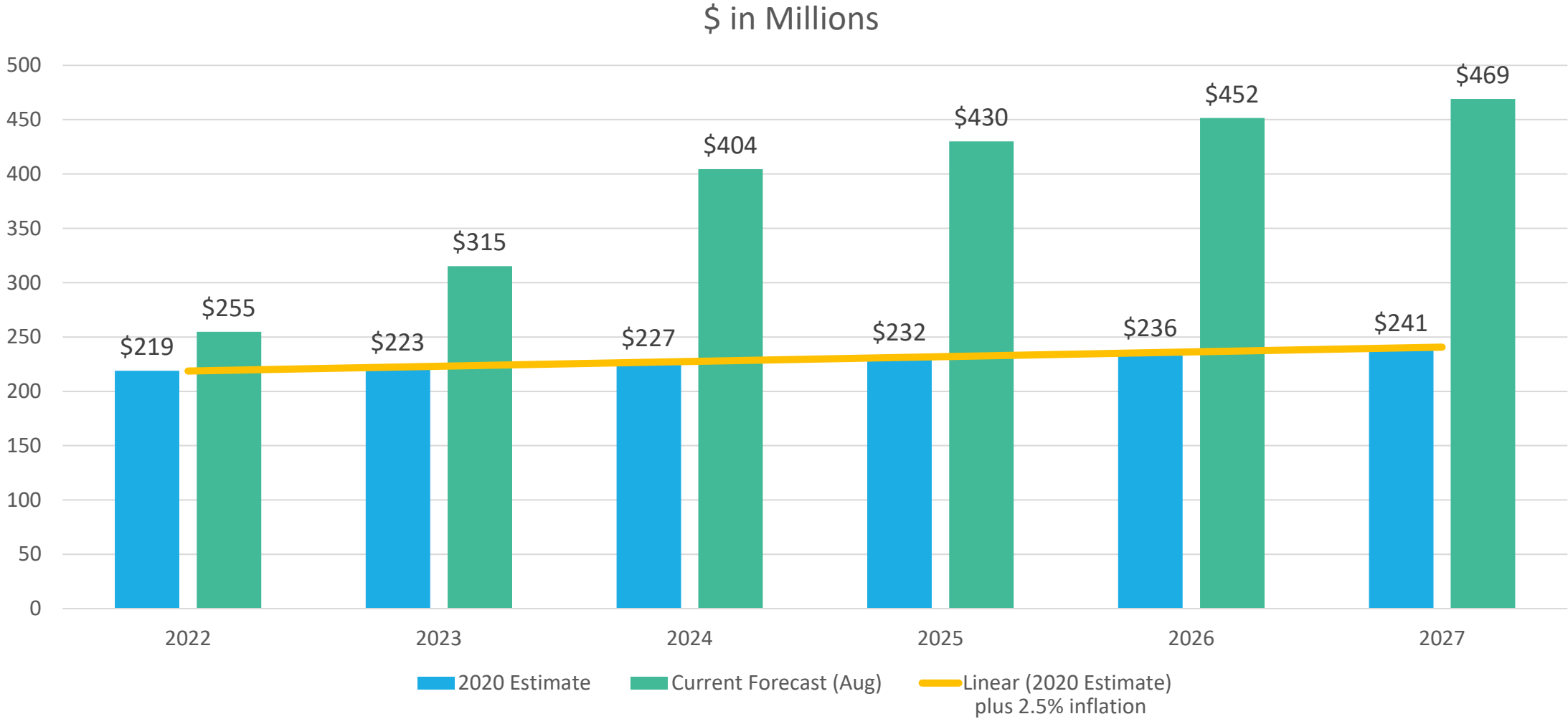
2. Changes to the Payroll Expense Tax

- Structural changes
- Significant one-time use of fund balance

3. Reductions in programmatic investments and spending



Payroll Tax: 2020 Estimate vs Current Forecast



Payroll Expense Tax: Original Spending Allocations

2022 + Beyond Proposed Spending (based on the payroll tax revenue <u>estimate</u>)			
Housing and Services	<ul style="list-style-type: none"> - 82% for construction or acquisition of rental housing serving 0-60% of Area Median Income (AMI) prioritizing serving 0-30% of AMI, including operating and services costs serving 0-30% of AMI; and - 13% for a community driven fund to invest in projects that affirmatively further fair housing and to address past discriminatory policies and practices - 5% for affordable homeownership programs serving households with incomes up to 80% of AMI 	62%	\$135 million
Equitable Development Initiative	Funding for the Equitable Development Initiative (EDI) to support the non-housing and affordable housing components of EDI projects with a goal of at least \$20 million annually.	9%	\$20 million
Economic Revitalization	Funding to support local businesses and tourism to spur the local economic recovery, and to provide economic stability for the city's workforce.	15%	\$33 million
Green New Deal	For investments that advance Seattle's Green New Deal as described in Resolution 31895.	9%	\$20 million
	Start-up costs and ongoing administration	5%	\$11 million
TOTAL ANNUAL SPENDING:		100%	\$219 million

From Resolution 31957



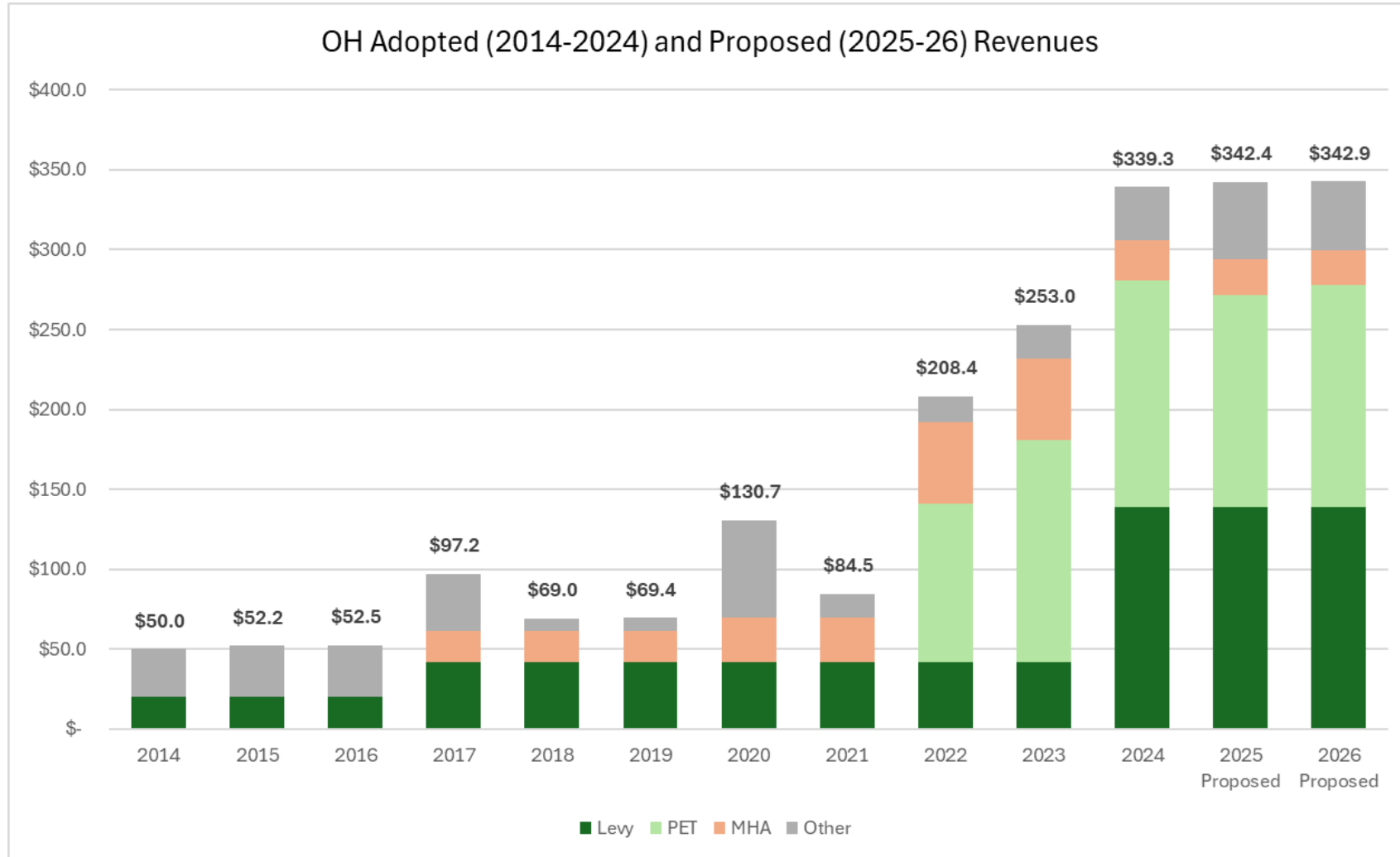
Structural changes to the Payroll Expense Tax

Payroll Expense Tax continues to support the General Fund
\$287m

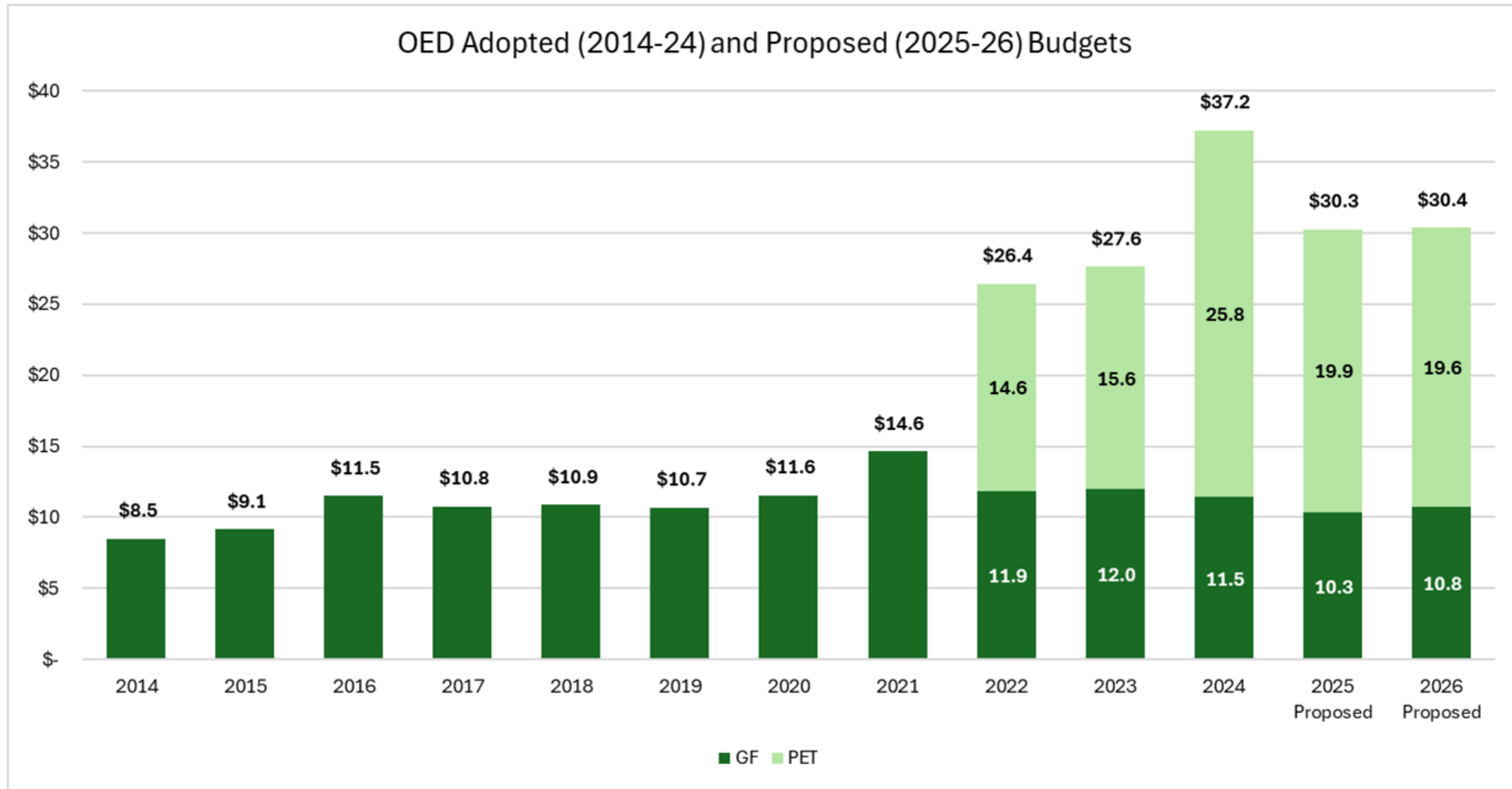
Create and fund a new Payroll Expense Tax reserve
\$43m

Proposed budget maintains allocations to categories
\$233m

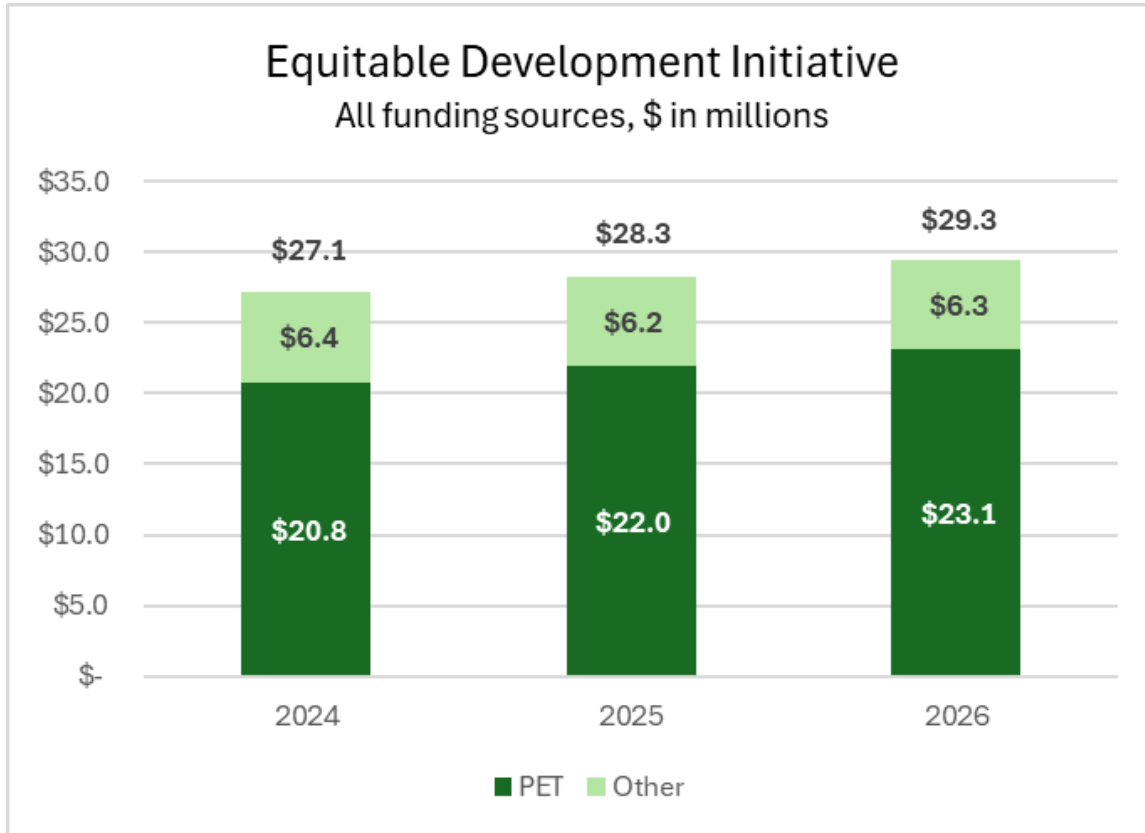
Historical High Investments in Affordable Housing



Continued Investments in Economic Development



EDI and GND Program Investments in Context



Overview of Youth Wellness

Service	Dept.	2025 (in millions)	2026 (in millions)
Student Safety	HSD	\$4.25	\$4.25
Youth Connector	SPR	\$0.50	
Red Barn	SPR	\$0.60	\$0.60
Reach Out	DEEL	\$0.56	\$0.56
Telehealth	DEEL	\$3.86	\$3.62
In-person: SBHC	DEEL	\$5.20	\$5.90
In-person: Community Hub	DEEL	\$2.40	\$2.40
Universal Screening	DEEL	\$1.50	\$1.50
Administration	DEEL	\$0.18	\$0.22
Evaluation	DEEL	\$0.20	\$0.20
Subtotal		\$19.25	\$19.25
Other Ongoing Student Safety	HSD	\$12.50	\$12.50
Grand Total		\$31.75	\$31.75



Notable Reductions/Changes

- 1.Reduced external grant programs
- 2.Declining SBT and Cable Franchise Fee revenues
- 3.Needed to make other targeted reductions



Staffing Reductions

- The Mayor's Proposed Budget reduces 159 funded positions (71 filled positions)
 - Address GF deficit
 - Prioritize preserving public-facing functions
 - Focus on internal services
 - Address slowing permit review fees



Information Technology Dept. Position Changes

Total reduction of 64 positions, with 19 filled positions

- -6 FTE Match Cable Funded Programming to Funding
- -17 FTE Device Support (-11) and Service Desk (-6)
- -12 FTE Match Project Delivery Staffing to City Needs
- -2 FTE Vacant Positions (discretionary/rationalized)
- -4 FTE Accela Sunset Positions
- -23 FTE CLFR (One-time) Sunset Positions

FAS and City Finance Position Changes

FAS Position Changes

- **-5** FTEs (3 filled positions)
 - -2 Purchasing and Contracting
 - -3 Various across FAS
- 2 FTEs Network Company Regulation

City Finance Position Changes

- **-21.5** FTEs (12 filled positions)
 - Remittance processing
 - Treasury Cashiers
 - Risk Management
- 5 FTEs Workday

Human Resources Position Changes

Total reduction of 10.5 FTE, with 8 filled positions

- -4 FTE Learning & Development
- -2 FTE Workforce Development
- -2 FTE Performance Management/E3
- -1.5 FTE Workforce Equity
- -1 FTE Benefits Administration

Priority Investment Areas

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Investments in Public Safety

1. Ongoing funding for programs begun in 2024
 - CARE Expansion
 - Increase Firefighter and Paramedic staff
 - Pedestrian Lighting
 - Emphasis Patrols

2. SPD Civilian Support for Sworn Officers

3. Services to support survivors of commercial sexual exploitation



Investments in Housing & Homelessness

1. Increase in overall funding for affordable housing to historic highs
2. Avoid all pending closures of shelter beds
3. Expand UCT service hours in select areas



Investments in a Healthy Seattle

1. Health 99 – Post Overdose Team Expansion
2. Investments in Youth Wellness
3. Public health Strategy to Address the Opioid Crisis
(Public Health - Seattle & King County)



Investments in a Thriving Seattle

1. Investment in Arts and Culture
 - Maintain CARE and Hope Corps grants
 - Broaden use of Admissions Tax
2. Fighting displacement through EDI
3. Downtown Activation Plan investments
4. Tree Nursery



Questions?

For full detail, see the Mayor's Proposed Budget at seattle.gov/budget

