



Legislative Department
Seattle City Council
Memorandum

Date: May 13, 2015

To: Councilmember Nick Licata, Chair
Councilmember Jean Godden, Vice Chair
Councilmember Tim Burgess, Member
Finance and Culture Committee

From: Erik Sund, Council Central Staff

Subject: Issue identification, 1st Quarter 2015 supplemental budget package

The Executive has offered Council Bills 118374, 118375, 118376 and 118377, which together form the 1st Quarter Supplemental Budget package. In briefest overview, these bills would change the 2014 and 2015 Adopted Budgets as follows:

- **CB 118374**, the 2014 “exceptions” appropriations ordinance, would amend the 2014 Adopted Budget (net appropriations increase of \$3.0 million, none of which is General Subfund or GSF) to address late 2014 unanticipated charges which resulted in spending in excess of certain Budget Control Levels’ (BCLs’) 2014 expenditure authority.
- **CB 118377**, the 2014-2015 “carryforward” appropriations ordinance, which re-appropriates funds (approximately \$7.5 million, of which almost \$4.8 million is GSF) previously provided for various purposes in the 2014 Adopted Budget but not yet expended, increasing 2015 Adopted Budget appropriations.
- **CB 118375**, the first general purpose 2015 grant acceptance ordinance, authorizing City departments (primarily the Police and Fire Departments and the utilities) to receive approximately \$3.6 million (\$3.3 million GSF) of funding from outside sources to support a range of purposes.
- **CB 118376**, the first 2015 supplemental acceptance ordinance, which provides expenditure authority to use the grants in the grant acceptance ordinance above (CB 118375) and for other budget revisions requested by various City departments.
 - The net appropriations increase in the 1st supplemental, excluding grant-backed appropriations, is approximately \$6.2 million (\$3.4 million GSF), though more than \$3.0 million of the GSF portion is backed by Finance General Reserves.
 - Additionally, a net increase in authorized employment positions of 13.5 full-time equivalent positions, including the reclassification of one part-time position to full-time. The new positions include (listed by informal job title):
 - A Coordinator for the Fresh Bucks food program in the Office of Sustainability and Environment (OSE);

- A Workers Compensation/Safety Manager in the Department of Human Resources (DHR);
- A Deferred Compensation Analyst and a Deferred Compensation Manager in DHR, along with an increase from part-time classification to full-time for another position working on the Deferred Compensation Program;
- An Emergency Planning Coordinator in the Police Department (SPD);
- A Paralegal in the SPD's Public Disclosure Unit.
- Two sworn positions in the SPD's Office of Professional Accountability (a Lieutenant and a Sergeant);
- Four electrical inspections positions (two Inspectors, one Plans Examiner, and one Supervisor) in the Department of Planning and Development (DPD); and
- An Accounting Technician position in the Department of Neighborhoods (DON) to handle contract work for the Department of Education and Early Learning (DEEL).

Policy Issues for Committee Consideration

City Budget Office (CBO) staff briefed the Finance and Culture Committee on this legislation at its meeting on April 24th. The following policy issues have been identified for Committee discussion and direction and are outlined below. The potential amendments related to each issue identified are described below and will be provided separately as standalone documents for use in the event of possible Committee action on Council Bills 118375 and 118376.

Item 1: Grant Acceptance Ordinance Errata (C.B. 118375)

Subsequent to the introduction of the 1st quarter supplemental package, Seattle Public Utilities (SPU) notified the CBO of an error in the value shown for the grant awarded by the King County Flood Control District to support the installation of a parallel conveyance pipe in the Licton Springs area. The actual amount of the grant is \$847,695, not the \$847,000 currently included in the legislation. SPU and CBO have requested that the grant acceptance authorization be increased by \$695 to reflect the actual award amount.

Option 1 - Amend Item 2.2 of C.B. 118375 as shown below to increase the authorization for grant acceptance by \$695 and increase the total for Section 2 accordingly.

Item	Department/ Office	Grantor	Purpose	Amount	Fund
2.2	Seattle Public Utilities (SPU)	King County Flood Control District	This grant will be used to install a parallel conveyance pipe in the Licton Springs neighborhood to reduce flooding along Woodlawn Ave between 92nd St and 95th St.	((\$ 847,000) <u>\$ 847,695</u>)	Drainage and Wastewater Fund (44010)

Option 2 – Leave SPU’s grant acceptance authority unchanged.

Item 2: Support for Pacific Tower (PacMed) Renovations (C.B. 118376)

Pacific Tower (PacMed) is owned by the Pacific Hospital Preservation and Development Authority (PHPDA), a public corporation chartered by the City of Seattle. The Washington State Department of Commerce (WSDOC) has entered into a 30-year lease for the property to develop a Health Care Innovation Center. Improvements are required in order to prepare the facility for occupancy, which is planned for the end of 2015. The cost of these improvements is estimated to be approximately \$50 million.

The City’s 2015 Adopted Budget includes a \$153,000 appropriation to Finance General Reserves that is intended to support a portion of the debt service on the PacMed renovation project. The 2016 Endorsed Budget includes an additional \$307,000 for the same purpose, for a total of \$460,000. The WSDOC has requested that the \$307,000 of funding endorsed for 2016 be moved up by a year and that total planned contribution of \$460,000 be made in 2015. If the funding is accelerated, the money will be used to pay for electrical system upgrades rather than to support debt service on the project. If the Committee wishes to grant this request, the 1st quarter supplemental ordinance (C.B. 118376) must be amended.

Option 1 - (Sponsor: Licata) – Amend C.B. 118376 to add a new item as shown below, increasing the General Subfund appropriation for the Office of Intergovernmental Relations by \$460,000 in order to fund the requested accelerated support for the Pacific Tower renovation project.

Item	Fund	Department	Budget Control Level	Amount
1.xx	General Subfund (00100)	Office of Intergovernmental Relations (OIR)	Intergovernmental Relations (00100-X1G00)	\$460,000

Option 2 – Do not accelerate payments in support of the Pacific Tower project. Amend C.B. 118376 to add a new item as shown below, increasing the General Subfund appropriation for the Office of Intergovernmental Relations just the \$153,000 included in the Finance General appropriation for 2015 to the renovation.

Item	Fund	Department	Budget Control Level	Amount
1.xx	General Subfund (00100)	Office of Intergovernmental Relations (OIR)	Intergovernmental Relations (00100-X1G00)	\$153,000

Item 3: Support for Meridian Health Center Construction (C.B. 118376)

The proposed 1st quarter supplemental includes a shift of \$1,000,000 of expenditure authority from Finance General Reserves to the Human Services Department (HSD) to support of the construction and operation of a medical and dental clinic at Northeast 105th Street and Meridian Avenue North. The proposed appropriation adjustments would be matched by a \$1,000,000 cash transfer from the General Subfund to the Human Services Operating Fund. The Meridian Health Center will be operated by Neighborcare Health, a non-profit health care organization, and provide integrated medical, dental, behavioral and other services to approximately 14,000 people annually.

\$250,000 of the \$1,000,000 appropriation to Finance General was originally provided in the City’s 2014 Adopted Budget and is carried forward in the 2015 carryforward ordinance (C.B. 118377). The original 2014 appropriation was restricted a proviso requiring further legislative approval before the funds could be expended. The Mayor’s Proposed 2015 Budget included an additional \$500,000 for Meridian and Council during its review of the 2015 Budget approved a further \$250,000 bringing the total investment to \$1 million.

During the review of the 2015 budget, the Council acknowledged in Green Sheet 57-1-A-1 that the City had reviewed the financial, construction and related planning documents required in the 2014 budget proviso but noted that the release of any funding would be contingent on Neighborcare executing a contract with the City providing sufficient public benefits to warrant the City’s \$1 million investment.

As of May 5th, the Executive has not submitted a signed contract between the City and Neighborcare Health for the provision public benefits, so the previously established conditions for the release of the

funds have not been met. The Committee may wish to consider delaying the transfer of funds from Finance General to HSD until such time as a contract is in place.

Option 1 - Amend Council Bill 118376 to remove the line items implementing the proposed transfer of \$1,000,000 of expenditure authority to HSD and \$1,000,000 of cash to the Human Services Operating Fund.

Item	Fund	Department	Budget Control Level	Amount
((10.2	Human Services Operating Fund (16200)	Human Services Department (HSD)	Community Support and Assistance (16200-H30ET)	-\$ 1,000,000
	General Subfund (00100)	Finance General (FG)	Reserves (00100-2000)	-\$ (1,000,000))

Item	Fund	Amount	Transferred (In / Out)
((11.2	Human Services Operating Fund (16200)	\$1,000,000	Transferred In
	General Subfund (00100)	-\$1,000,000)	Transferred Out))

Option 2 – Leave the proposed transfers of expenditure authority and cash unchanged.

Next Steps

If the Committee is prepared to vote on the package of legislation during the May 13th meeting, it could be forwarded to the full Council for possible action on Monday, May 18th. If the Committee would like additional time to consider the legislation, then the next opportunity for discussion of this package in the Finance and Culture Committee will be at the special meeting on Friday, May 22nd.