

September 12, 2018

MEMORANDUM

To: Finance & Neighborhoods Committee
From: Erik Sund, Council Central Staff Budget Coordinator
Lise Kaye, Central Staff Analyst
Subject: Second Quarter 2018 Supplemental Budget Package Summary

The Executive has proposed Council Bills (CBs) [119338](#) and [119339](#), which together form the second supplemental budget package for 2018. Briefly, these bills would revise the 2017 and 2018 Adopted Budgets as follows:

CB 119338

The second grant acceptance ordinance of 2018 authorizes City departments to accept approximately \$2.6 million of funding from external sources to support a range of purposes, including:

- \$2.06 million in park-related grants, listed below:
 - \$250,000 for a youth playfield and related work at Smith Cove Park
 - \$250,000 for playfield renovation and turf conversion at Brighton Playfield
 - \$1,142,950 for boat moorage renovation at the Don Armeni & Stan Sayres Moorages
 - \$169,625 for the Out of School Time programs at Aki Kurose and Denny Middle Schools and Camp Long
 - \$24,509 for the Parks and Recreation Department's Get Moving Initiative
 - \$225,000 for a Shadow Wave Wall at the Jimi Hendrix Park
- \$137,677 toward the regional "EnviroStars" green business service program, funded by the following program partners: Seattle Public Utilities, Kitsap County, Pierce County Public Health, City of Redmond, City of Edmonds, City of Bellingham, Puget Sound Energy and Snohomish County. Of this 2nd Quarter appropriation, \$100,000 is from Seattle Public Utilities and the balance is from the other partners, consistent with a signed 2015 Memorandum of Agreement.
- \$249,000 to update the Seattle Fire Department's Hazardous Materials Response Plan

CB 119339

The second quarter supplemental budget ordinance of 2018 provides expenditure authority to use the grants in the grant acceptance ordinance above (CB 119338) and for other budget revisions requested by various City departments.

- The net operations appropriations increase in the second quarter supplemental, including grant-backed appropriations, is approximately \$32.5 million, of which approximately \$12.3 million is General Fund. Of these amounts, about \$6.2 million (\$4.0 million General Fund) is backed by new grant, fee, or reimbursement revenues. Among the larger expenditures authorized in CB 119339 are:
 - \$15,000,000 in the Judgment and Claims Fund (JCF) to cover the cost of settlements and judgments, which is expected to exceed budgeted levels in 2018. This expenditure appropriation is partially backed by a \$10,000,000 contribution to the JCF from the General Fund. Ongoing volatility in the settlements and judgments continues to outstrip the rolling five-year average that has been the basis for annual appropriations to the JCF. The response to [Statement of Legislative Intent \(SLI\) 356-1-A-2](#) indicates that the City Budget Office, Finance and Administrative Services and the City Attorney’s Office anticipate submitting revised financial policies and funding levels for the JCF with the third Quarter Supplemental budget legislation.
 - SDOT funds (\$917,374) from department overhead to complete Summit Re-implementation. SDOT’s internal overhead contributions to the new Summit financial system were less than anticipated in 2017 and 2018 due to slower than anticipated Move Seattle project staff hiring. (The department assesses an internal overhead charge on its divisions, which goes to pay for shared system costs such as the Summit upgrade.) SDOT has sufficient internal overhead funds available to cover this shortfall but requires expenditure authority from the Council.
 - Park District 2017 Operating Budget Carryforward (\$550,000) for the Asset Management Work Order system and the recreation program and registration system upgrade.
 - FAS funding (\$425,000) to support contracted services for removal of abandoned recreational vehicles from City right-of-way.
- The net capital appropriations increase in the second quarter supplemental is approximately \$4.9 million. The ordinance creates two new CIP projects:
 - FAS Shelter Facilities. The ordinance appropriates \$1 million of Real Estate Excise Tax (REET II) funds for design and site preparation work and the acquisition of a hygiene trailer to support the development of a “tiny” house site at 800 Aloha Street. The State Legislature has provided a waiver through June 30 of 2019 allowing for the use of up to \$1 million per year of REET to help house the homeless.
 - South Lake Union Fire Station. Site evaluation and acquisition of a new Marine Emergency Response Facility. Total facility costs have not yet been developed and this ordinance does not provide additional funding beyond the \$1 million previously appropriated by [Ordinance 125534](#).
- The ordinance increases capital appropriations for the following projects:

- Seattle City Light substation projects at Broad Street (\$1.5 million for a new total allocation of \$7.2 million) and Denny Way (\$750,000 for a new total allocation of approximately \$3.6 million)
 - 23rd Avenue Corridor Improvements. \$587,000 for reimbursable utility work during 2018 construction. The facility is slated to be open to the public on 2/28/2019, with project close-out 6/25/2020.
 - Parks projects for the NW Native Canoe Center (\$538,572 funded by the 2008 Parks Levy but inadvertently omitted from the new Summit 9.2 system) and Duwamish Head remediation (\$347,000 backed by revenue from a legal settlement).
 - McCaw Hall transfer of a 2017 year-end operating surplus (\$216,172) to the McCaw Hall Capital Reserve Fund.
- Several net zero transfers of expenditure authority within the same fund are also authorized in the bill, including transfers between bond funds and alignment of Seattle City Light 2018 appropriation authority for 5 FTEs, previously approved in the 2018 budget with the associated reorganization.
 - A net increase in authorized employment is provided for 4 new positions, shown in the table below:

Item	Department	New Positions	Titles (general intended duties of positions)
7.1	Department of Parks and Recreation (DPR)	1.0 (P/T)	Management Systems Analyst (0.8 FTE) – support integration of new class registration system with PeopleSoft 9.2 and the city’s cash management system.
7.2	Executive (Office of Labor Standards)	1.0	Strategic Advisor 1, General Government – develop rules and legislation associated with labor standards in the City of Seattle
7.3	Executive (Office of Labor Standards)	1.0	Research & Evaluation Assistant II – conduct data analysis and maintenance
7.4	Executive (Office of Labor Standards)	1.0	Civil Rights Analyst, Sr. – investigate complaints
	Total New Positions	4.0	

- Other changes include reduction in the appropriation authority related to implementation of the short-term rental tax, which was pre-empted by state legislation adopted in 2018 ([Second Substitute House Bill 2015](#)); creation of a new Budget Summary Level for the Judgment and Claims Fund; transfer of \$10,000 from Finance General Reserves to the Law Department to fund expenses associated with negotiations around the KeyArena site (anticipated to be reimbursed from Oak View Group); and, amending a project name in the CIP to reflect a scope change: Applications Development-Public Safety, instead of Applications Development-SPD.

cc: Kirstan Arestad, Central Staff Director
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