

December 07, 2018

MEMORANDUM

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

The Mayor has proposed Council Bills [119425](#) and [119430](#), which together form the fourth supplemental budget package for 2018. CB 119425 would authorize departmental acceptance of 45 grants and/or private funds or donations from various agencies and organizations. CB 119430 proposes adjustments to the 2018 adopted budget and would authorize two new positions.¹ Table 1 below summarizes the proposed new appropriations; Table 2 lists projects in the grant ordinance, Tables 3 and 4 list projects in the supplemental budget ordinance, and Table 5 lists the proposed two new positions.

Table 1. Summary of 4th Quarter Supplemental Budget Proposal			
Proposed Appropriations	Amount		
	GF	Other	Total
Appropriation Increases*	\$5,946,644	\$33,761,054	\$39,707,698
Appropriation increases backed by new revenue*	\$313,144	\$475,000	\$788,144
Grant appropriation increases	\$9,815,202	\$2,275,000	\$12,090,202
Appropriation transfers within the same fund	\$2,013,948	\$1,660,633	\$3,674,581
Appropriation transfers between funds		\$29,253,921	\$29,253,921
Total Operating Budget Appropriations	\$18,088,938	\$67,425,608	\$85,514,546
Total Operating Budget Appropriations less grants, revenue backed increases & transfers	\$5,946,644	\$33,761,054	\$39,707,698
Capital Appropriations		\$17,590,530	

* Adjusted from [Summary Attachment A](#) to CB 119430 Summary and Fiscal Note to show \$301,000 PSERN spending (item 1.7) as backed by new revenue from King County

Table 1 shows that the 4th quarter supplemental budget appropriations for operations, inclusive of all funds, grants and transfers, would total approximately \$85.5 million, \$18 million (21%) of which draws from the General Fund. Excluding \$12 million in revenue backed appropriations and \$33 million in transfers, the proposed bill would authorize appropriations totaling \$39.7 million, \$5.9 million (15%) of which draws from the General Fund. The proposed legislation would increase capital appropriations by about \$17.6 million.

¹ Because CB 119430 increases the 2018 budget, RCW 35.32A.060 requires approval by a 3/4 of the Council (this is typical of most supplemental budgets).

CB 119425 – Grant Acceptance Ordinance

The fourth grant acceptance ordinance of 2018 authorizes City departments to accept 45 grants totaling approximately \$12 million from external sources to support a range of purposes, as well as a \$25 million loan for Seattle Public Utilities’ Ship Canal Water Quality Project. Table 2 lists grants and loans over \$100,000 in the proposed ordinance.²

Table 2. Grants/Loans over \$100,000		
Item ³	Grant/Loan	Amount
1.1 & 1.3	Park-related grants and a donation (Park and Recreation Fund), including: <ul style="list-style-type: none"> • Lowman Beach restoration • Seattle Parks Foundation donation to support Duwamish Waterway Park improvements 	\$150,000 \$950,000
1.5	Traffic safety resource prosecutor in the Law Department (General Fund)	\$152,337
1.9	Office of Economic Development one-time funding for wages for youth enrolled in the City’s youth internship program (General Fund)	\$244,350
1.10	Zero interest home repair loans for senior veterans from the King County Veterans & Human Services Levy (Low-Income Housing Fund)	\$240,000
1.13	Restoration of the National Historical Landmark Georgetown Steam Plant (SCL Light Fund)	\$750,000
2.1	Loan from the State Department of Ecology to reimburse Seattle Public Utility design costs related to the Ship Canal Water Quality Project (Drainage and Wastewater Fund)	\$25,000,000
1.44	Expanded outreach associated with multiple drainage projects in the South Park neighborhood (Drainage and Wastewater Fund)	\$200,000
1.14	\$3.6 million to the Seattle Fire Department , including <ul style="list-style-type: none"> • Preventive chemical, biological, radiological, and nuclear defense training and related equipment, Puget Sound Regional Marine Firefighting and Damage Control training, and active shooter training • Fire inspection training classes and a School–Based Smoke Alarm Program • Hazardous materials training and structural collapse training and equipment for Seattle Fire Department and regional partner agencies • Fire code compliance assistance on Sound Transit’s Lynnwood Link contracts • Reimbursement for personnel deployed to fight wildfires in Washington and Oregon and to conduct urban search and rescue in areas affected by hurricanes. 	\$1,600,000
1.15		\$477,000
1.16		\$419,000
1.17 & 1.18		\$152,000
1.23 & 1.24		\$912,000

² A complete list of all grants is included in [Summary Attachment A](#) to CB 119425 Summary and Fiscal Note.

³ Ibid

Item	Ongoing Programs	Amount
	\$5.8 million to the Seattle Police Department , including	
1.25	• Funding for three positions in the Office of Emergency Management	\$400,487
1.26	• Shared Regional Law Enforcement HLS Program Manager, SPD small robot, and Fusion Center	\$370,250
1.27	• Northwest Regional Internet Crimes Against Children Task Force to address technology-facilitated child exploitation	\$485,504
1.28	• Funding for 1 FTE for a labor trafficking detective and continuation of the Human Trafficking Task Force and related services	\$600,000
1.29	• Urban Area Security Initiative (UASI) grant to prevent, protect, respond to and recover from acts of terrorism as well as other emergency events, including \$650,000 to SFD to support its approved projects. The grant supports the following Seattle Police Department projects: program management and sustainment; vulnerable population planning; citizen preparedness and outreach; Fusion Center intelligence analysts; Regional Homeland Security Program Manager; the purchase of bomb suits and night vision goggles; and training.	\$2,200,000
1.30	• Enhance in-custody access to services, mentoring, and peer support; expand reentry access to services (including stable housing and opioid abuse-related treatment), mentoring, and peer support; and provide options for diversion to treatment for persons on community supervision instead of return to custody;	\$900,000
1.35	• Reimburse SPD for overtime spent while working with the FBI to identify, disrupt, and dismantle existing and emerging violent criminal enterprises and gangs in King County, as well as other individuals and groups whose criminal activity negatively impacts the Puget Sound area;	\$136,546
1.36	• Reimburse SPD for overtime associated with the investigation of high priority drug cases; and	\$126,756
1.37	• Reimburse SPD from Immigration and Customs Enforcement (ICE) for overtime associated with investigations related to narcotics, money and other contraband at ports and borders.	\$90,085

CB 119430 – Supplemental Budget Ordinance

The fourth quarter supplemental budget ordinance of 2018 provides expenditure authority to use the grants in the grant acceptance ordinance above (CB 119425) and for other budget revisions requested by various City departments.

Operations Appropriation Increases. The net operations appropriations increase in the second quarter supplemental is approximately \$85.5 million, of which approximately \$18 million is General Fund. Of these amounts, about \$12 million (\$9.8 million General Fund) is backed by

new grants and about \$788,000⁴ (\$313,144 General Fund) is backed by reimbursement or other new revenues. In addition to providing appropriations for the previously described grant funded projects, the bill would authorize increased operations appropriations totaling \$39.7 million. For ease of review, Table 3 groups the operations appropriations not backed by new revenue sources by into three categories: ongoing programs; human resources and personnel; and, operations, maintenance and equipment.

Table 3. Appropriation Increases Not Backed by New Revenue⁵		
Item⁶	Ongoing Programs	Amount
1.3	Neighborhood Matching Fund higher-than-anticipated expenditures in the final quarter of 2018 (General Fund)	\$527,000
1.4 & 1.9	Democracy Voucher Program new website portal (appropriation authority to pay Seattle IT \$300,000 from Elections Voucher Fund and appropriation authority for Seattle IT to expend the funds for development of the portal)	\$300,000
1.10	Economic and Social Research Institute (ESRI) Phase II Addition for base mapping to support zoning and capacity analysis for the Office of Planning and Community Development (Information Technology Fund)	\$120,000
1.21	Seattle Public Library technical correction to Library Levy Fund to support the operating transfer to the Library's operating fund (2012 Library Levy Fund)	\$4,827,960
1.22	Appropriation Transfer from the Solid Waste Fund to the General Fund transfers unspent Clean City program funds back to the General Fund (Solid Waste Fund/General Fund)	\$489,644
1.24	South Lake Union and First Hill Streetcar 2016 O&M reimbursement to King County Metro from commercial parking tax revenue (Transp. Fund)	\$1,444,872
Human Resources/Personnel		
1.2 & 1.20	Paid Parental Leave Backfill - \$10,000 Seattle Center Fund and \$44,750 Seattle Public Library Fund	\$54,750
1.11	Law Department positions funded by City departments or other entities (General Fund)	\$634,000
1.13	New Pension Administration System in process since 2015 and scheduled to go live in 2019 (Employees' Retirement Fund)	\$4,757,491

⁴ This total includes \$301,000 for PSERN spending to be reimbursed by King County (not shown as a revenue backed appropriation increase in [Summary Attachment A](#) to CB 119430 Summary and Fiscal Note).

⁵ The seven appropriations increased backed by new revenue (PSERN spending, Seattle/King County Clinic, Key Arena Negotiations, Marine Patrol Service Agreements, Claims for SPD Totaled Vehicles and Mental Health First Aid Training) can be found in [Summary Attachment A](#) to CB 119430 Summary and Fiscal Note.

⁶ From [Summary Attachment A](#) to CB 119430 Summary and Fiscal Note.

Table 3. Appropriation Increases Not Backed by New Revenue (continued)		
Human Resources/Personnel (continued)		
1.14	Seattle City Employees' Retirement System asset and investment managers. (Employees' Retirement Fund)	\$1,024,916
1.15	Seattle City Employees' Retirement System operational changes, including rent, temp staff to support payroll/treasury services, and staff for Pension Admin System 2019 launch (Employees' Retirement Fund)	\$793,065
1.16	HR Business Partner for OLS/OCR Support (SA1) to support additional departments, OLS and OCR (General Fund)	\$35,000
1.17	Health care claims costs in excess of the budgeted claims costs (Health Care Fund)	\$13,000,000
1.18	Unemployment Claims Costs anticipated to be higher than budgeted (Unemployment Insurance Fund)	\$700,000
1.19	IT Compensation Study of the City's 550 IT positions, phase 2 (General Fund)	\$165,000
1.23	Budget increase for Fire and Police exam unit in HR for additional police exams and changes to entry-level firefighter exams (General Fund)	\$214,000
1.25	General Fund Contribution to Police Pension for retroactive pension benefit payments (General Fund)	\$3,861,000
1.26	Retroactive Police Pension Benefits (Police Relief and Pension Fund)	\$3,600,000
Operations/Maintenance/Equipment		
1.1	McCaw Hall Reserve Fund Expenses , including replacement of an LED lighting system, stage motors, new uniforms for the Guest Services staff, and needed upgrades in kitchen equipment. (Seattle Center McCaw Hall Fund)	\$570,000
1.5	New computers in 2018 funded by city departments via Seattle IT (Seattle IT Information Technology Fund)	\$1,550,000
1.6	New software licenses purchased by Seattle IT on behalf of city departments (Seattle IT Information Technology Fund)	\$48,000
1.8	Telecom/cellular costs in 2018 funded by city departments via Seattle IT (Seattle IT Information Technology Fund)	\$970,000
1.12	OED Space Rent Adjustment to support higher than anticipated space rent costs for six months of 2018 (General Fund)	\$21,000
TOTAL		\$39,707,698

Capital Appropriations. The net capital appropriations increase in the fourth quarter supplemental is approximately \$17.6 million. In addition to providing appropriations for the previously described grant funded projects, the ordinance reopens eight Seattle Public Utilities

projects⁷ to accommodate close-out spending in 2018 and creates the following two new CIP projects:

- **Duwamish Waterway Park Improvements** (MC-PR-21014) funded by donations from the Seattle Parks Foundation, to include installation of a new play area, renovation of grill/picnic areas, addition of pathways and a drinking fountain, and related work.
- **Seattle City Light Demand Side Management Program Tracking and Management System** (the number one, mission critical strategic priority in the SCL Strategic Plan) to assist in managing customer and program information, store project-related documents, expedite business workflow, and implement tracking and reporting tools.

The ordinance would also authorize the capital appropriations shown in Table 4:

Table 4. Capital Appropriations over \$500,000		
Item	Appropriations	Amount
4.1	Reimbursement for Arena Work : Seattle Center Representative and Seattle Center Project Coordinator	\$220,000
4.2	Gas Works Park Remediation Appropriation	\$175,000
4.3	Department of Finance and Administrative Services customer-requested tenant improvement work in 2018. Typical improvements may include, but are not limited to, tenant space remodels, security system upgrades, equipment replacement and facility construction work.	\$ 3,000,000
4.4-4.8	Five Seattle City Light appropriations totaling for the Broad Street Substation, underground system capacity additions, medium overhead and underground services. and network additions and services.	\$7,400,000
4.9	Reimbursement for 2018 and 2019 per SDOT's updated agreement with WSDOT for the SR-520 project	\$2,650,000
4.10	Design phase of the Melrose Protected Bike Lane & Neighborhood Greenway grant project (\$406,550) and the design phase of the N 34th St Protected Bike Lane grant project (\$95,000).	\$501,550
4.11	Closeout costs associated with the North Transfer Station .	\$3,280,980
4.12	CBO/LEG Budget System Replacement	\$400,000

⁷ Best Management Practice Program; Windermere CSO Storage Program; S Genesee Combined Sewer Overflow Program; Thornton Confluence Improvement Project; Mercer Corridor Project West Phase – WF; Mercer Corridor Project West Phase - DWF; West Seattle Reservoir Seismic; and Morse Lake Pump Plant.

Transfers. The bill authorizes seven appropriations **transfers within the same fund:**

- \$500,000 appropriation authority within in the Judgment and Claims Fund in FAS to cover unforeseen expenses.
- Two transfers within Seattle IT to correctly align project budgets.
- Transfer of the remaining funds from the \$415,000 Rockefeller grant received by the Office of Sustainability and Environment in 2017 to support the work of a Chief Resilience Officer, now being employed by the Mayor’s Office of Policy & Innovation.
- Two transfers within SPD for SPD’s Immigrant and Families Institute and additional exam costs.
- Transfers from Finance General to departments to provide budget authority to cover paid parental leave expenses incurred during the year. This expense is budgeted centrally and then distributed as needed to departments during the 4th quarter supplemental.

The bill authorizes two appropriations **transfers between funds:**

- A technical transfer of \$29 million to separately track spending of taxable bond proceeds for affordable housing.
- A shift in Seattle Public Utilities’ appropriation authority from the Drainage and Wastewater Fund to the General Fund, reflecting the City’s contribution to the Trees for Seattle program

The bill authorizes seven **net zero transfers** of expenditure authority within Seattle City Light’s Light Fund; two net zero transfers within Seattle Public Utilities’ Water Fund; and two net zero transfers within the Seattle Department of Transportation’s Transportation Fund

Budget Proviso Removal. The bill would remove a budget proviso ([Green Sheet 25-10-B-2](#)) requiring a project accountability report on the Seattle Police Department Records Management System.

New Positions. The bill would authorize two new full-time positions as described in Table 5.

Table 5. New Positions			
Item	Department	New FTEs	Title and Duties
10.1	City Attorney, Assistant (Law)	1.0	Assistant City Attorney funded by the Office of Housing. Two-year position to be hired in early January to advise on legislation and policy, including taxation and funding. Appropriation for this position will be included as necessary in a 2019 supplemental process.
10.2	Office of Police Accountability	1.0	Strategic Advisor 1 civilian intake investigator authorized in the City’s 2018 contract with the Seattle Police Officers Guild and funded in the 2018 Adopted Budget.