



SEATTLE CITY COUNCIL

Finance and Housing Committee

Agenda

Wednesday, April 20, 2022

9:30 AM

Remote Meeting. Call 253-215-8782; Meeting ID: 586 416 9164; or
Seattle Channel online.

Teresa Mosqueda, Chair
Lisa Herbold, Vice-Chair
Alex Pedersen, Member
Sara Nelson, Member
Andrew J. Lewis, Member

Chair Info: 206-684-8808; Teresa.Mosqueda@seattle.gov

[Watch Council Meetings Live](#) [View Past Council Meetings](#)

Council Chamber Listen Line: 206-684-8566

For accessibility information and for accommodation requests, please call
206-684-8888 (TTY Relay 7-1-1), email CouncilAgenda@Seattle.gov, or visit
<http://seattle.gov/cityclerk/accommodations>.



SEATTLE CITY COUNCIL
Finance and Housing Committee
Agenda
April 20, 2022 - 9:30 AM

Meeting Location:

Remote Meeting. Call 253-215-8782; Meeting ID: 586 416 9164; or Seattle Channel online.

Committee Website:

<http://www.seattle.gov/council/committees/finance-and-housing>

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.

Pursuant to Washington State Governor's Proclamation No. 20-28.15 and Senate Concurrent Resolution 8402, this public meeting will be held remotely. Meeting participation is limited to access by the telephone number provided on the meeting agenda, and the meeting is accessible via telephone and Seattle Channel online.

Register online to speak during the Public Comment period at the 9:30 a.m. Finance and Housing Committee meeting at <http://www.seattle.gov/council/committees/public-comment>.

Online registration to speak at the Finance and Housing Committee meeting will begin two hours before the 9:30 a.m. 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.

Submit written comments to Councilmember Mosqueda at Teresa.Mosqueda@seattle.gov

Sign-up to provide Public Comment at the meeting at <http://www.seattle.gov/council/committees/public-comment>

Watch live streaming video of the meeting at <http://www.seattle.gov/council/watch-council-live>

Listen to the meeting by calling the Council Chamber Listen Line at 253-215-8782 Meeting ID: 586 416 9164

One Tap Mobile No. US: +12532158782,,5864169164#

Please Note: Times listed are estimated

A. Call To Order**B. Approval of the Agenda****C. Public Comment****D. Items of Business**

1. [Res 32049](#) **A RESOLUTION modifying the template for regular payment of claims ordinances.**

Attachments: [Att 1 - Payment of Claims Template](#)

Supporting Documents: [Summary and Fiscal Note](#)
[Presentation](#)

Briefing, Discussion, and Possible Vote

Presenters: Aly Pennucci and Tom Mikesell, Council Central Staff

2. **April Revenue Forecast Update**

Supporting Documents: [Presentation](#)

Briefing and Discussion

Presenters: Ben Noble, Director, and Jan Duras, Office of Economic Revenue Forecast; Aly Pennucci and Tom Mikesell, Council Central Staff

3. City Budget Office Revenue Update: April 2022

Supporting Documents: [Presentation](#)

Briefing and Discussion

Presenters: Julie Dingley, Director, Dave Hennes, Joseph Russell, and Alexandria Zhang, City Budget Office; Aly Pennucci and Tom Mikesell, Council Central Staff

4. Seattle Rescue Plan: Quarterly Update on Seattle American Rescue Plan Act Spending

Supporting Documents: [Presentation](#)

Briefing and Discussion

Presenters: Julie Dingley, Director, and William Chen, City Budget Office; Tanya Kim, Director, and Joseph Kasperski, Human Services Department; Aly Pennucci and Tom Mikesell, Council Central Staff

E. Adjournment



Legislation Text

File #: Res 32049, **Version:** 1

CITY OF SEATTLE

RESOLUTION _____

A RESOLUTION modifying the template for regular payment of claims ordinances.

WHEREAS, Seattle City Charter Article IV, Section 24 requires regular formal presentation of payment of City claims to the City Council prior to making payments; and

WHEREAS, prior to 1999, the City Charter required the Auditing Committee to examine all claims and demands against the City, and recommend to the City Council the allowance or disallowance of the same or any part thereof; and

WHEREAS, a Charter amendment, submitted pursuant to Ordinance 119576 as passed by the City Council in 1999, and approved by Seattle electors in 1999, removed all references to the Auditing Committee from the City Charter; and

WHEREAS, RCW 35.32A.090(1) states “there shall be no orders, authorizations, allowances, contracts or payments made or attempted to be made in excess of the expenditure allowances authorized in the final budget as adopted or modified as provided in this chapter, and any such attempted excess expenditure shall be void and shall never be the foundation of a claim against the city”; and

WHEREAS, the current legislation template used for the regular payment of claims bills references the defunct Auditing Committee, and does not include reference to the legal budget compliance provisions of RCW 35.32A.090; NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE MAYOR

CONCURRING, THAT:

Section 1. All future payment of claims legislation submitted to the City Council by the Executive

pursuant to the Seattle City Charter Article IV, Section 24 will use the legislation template presented in Attachment 1 to this resolution.

Adopted by the City Council the _____ day of _____, 2022, and signed by me in open session in authentication of its adoption this _____ day of _____, 2022.

President _____ of the City Council

The Mayor concurred the _____ day of _____, 2022.

Bruce A. Harrell, Mayor

Filed by me this _____ day of _____, 2022.

Monica Martinez Simmons, City Clerk

(Seal)

Attachments:
Attachment 1 - Claims Payment Template

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

..title

AN ORDINANCE appropriating money to pay certain claims for the week of [DATE] through [DATE] and ordering the payment thereof; and ratifying and confirming certain prior acts.

..body

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Payment of the sum of \$[AMOUNT] on PeopleSoft 9.2 mechanical warrants numbered [NUMBER] – [NUMBER] plus manual or cancellation issues for claims, e-payables of \$[AMOUNT] on PeopleSoft 9.2 [NUMBER] – [NUMBER], and electronic financial transactions (EFT) in the amount of \$[AMOUNT] are presented to the City Council under RCW 42.24.180 and approved consistent with remaining appropriations in the current Budget as amended.

Section 2. Payment of the sum of \$[AMOUNT] on City General Salary Fund mechanical warrants numbered [NUMBER] – [NUMBER] plus manual warrants, agencies warrants, and direct deposits numbered [NUMBER] – [NUMBER] representing Gross Payrolls for payroll ending date [DATE], as detailed in the Payroll Summary Report for claims against the City that were reported to the City Council [DATE], is approved consistent with remaining appropriations in the current budget as amended.

Section 3. RCW 35.32A.090(1) states, “There shall be no orders, authorizations, allowances, contracts or payments made or attempted to be made in excess of the expenditure allowances authorized in the final budget as adopted or modified as provided in this chapter, and any such attempted excess expenditure shall be void and shall never be the foundation of a claim against the city.”

Att 1 - Claims Payment Template

1 Section 4. Any act consistent with the authority of this ordinance taken prior to its
2 effective date is ratified and confirmed.

3 Section 5. This ordinance shall take effect and be in force 30 days after its approval by
4 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
5 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

6 Passed by the City Council the _____ day of _____,
7 [YEAR], and signed by me in open session in authentication of its passage this ____ day of
8 _____, [YEAR].

9 _____
10 President _____ of the City Council

11 Approved / returned unsigned / vetoed this ____ day of _____,
12 [YEAR].

13 _____
14 [NAME OF MAYOR], Mayor

15 Filed by me this _____ day of _____, [YEAR].

16 _____
17 [NAME OF CITY CLERK], City Clerk

18 (Seal)
19

Author's Full Name
FAS Payment of Claims ORD
D1

Att 1 - Claims Payment Template

1
2
3
4

Attachments:

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
Legislative	Tom Mikesell /4-8735	n/a

* Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.

1. BILL SUMMARY

Legislation Title: A RESOLUTION modifying the template for regular payment of claims ordinances.

Summary and Background of the Legislation: This resolution modifies the template to be used for the regular payment of claims bills submitted to the City Council pursuant to the City Charter.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ___ Yes X No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ___ Yes X No

Does the legislation have other financial impacts to The City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?
No.

Are there financial costs or other impacts of *not* implementing the legislation?
No.

4. OTHER IMPLICATIONS

- a. **Does this legislation affect any departments besides the originating department?**
This resolution would revise the legislation template for the payment of claims ordinances regularly submitted by the Department of Finance and Administrative Services.
- b. **Is a public hearing required for this legislation?**
No.
- c. **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**
No.

d. Does this legislation affect a piece of property?

No.

e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?

N/A

f. Climate Change Implications

1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?

No.

2. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.

No.

g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)?

N/A



SEATTLE CITY COUNCIL
CENTRAL STAFF

Resolution 32049

Updating Regular Payment of Claims Bill

ALY PENNUCCI, DEPUTY DIRECTOR
TOM MIKESELL, ANALYST

FINANCE AND HOUSING COMMITTEE
APRIL 6, 2022

Background & Summary

- Charter requires presentation of payments of claims to the City Council (*Charter Article IV, § 24*)
- City Council considers a “payment of claims” bill regularly at Council meetings
- The payment of claims bill uses a standard format that has not been updated since at least 1999
- RES 32049: Proposed Changes to the Template
 - Add language stating that the payments and claims presented by the Executive to the City Council are consistent with current adopted budget authority as amended
 - Making explicit reference to RCW 35.32.090(1) - Budget mandatory—Other expenditures void—Liability of public officials—Penalty
 - Remove references related to outdated auditing committee

Proposed Changes to Template – Section 1

Section 1. Payment of the sum of \$[AMOUNT] on PeopleSoft 9.2 mechanical warrants numbered [NUMBER] – [NUMBER] plus manual or cancellation issues for claims, E-Payables of \$[AMOUNT] on PeopleSoft 9.2 [NUMBER] – [NUMBER] and Electronic Financial Transactions (EFT) in the amount of \$[AMOUNT] are presented ~~for ratification by the City Council per RCW 42.24.180 to~~ the City Council under RCW 42.24.180 and approved consistent with remaining appropriations in the current Budget as amended.

Proposed Changes to Template – Section 2

Section 2. Payment of the sum of \$[AMOUNT] on City General Salary Fund mechanical warrants numbered [NUMBER] – [NUMBER] plus manual warrants, agencies warrants, and direct deposits numbered [NUMBER] – [NUMBER] representing Gross Payrolls for payroll ending date [DATE], as detailed in the Payroll Summary Report for claims against the City ~~which were audited by the Auditing Committee and reported by said committee to the City Council March 24, 2022 consistent with appropriations heretofore made for such purpose from the appropriate Funds, is hereby approved~~ that were reported to the City Council [DATE], is approved consistent with remaining appropriations in the current budget as amended.

Proposed Changes to Template – NEW Section 3

Section 3. RCW 35.32A.090(1) states, “There shall be no orders, authorizations, allowances, contracts or payments made or attempted to be made in excess of the expenditure allowances authorized in the final budget as adopted or modified as provided in this chapter, and any such attempted excess expenditure shall be void and shall never be the foundation of a claim against the city.”

Questions?



Legislation Text

File #: Inf 2041, **Version:** 1

April Revenue Forecast Update

A background image of a city skyline with various skyscrapers and buildings under a clear sky. The text is overlaid on the right side of the image.

Economic and Revenue Update April 2022

Presentation Outline

Part I: Economic Update and Forecast

1. Current conditions: brief summary of recent developments at both national and regional level
2. Looking forward: projections for this year and beyond for both the national and regional economies
3. Recommendation regarding which economic scenario (Baseline, Pessimistic, or Optimistic) should underlie the revenue forecast

Part II: Revenue Forecast

1. Review revenues for which the Forecast Office is responsible
2. Summary of forecasts for most significant revenues: Sales, B&O and Payroll Taxes, as well as REET
3. Forecasts for remaining revenues, including private utility taxes and admissions tax
4. Projections for changes in Assessed Value and the value of new construction
5. Summary of overall revenue forecast

Economic Update



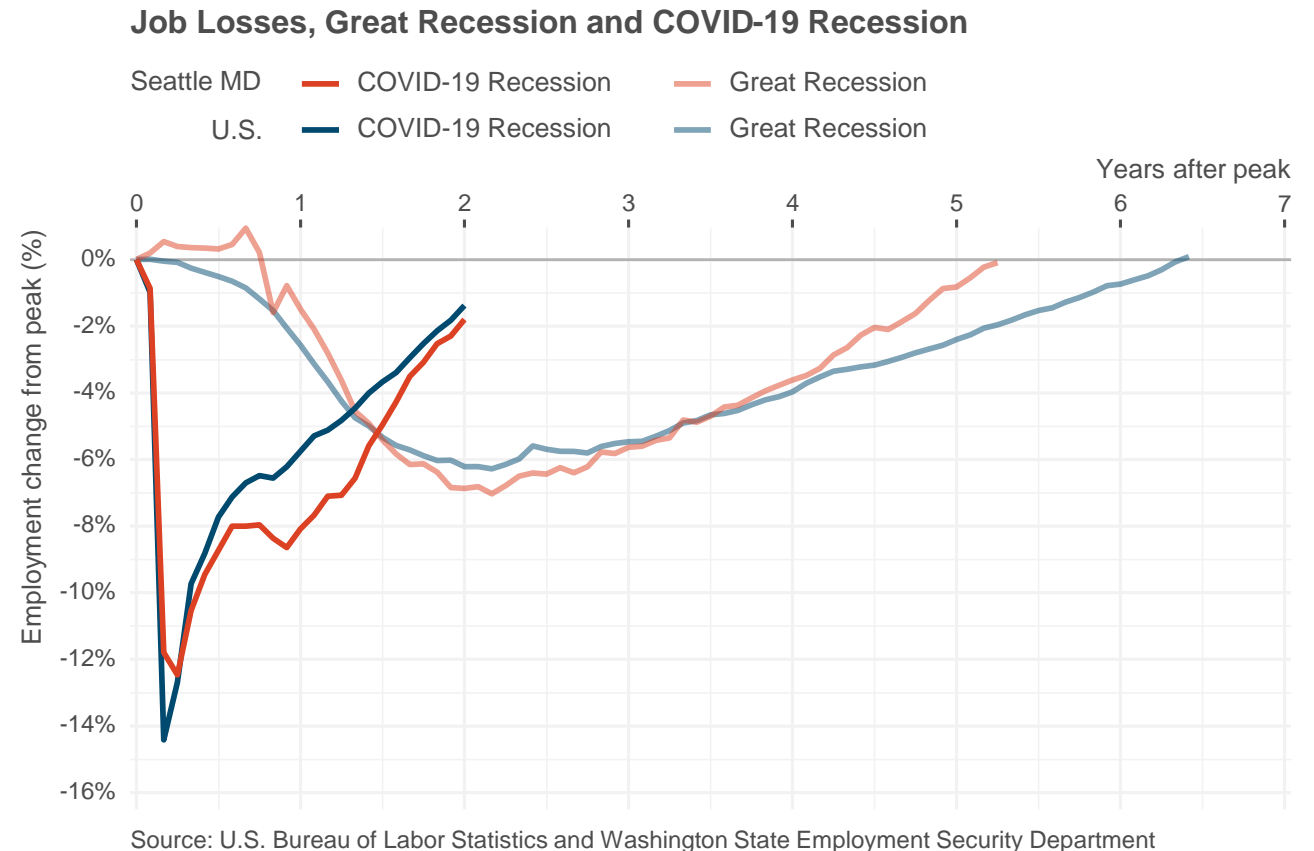
World Events Continue to Drive Economic Uncertainty

- Within the US, the COVID pandemic appears to be ending. However, new variants could yet emerge, and as current events in Shanghai and elsewhere demonstrate, worldwide economic disruptions continue.
- Russia's war against Ukraine is a first and foremost a human tragedy, but it has also created significant economic consequences across the globe:
 - Supply-chain disruptions are constraining manufacturing output;
 - Loss of food production has led to escalating commodity prices; and
 - Escalating energy prices have already "hit home" here in the US.
- As a result of these compounding factors, inflation has increased rapidly, and expectations that it would decrease quickly have faded.
- Nonetheless, to date, the national and regional economy have shown great resiliency.



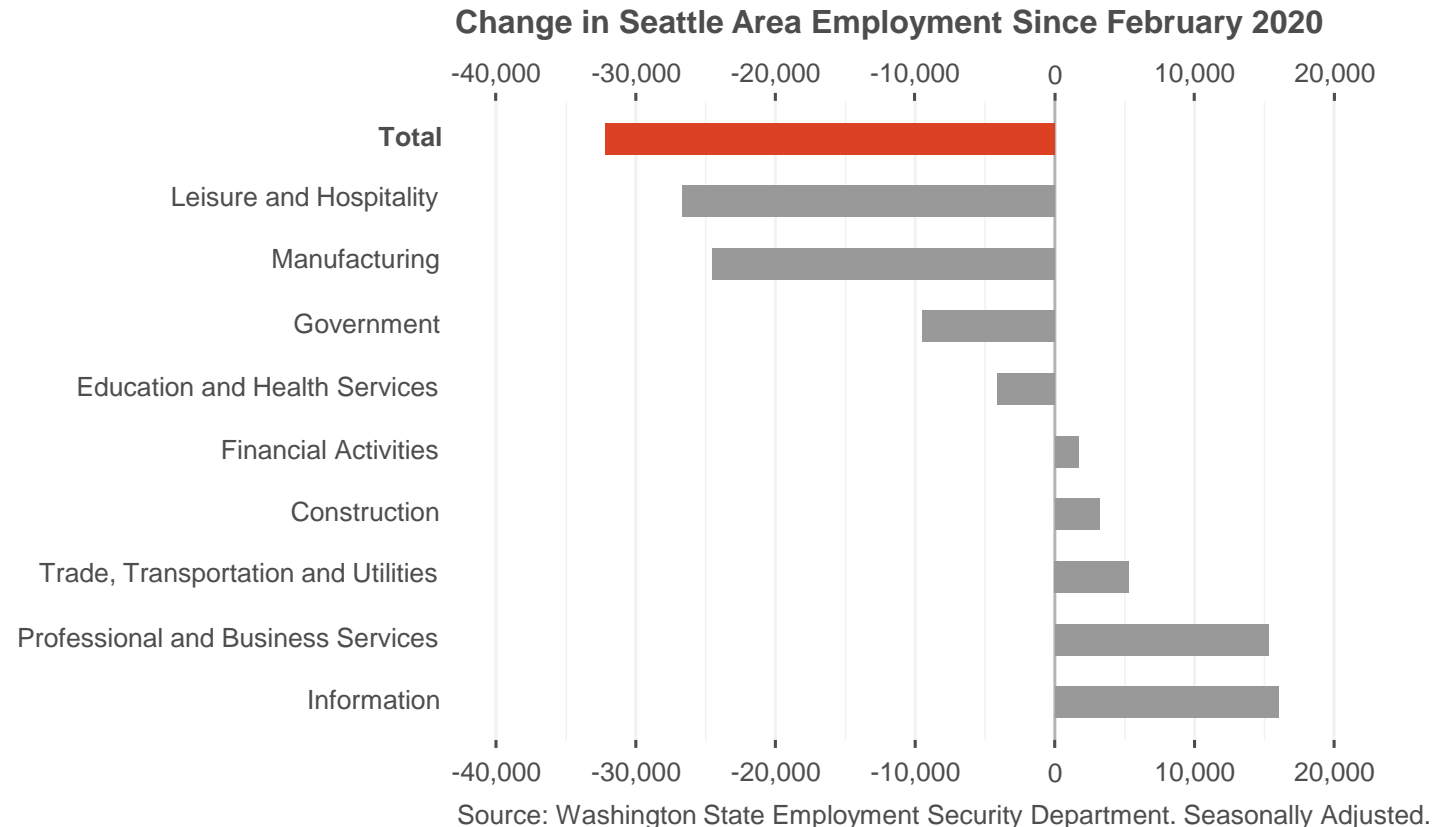
National Job Recovery Has Been Strong and Seattle is "Catching-Up"

- Job losses compared to February 2020 as of February 2022:
 - 1.4% in United States
 - 1.8% in Seattle Metropolitan Division area
- U.S. job openings are at a record high. There are 1.8 openings per unemployed person.
- The U.S. average hourly wage is 12.1% above February 2020 level; in the Leisure & Hospitality sector it is 15.1% above.
- These wage gains have been somewhat diminished by the impacts of inflation.



Regional Job Impacts Vary by Sector: Job losses in Both Manufacturing and Leisure & Hospitality Still Persist

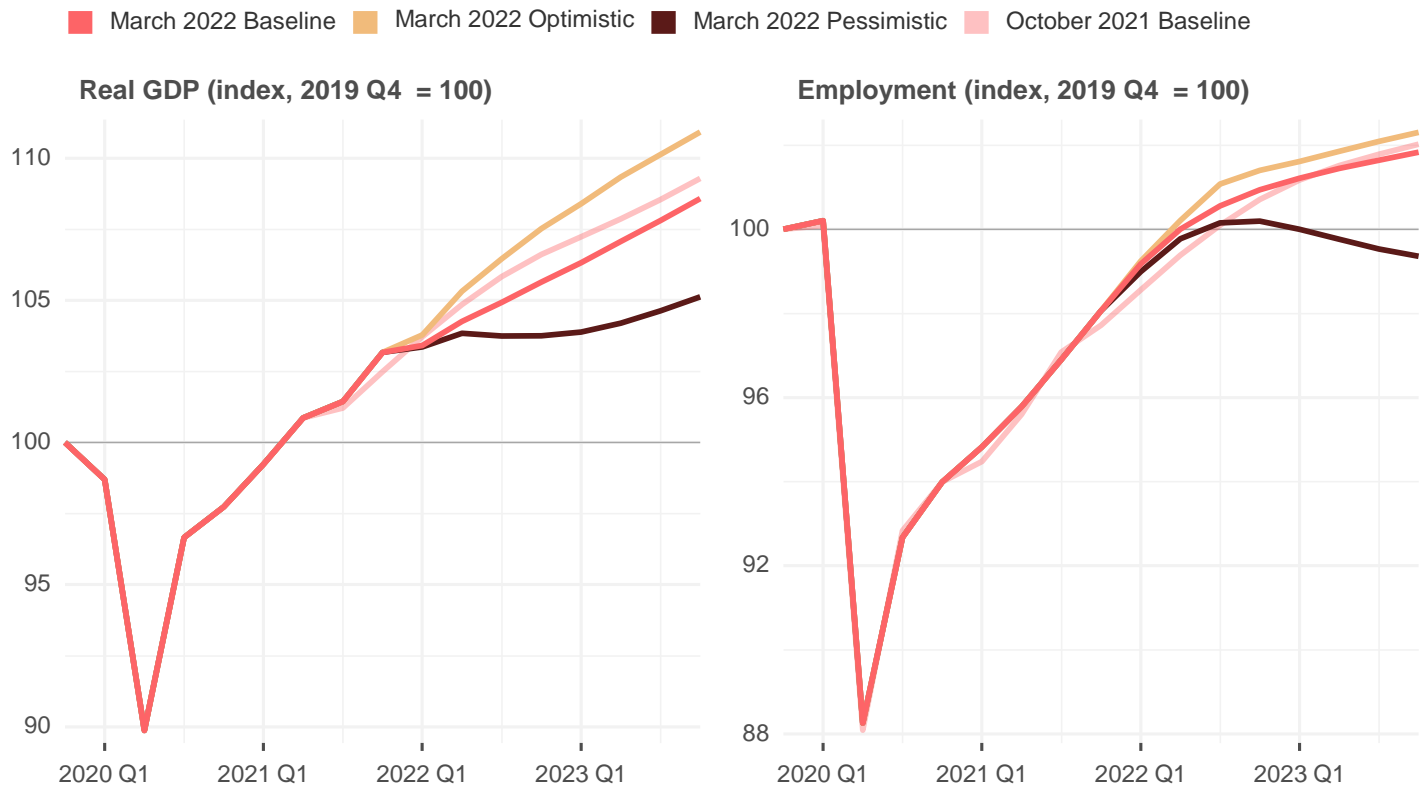
- Overall, the region is still “down” 30,000+ jobs since the pandemic began.
- However, the regional economy added about 44,000 jobs since September, and this job growth was broad based.
- Within the region, about 85% of jobs lost due to pandemic have now been restored.
- However, for the Leisure & Hospitality sector, this figure is just 66%. Demand for workers is growing, but employees are not returning quickly to this sector.
- Employment in the regional Manufacturing sector, which of course includes Boeing, also trails its pre-pandemic levels.
- Job growth in both the Information, and the Professional & Business Services sectors has offset losses in other sectors. Without the significant job growth seen in these two sectors, employment would still be well below pre-pandemic levels.



Looking Forward at the National Economy: Recovery Expected to Continue but Russia's Invasion of Ukraine Creates Uncertainty

- National economic trends are generally positive:
 - U.S. employment growth shows resilience and labor-force participation is increasing.
 - Baseline forecasts of national employment growth are somewhat stronger than in October.
- However, global slowdown, supply-chain disruptions and higher inflation, which have been exacerbated by the war, pose increasing downside risks
- IHS Markit probabilities March 2022
 - Baseline 50%
 - Optimistic 15% (was 20% in October)
 - Pessimistic 35% (was 30% in October)

IHS Markit U.S. Forecast, March 2022 vs October 2021

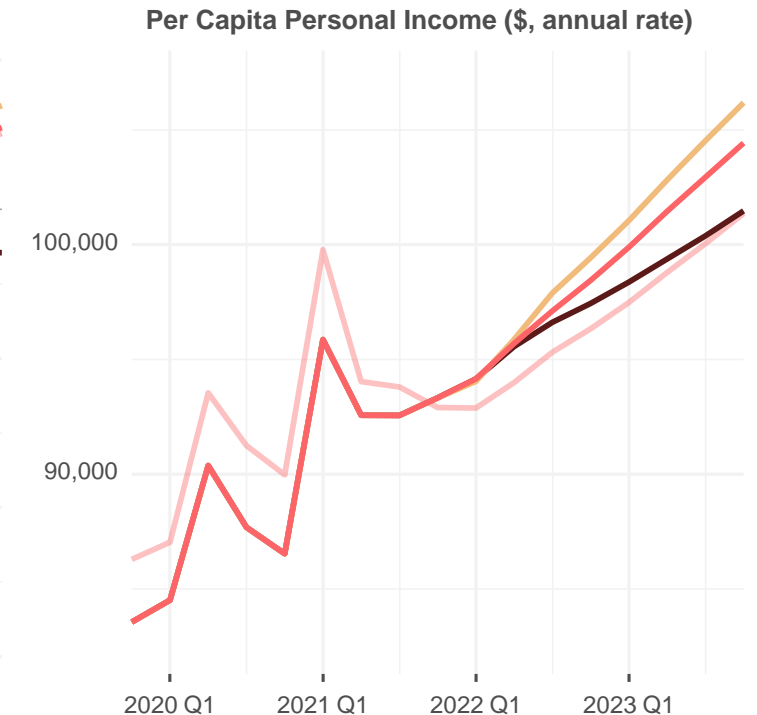
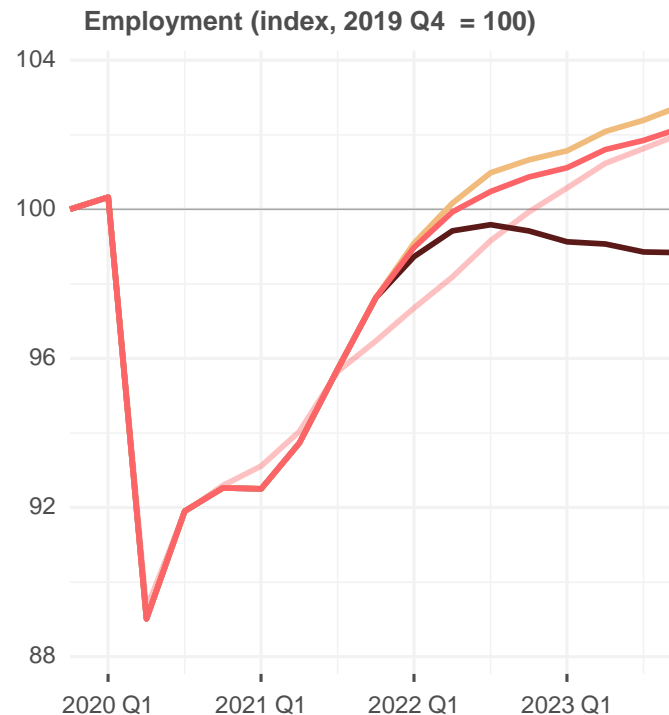


Regional Economic Forecast for the Seattle Metro Area

- National trends are reflected in our regional economic forecast.
- The regional forecast has generally improved relative to last fall, with employment and income expected to grow more rapidly than projected previously. Part of the additional growth in income is directly attributable to inflation.
- However, overall uncertainty has increased the probability and the potential severity of the pessimistic scenario.
- Also note that a significant revision in historic data on personal income (visible in the graph) led us to update the forecasting model, which complicates comparisons to previous forecasts.

Regional Economic Forecast, March 2022 vs October 2021

■ March 2022 Baseline ■ March 2022 Optimistic ■ March 2022 Pessimistic ■ October 2021 Baseline



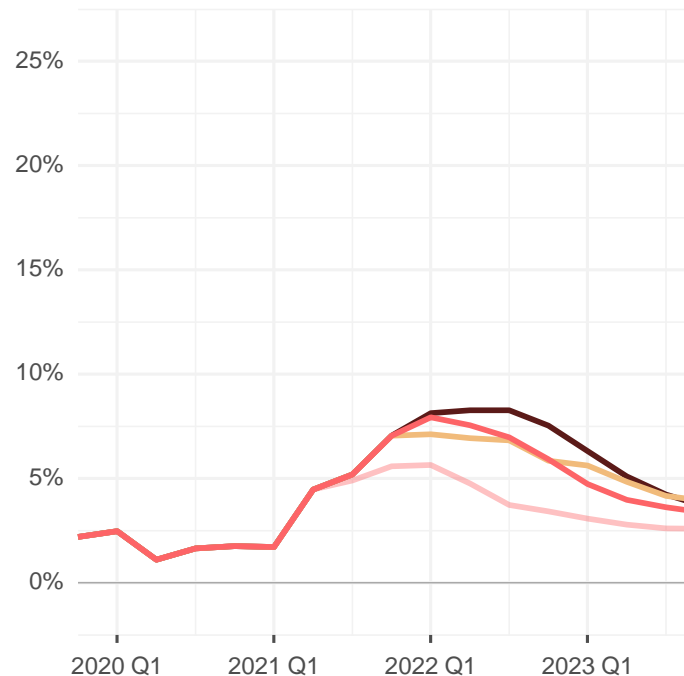
Inflation Forecast for the Seattle Metro Area

- Consistent with the national forecast, as well as those at the state and county level, we now anticipate that higher inflation rates will persist well into 2023.
- Increasing food and energy prices are key inflation drivers, but escalating housing costs have returned as a major component of increases in the local cost of living. Seattle area home prices escalated by more than 20% over the past year.
- Increasing inflation may also disrupt the recovery overall. Price and wage uncertainty makes the return on economic investments less predictable.
- Inflation will increase the nominal value of our forecasts, but this can be misleading because tax revenues generally will not go as far in terms of purchasing services.

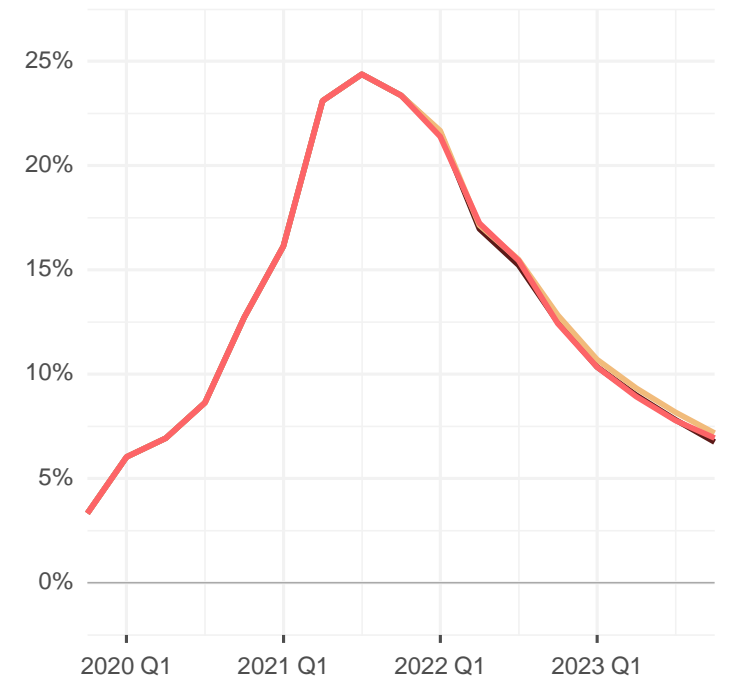
Regional Economic Forecast, March 2022 vs October 2021

■ March 2022 Baseline ■ March 2022 Optimistic ■ March 2022 Pessimistic ■ October 2021 Baseline

CPI-U (% change)



S&P CoreLogic Case-Shiller Home Price Index (% change)



Economic Scenario Recommendation

- The Office of Economic and Revenue Forecast recommended that the Baseline economic forecast continue to serve as the basis for our forward-looking revenue estimates, and the Forecast Council affirmed this recommendation.
- While the national forecasting services have increased the probability of the pessimistic scenario, the issues of concern are general, and we do not see that the regional economy is more at risk than the nation as a whole. In addition, over the past year, the City's actual revenues have generally matched or exceeded the forecasts tied to the baseline scenario.
- Also, as we have noted previously, we see potential upside, relative to the national forecasts, as recovery in our Leisure & Hospitality sector catches up to results seen in other cities, and regional employment growth in other sectors remains strong.
- This all said, the most recent information from IHS Markit suggests that they are becoming more pessimistic overall, and future downward revisions are not unlikely.

Revenue Update



Revenue Sources Projected by the Forecast Office

General Fund Revenue Sources

- Retail Sales Tax
- Business and Occupation (B&O) Tax
- Business License Tax Certificate Fees
- Private Utility Taxes

Non-General Fund Revenue Sources

- Payroll Expense Tax
- Real Estate Excise Tax (REET)
- Admission Tax

Inputs to Property Tax Forecasts

- Assessed Value of Real and Personal Property
- Value of New Construction

Baseline, Pessimistic and Optimistic forecasts are developed for each of these sources

Forecasting Approach - Payroll Expense Tax

- 2021 was the initial year of tax collection. All payments were made at year-end. Final 2021 payments of \$248 million exceeded our forecast by ~25%
- In 2022, payments will be made quarterly, but no payment data yet available. The August Forecast will provide an opportunity to incorporate quarterly payment data, as well as additional information from the Employment Security Department.
- Information and Professional & Business Services account for more than 82% of the tax receipts. This means that revenues are heavily dependent on just two sectors, rather than a diversified tax base. Accurate forecasting for any individual sector of the economy can be difficult.
- The shift to “remote work” likely means that the results for 2021 will not be representative of the long-term tax base. And 2022 is likely to be a year of transition – different from 2021, but not fully predictive of long-term work patterns. By August, we may have a better sense of how this transition is progressing.
- Our approach to revising the Payroll Expense Tax forecast has been to scale projections for 2022 and future years to the actuals revenues received in 2021, and to link projected revenue growth to overall trends in employment and wages in the relevant sectors.

How Do Forecasts Vary Across Economic Scenarios?

- Consistent with the underlying economic forecast, revenue forecast risks are larger on the downside
- In addition to the factors affecting the national economic growth, the main regional risk factors for sales tax include the uncertainty regarding the speed of leisure & hospitality recovery and the construction sector outlook
- For B&O tax, additional uncertainty arises from the timing of annual filings
- Payroll tax forecast is complicated by the lack of information regarding the tax base
- For 2022 and 2023, the pessimistic scenario forecast for the three sources combined is \$30 million (3.4%) and \$54 million (5.7%) lower than baseline

Tax Revenue Forecast for 2023, Scenario Comparison

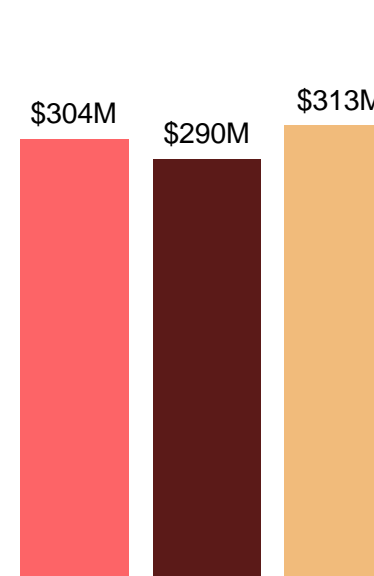
Millions of dollars

■ Baseline ■ Pessimistic ■ Optimistic

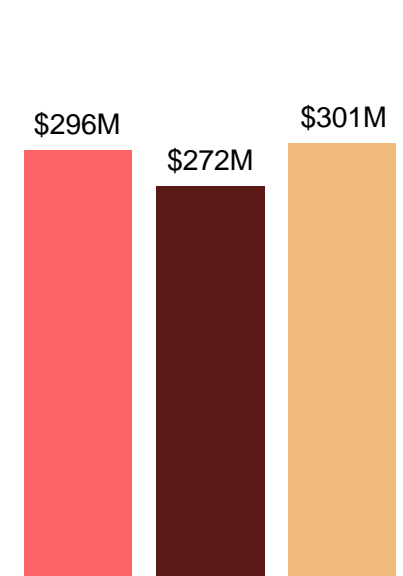
B&O Tax



Retail Sales Tax - General



Payroll Expense Tax



Remaining Revenues

General Fund

Natural Gas and Steam

- Rising energy prices have led to upward revisions of these forecasts and further escalation in energy prices could drive further revenue growth going forward.

Cable and Telephone Utility Taxes

- Taxes on cable and telephone represent a small share of overall General Fund revenues. Each generates less than \$15 million per year.
- Both cable and telephone tax revenues have been declining for an extended period. This pattern reflects changes in consumer behavior as people move away from traditional cable and telephone services and shift to streaming services and non-voice communication.

Non-General Fund

Admission Tax

- Tax rate is 5%. Major taxpayers include Climate Pledge Arena, UW sports, the Space Needle, the “Wheel” and the city’s movie theaters.
- Forecast essentially unchanged from November. Recent results have generally tracked to the previous forecast. Revisions may occur in the future as we see more evidence about how the public responds to the easing of COVID restrictions

Real Estate Excise Tax (REET)

- REET is a tax on real estate transactions and thus revenues depend on both the volume and value of these transactions.
- The REET revenue estimate has been revised upward for each of the six years included in the forecast. However, the housing market is expected to cool down and with rising mortgage rates as a result of aggressive monetary policy tightening. As a result, annual REET revenue is predicted to decline somewhat over the next few years.

Summary of Baseline Biennial Forecast, including 2022, 2023 and 2024

Revenue Source	2021 Actuals (\$ M)	2022 Revenues			2023 April Forecast (\$ M)	2024 April Forecast (\$ M)
		November Forecast (\$ M)	April Forecast (\$ M)	Diff: April vs Nov.		
General Fund Revenues - Selected Sources						
<i>B&O and Sales Taxes</i>						
Business and Occupation Taxes	\$312.4	\$317.4	\$331.9	\$14.4	\$349.0	\$367.0
Business License Fees	\$16.7	\$18.1	\$17.7	(\$0.4)	\$18.6	\$19.5
Retail Sales - General	\$274.2	\$280.0	\$291.9	\$11.9	\$304.2	\$320.8
Retail Sales - Criminal Justice	\$25.2	\$23.9	\$26.5	\$2.6	\$27.6	\$28.9
<i>Utility Taxes - Private</i>						
Cable Television	\$15.1	\$12.4	\$14.1	\$1.6	\$11.6	\$10.8
Telephone	\$12.4	\$12.2	\$11.0	(\$1.2)	\$9.9	\$9.0
Garbage	\$2.0	\$1.5	\$2.2	\$0.7	\$2.2	\$2.3
Natural Gas & Steam	\$15.3	\$12.8	\$15.7	\$2.9	\$14.7	\$14.7
General Fund Total - Selected Sources	\$673.2	\$678.4	\$710.9	\$32.5	\$737.8	\$773.1
<i>Percent Change from Previous Year</i>		0.8%	5.6%		3.8%	4.8%
Non-GF Revenues - Selected Source						
Payroll Expense Tax	\$248.1	\$233.9	\$277.5	\$43.6	\$296.3	\$312.0
REET	\$112.2	\$88.0	\$99.7	\$11.7	\$87.8	\$82.6
Admission Tax	\$9.5	\$20.1	\$20.1	\$0.0	\$21.4	\$22.0
Retail Sales - Trans. Benefit District	\$37.3	\$47.8	\$49.7	\$2.0	\$51.8	\$54.7
Non-GF Total - Selected Sources	\$407.1	\$389.7	\$447.0	\$57.3	\$457.3	\$471.2





Legislation Text

File #: Inf 2042, **Version:** 1

City Budget Office Revenue Update: April 2022

City Budget Office Revenue Update: April 2022

April 20, 2022

City Budget Office



City of Seattle **36**

Revenue Sources Projected by CBO

General Fund Revenues

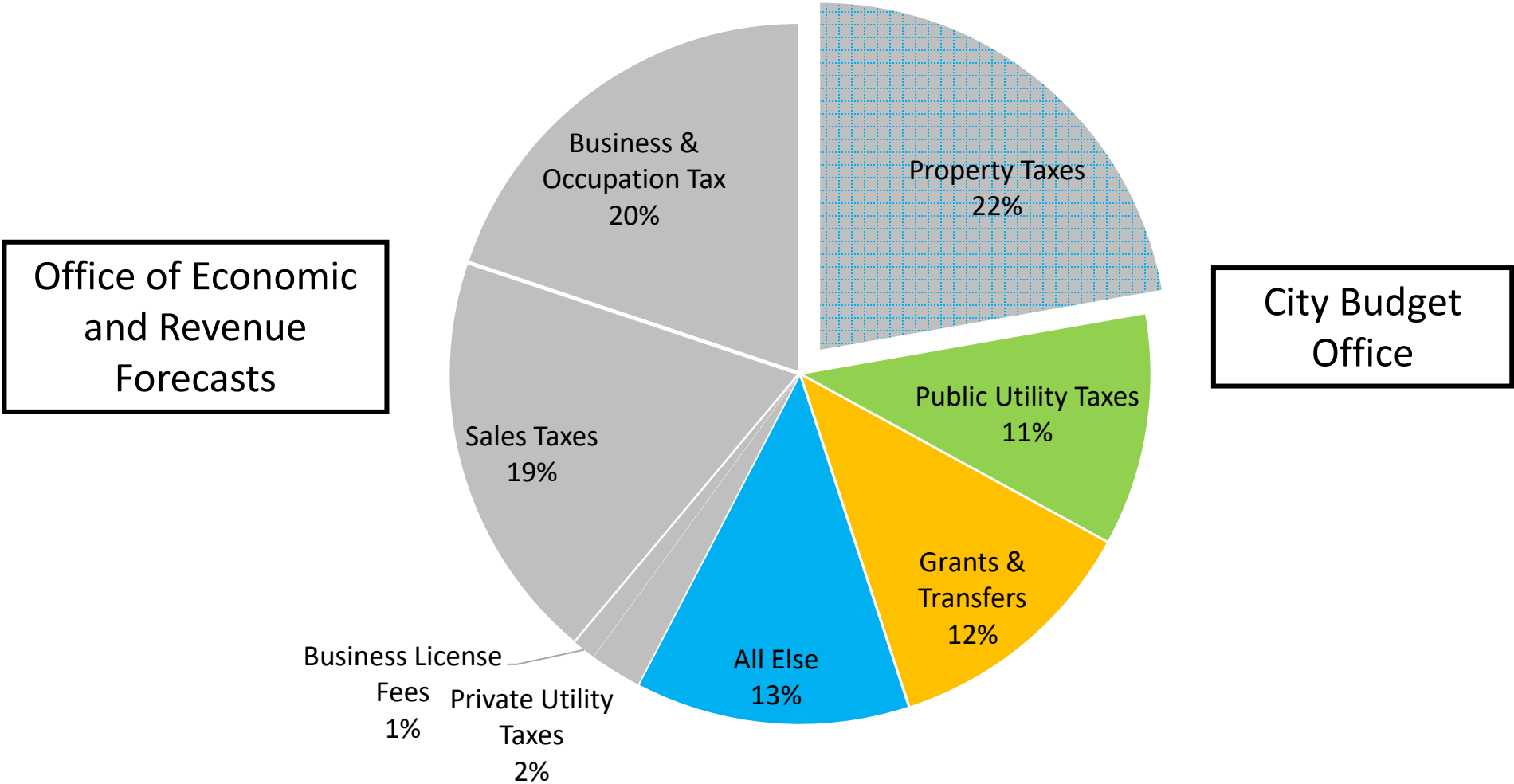
- Property Taxes – General Expense and Medic One/EMS -- final computation based on OERF inputs
- Public Utility Taxes – Seattle City Light and Seattle Public Utilities (Water, Sewer, Solid Waste)
- Other Minor Taxes – Leasehold Excise, Gambling, Guns & Ammo, Transportation Network Co.
- Licenses and Permit Fees
- Court Fines
- On-Street Parking Fees
- Grants – Federal, State, Interlocal
- Transfers

Other Fund General Government Revenues

- Short-Term Rental Tax
- Sweetened Beverage Tax
- Commercial Parking Tax
- School Zone Automated Enforcement Camera Fines
- Vehicle License Fees (Seattle Transportation Benefit District)



General Fund Revenues - 2022 Revised, \$1.669B



Forecast Considerations

- **Anticipated ongoing volatility:** Projections in this 2020-2024 period are subject to considerable volatility as growth rates for several revenues are equally or more governed by health and policy responses as by underlying economic conditions
- **Impact of 2021 Actuals:** Incorporates actual year-end 2021 experience, which in several cases reduced the base revenue expectations going forward, even as growth expectations may be comparable
- **Impact of COVID response/recovery:** Several revenues are particularly susceptible to behavioral responses to COVID health concerns.
 - The recovery of Commercial Parking, Short-Term Rental and Sweetened Beverage tax revenues for example depends on return-to-office and recovery of the hospitality and travel sectors
- **Impact of policy decisions:** Other revenues are highly influenced by policy decisions, some COVID-related:
 - Court fines are significantly down due to policy decisions to suspend collections activity and credit card use fees; but some citation categories are also down due to diminished patrol hours and priorities related to traffic and non-traffic infractions
 - On-street parking revenues remain low compared to pre-pandemic levels due to decisions about the rate of growth in hourly rates over time

April Forecast - CBO Revenues, General Fund

(\$ thousands)	2021 Actuals	2022 Adopted	2022 Revised	Revised minus Adopted	2023 Forecast	2024 Forecast
Property Tax	\$299,509	\$303,789	\$303,757	-\$32	\$314,370	\$316,741
Property Tax - Medic One/EMS	\$69,448	\$69,978	\$67,843	-\$2,135	\$67,761	\$70,270
Public Utility Taxes	\$154,278	\$178,104	\$180,535	\$2,431	\$186,716	\$191,137
Other Taxes	\$12,803	\$23,376	\$21,231	-\$2,145	\$21,658	\$22,638
Court Fines	\$18,380	\$19,836	\$18,766	-\$1,070	\$24,411	\$28,952
Parking Meters	\$11,012	\$21,216	\$17,945	-\$3,271	\$25,073	\$32,836
Licenses & Permits	\$15,594	\$19,121	\$17,502	-\$1,619	\$19,781	\$20,279
Grants	\$72,551	\$12,836	\$13,495	\$658	\$28,523	\$10,439
Transfers	\$47,296	\$187,381	\$187,023	-\$358	\$27,825	\$27,970
All Else	\$73,677	\$131,870	\$135,265	\$3,396	\$74,244	\$76,882
General Fund Total - CBO	\$774,549	\$967,506	\$963,362	-\$4,144	\$790,362	\$798,145

General Fund Forecast: Notable Influences

- **Property Tax** – Medic One/EMS levy reduction due to relative assessed value growth
- **Other Taxes** – Transportation Network Company (TNC) tax – New state legislation reduces tax rate \$0.15 from \$0.57 per trip to \$0.42 beginning 1/1/2023
- **Court Fines** – base reduction in citations and revenues for most categories. 2021 parking citation volumes returned to pre-pandemic levels, but related revenue remains well below 2019 receipts
- **Parking Meters** – on-street parking rates remain 58% below pre-pandemic levels, even though paid occupancy is comparable. Forecast assumes series of proposed rate increases beginning in April 2022 (delayed from December 2021)
- **Licenses & Permits** – base reduction in street use permits based on 2021 actuals
- **Transfers** – Includes \$64.2 million of federal Coronavirus Local Fiscal Recovery (CLFR) funds in 2022 and \$85.4 million Jump Start Payroll Expense Tax transfer to the General Fund
- **All Else** – comprised of many smaller items with adjustments up and down across external service charges, interest earnings, state-shared revenue, and other miscellaneous smaller items. But also includes the General Fund proceeds (\$65 million) from the sale of the Mercer properties

April Forecast – CBO Revenues

Other General Government Funds

(\$ thousands)	2021 Actuals	2022 Adopted	2022 Revised	Revised minus Adopted	2023 Forecast	2024 Forecast
Short-term Rental Tax	\$6,049	\$9,807	\$7,924	-\$1,884	\$8,372	\$8,755
Sweetened Beverage Tax	\$21,236	\$20,384	\$22,191	\$1,807	\$22,857	\$23,314
Commercial Parking Tax	\$28,554	\$36,540	\$38,442	\$1,902	\$50,339	\$52,624
School Zone Camera Fund	\$8,079	\$15,207	\$13,409	-\$1,797	\$14,994	\$14,118
STBD Vehicle License Fee	\$13,354	\$16,012	\$15,476	-\$536	\$15,693	\$15,912

Other General Government Funds: Drivers of Revenue Revisions

- **Short-Term Rental Tax** – base reduction in revenues due to 2021 actuals
- **Sweetened Beverage Tax** – ready-to-drink (bottled) beverage consumption has nearly returned to pre-pandemic levels, concentrates (fountain drinks and syrups) consumption in 2021 is at only 59% of 2019 levels
- **Commercial Parking Tax** – forecast includes rate increase from 12.5% to 14.5%, effective July 1, 2022, which will help speed up revenue recovery
- **School Zone Cameras** – 31 cameras now in operation (5 new since Oct/Nov 2021). Four additional cameras delayed in construction (concrete strike affected)

April Revenue Forecast Summary

General Government Funds

(Grey = OERF / Blue = CBO)

(\$ thousands)	2021 Actuals	2022 Adopted	2022 Revised	Revised minus Adopted	2023 Forecast	2024 Forecast
Sales Taxes	\$299,412	\$303,929	\$318,465	\$14,536	\$331,742	\$349,725
Business & Occupation Tax	\$315,425	\$317,427	\$331,860	\$14,433	\$348,978	\$366,982
Business License Fees	\$16,824	\$18,048	\$17,674	-\$373	\$18,586	\$19,545
Private Utility Taxes	\$44,717	\$38,958	\$40,038	\$1,081	\$36,051	\$34,110
Property Taxes	\$368,957	\$373,767	\$371,600	-\$2,167	\$382,130	\$387,011
Public Utility Taxes	\$154,278	\$178,104	\$180,535	\$2,431	\$186,716	\$191,137
Court Fines/Parking	\$29,392	\$41,052	\$36,711	-\$4,341	\$49,484	\$61,789
Other Licenses & Permits	\$15,594	\$19,121	\$17,502	-\$1,619	\$19,781	\$20,279
Grants	\$72,551	\$12,836	\$13,495	\$658	\$28,523	\$10,439
Transfers	\$47,296	\$187,381	\$187,023	-\$358	\$27,825	\$27,970
All Else	\$86,480	\$155,245	\$156,496	\$1,251	\$95,902	\$99,521
General Fund Total	\$1,450,928	\$1,645,866	\$1,671,400	\$25,534	\$1,525,719	\$1,568,507
Payroll Expense Tax	\$248,102	\$233,872	\$277,487	\$43,615	\$296,252	\$311,970
Short-term Rental Tax	\$6,049	\$9,807	\$7,924	-\$1,884	\$8,372	\$8,755
Sweetened Beverage Tax	\$21,236	\$20,384	\$22,191	\$1,807	\$22,857	\$23,314
Commercial Parking Tax	\$28,554	\$36,540	\$38,442	\$1,902	\$50,339	\$52,624
School Zone Camera Fund	\$8,079	\$15,207	\$13,409	-\$1,797	\$14,994	\$14,118
Grand Total	\$1,762,946	\$1,961,676	\$2,030,854	\$69,177	\$1,918,533	\$1,979,288

April Revenue Forecast Summary

Other General Government Funds

(\$ thousands)	2021 Actuals	2022 Adopted	2022 Revised	Revised minus Adopted	2023 Forecast	2024 Forecast
Admissions Tax	\$9,476	\$20,054	\$20,054	\$0	\$21,401	\$22,043
Real Estate Excise Tax (REET)	\$112,176	\$88,044	\$99,720	\$11,676	\$87,812	\$82,552
STBD Sales Tax	\$42,286	\$47,755	\$49,205	\$1,450	\$49,417	\$50,313
STBD Vehicle License Fee	\$13,354	\$16,012	\$15,476	-\$536	\$15,693	\$15,912
Seattle Transportation Benefit District Total	\$55,640	\$63,767	\$64,681	\$914	\$65,109	\$66,225

Revenues in context - what it all means

- Revenue forecast provides basis for developing a balanced 2023-2024 Proposed Budget.
- Revenues are only half of the picture – expenditures also matter.
- Inflation, now at a 30-year high, affects both revenues and expenditures.
- Rising prices boosts percentage-based taxes such as sales tax; but also puts pressure on buying power for wages/commodities.
- Labor contract negotiations with City unions are ongoing.
- Revenues continue to recover from pandemic; however, expense growth is outpacing revenues.
- This results in structural deficits in the General Fund.
- Significant one-time resources (Mercer Megablock sale, federal CLFR dollars, and the bump from the (JumpStart) Payroll Expense Tax) are no longer available to help balance in 2023 and beyond.
- More to come at the May 4 Finance and Housing Committee meeting when an update on General Fund balancing is presented by CBO and CCS.



Legislation Text

File #: Inf 2043, **Version:** 1

Seattle Rescue Plan: Quarterly Update on Seattle American Rescue Plan Act Spending

Seattle Rescue Plan:

Quarterly Update on Seattle's ARPA Spending

Julie Dingley, Director, City Budget Office

William Chen, Fiscal and Policy Manager, Innovation & Performance

April 20, 2022



City of Seattle 48

Overview

Key Takeaways

Lay of the Federal Funding Land

FEMA Update

Implementation Update

Seattle Rescue Plan (SRP) Summary

Spending Highlights

Key Takeaways

- **The City continues to make progress building necessary capacity, contracting, and spending SRP funds.**
- **We have kicked off a new phase of Seattle Rescue Plan implementation: performance evaluation.** At the same time the City continues to stand up and execute on programs getting support out to the community, we are also fulfilling both an expectation of the U.S. Treasury that recipients evaluate their programs, as well as our own interest in better understanding and learning lessons from our work to do better, that we can share with the City, and with the public.
- **Highlighted areas of spending:**
 - Cash Assistance
 - Food Assistance
 - Housing Affordability
 - Homelessness
 - Childcare
 - Community Well-Being
 - Economic Recovery
 - Outdoor Recreation
 - Unified Aid Portal

Lay of the Federal Funding Land

American Rescue Plan Act (ARPA):

- \$300m in direct funding for Seattle; allocated via “**Seattle Rescue Plan**” packages

Additional resources currently in play:

- **ARPA:** The State and County received millions of dollars that may still pass through to or affect the City, notably for food assistance. More to come in HSD’s response to SLI HSD-026-A-001.
- **FEMA** (ongoing eligible expenses and reimbursement activities)

Additional resources to come:

- **Infrastructure Investment and Jobs Act (IIJA):**
 - Federal granting agencies will be finalizing rules and announcing deadlines throughout the rest of the year.
 - City departments are underway analyzing the bill for opportunities and preparing to apply.

FEMA Public Assistance Update

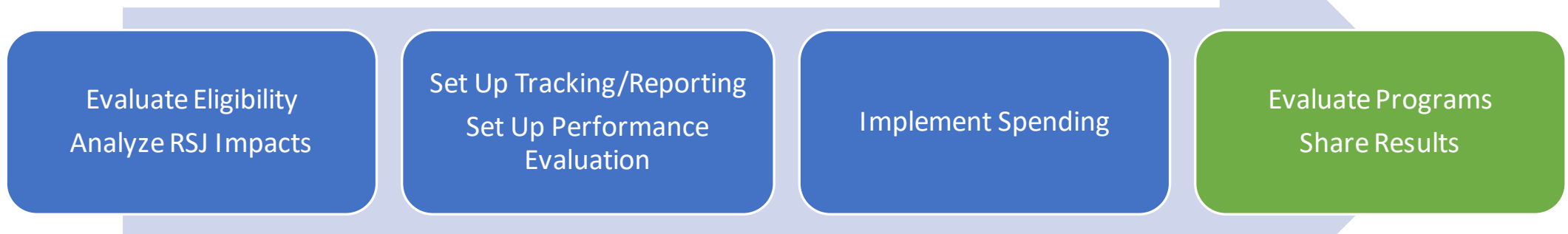
- \$8.2m of reimbursements received or approved by FEMA; \$18.8m in process
- Vaccine work: \$13m of invoices submitted to PHSKC; \$12.2m received to date
- FEMA reimbursements are all already factored into revenue projections

	# of Projects	Amount	Non-congregate Shelter Projects
Project Worksheets pending submission from Depts	6	\$2,647,803	
PWs currently in review with OEM	3	\$6,139,587	
PWs currently in State/FEMA Desk Review	3	\$1,778,263	
PWs in review by FEMA Consolidated Resources Center	9	\$8,270,433	
PWs Approved by FEMA	10	\$2,185,840	2 NCS projects; \$1,007,534. 1 NCS project; \$4,706
FEMA Reimbursement Received	5	\$5,490,557	1 NCS project; \$1,754,410
<i>FEMA Reimbursement Held for Close-Out</i>		\$538,859	
Total	36	\$27,051,342	

Seattle Rescue Plan Implementation Update: Process

With an unprecedented level of direct funding heading to all levels of government nation-wide, the Treasury created a thorough and complex set of guidelines and use restrictions for CLFR dollars. To address this complexity, CBO created and managed a review process for over 90 programs.

Seattle Rescue Plan Team has onboarded two Evaluation Advisors, and work is underway with departments that will enable us to understand and share the impacts our investments have had/will have.



Seattle Rescue Plan Implementation Update: Reporting

Treasury requires CLFR recipients submit two regular reports:

Quarterly Project and Expenditure Report (QPER)

- Technical report relying on accounting structures set up with departments, as well as manual asks.
- First QPER was submitted January 31, 2022. Next QPER due April 30, 2022.

Annual Recovery Plan Performance Report

- Provides a high-level look at the entire plan for CLFR looking forward, including spending and performance evaluation.
- First report submitted on August 31, 2021, shared with Central Staff, published on CBO website: [Link](#)
- **The next annual Recovery Plan Performance Report will be due July 31, 2022.**

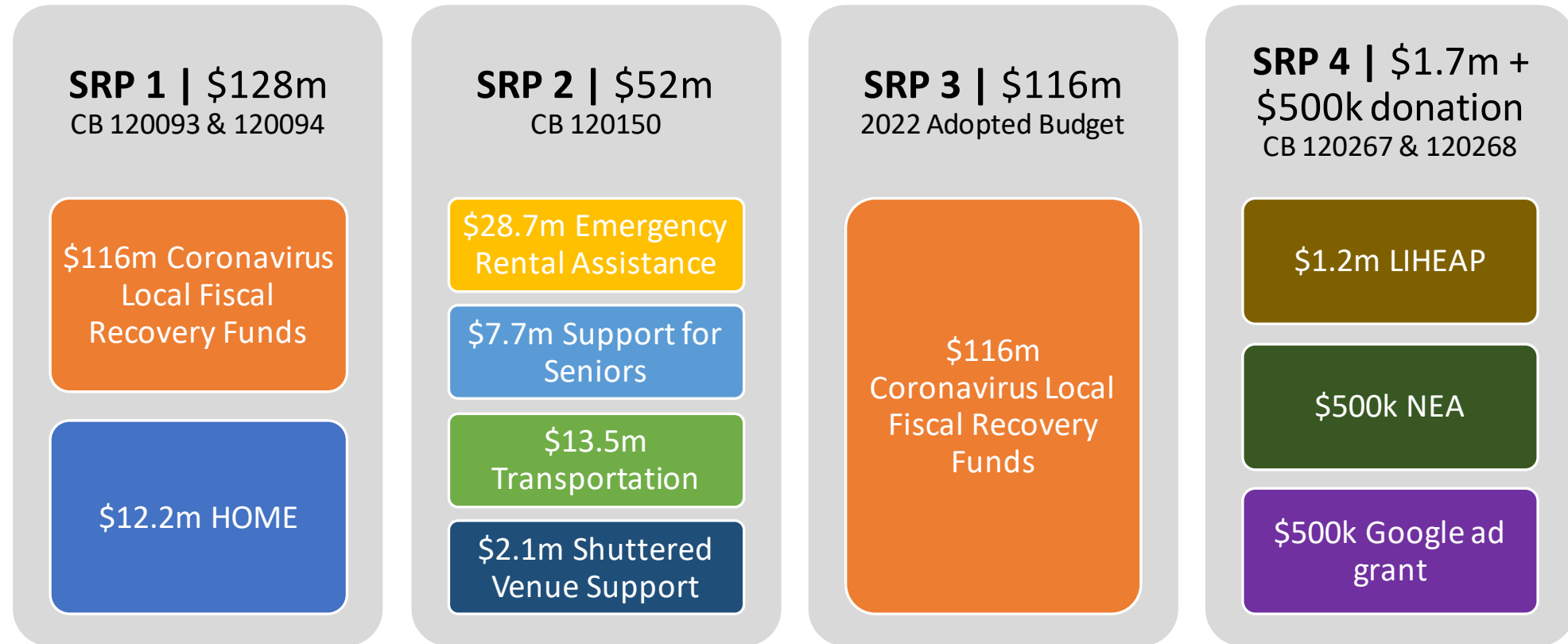
Public Spending and Performance Portal

- Layperson-friendly web portal to share progress on SRP spending and performance results.
- Will launch in phases, with Phase 1: Spending launch target beginning of June.
- Phase 2: Performance launch target beginning of August.

City Council is now receiving monthly update reports on Seattle Rescue Plan.

Seattle Rescue Plan (SRP) Summary

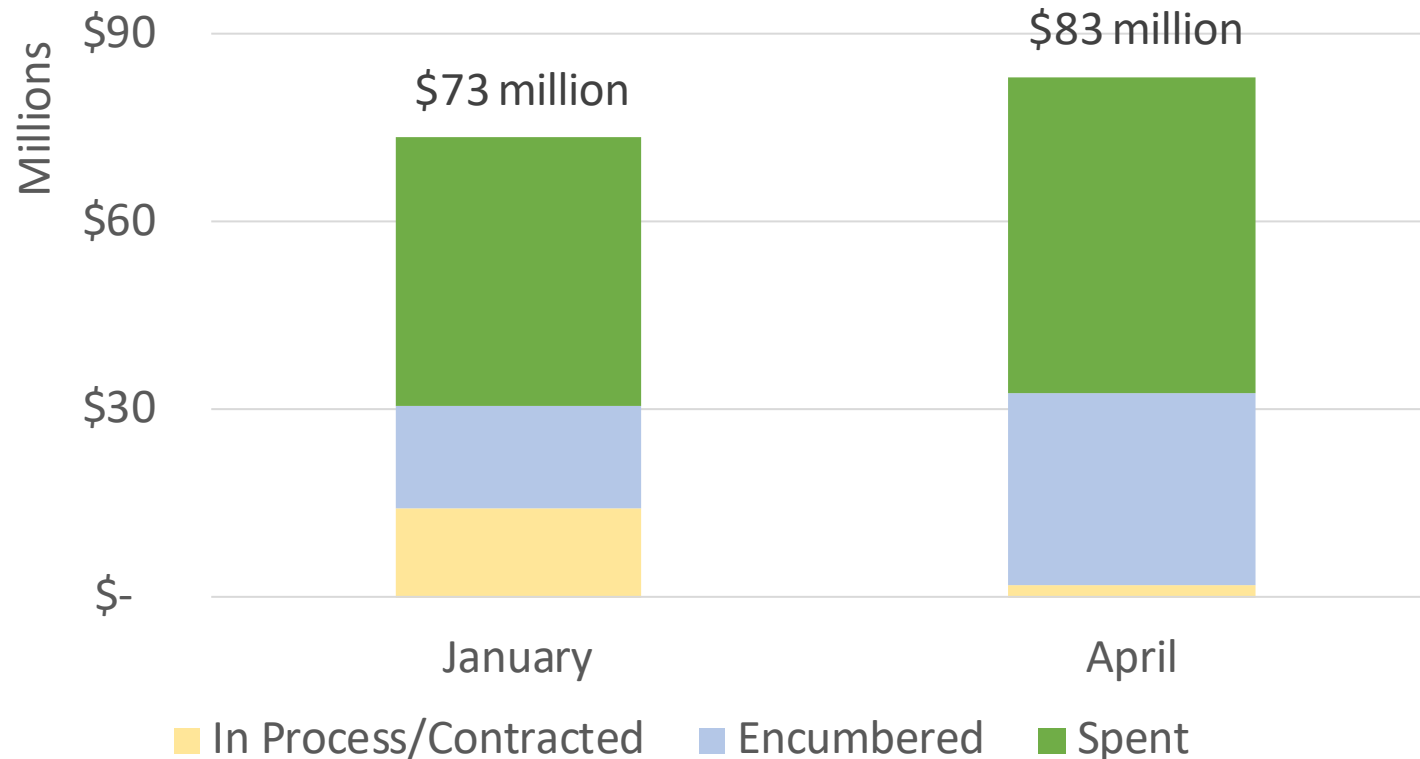
Seattle has received nearly \$300M of the \$1.9T total from the American Rescue Plan Act (ARPA), including \$232M in local direct aid (flexible funding from the Coronavirus Local Fiscal Recovery [CLFR] funds) and other targeted aid under the umbrella of the “Seattle Rescue Plan.”



All-SRP Appropriation Summary

	SRP1	SRP 2	SRP3	SRP4	Total
Grand Total	\$123,410,000	\$52,150,000	\$121,060,000	\$1,710,000	\$298,430,000
Housing/Homelessness	\$44,820,000	\$28,730,000	\$28,310,000	\$1,210,000	\$103,080,000
Community Well-being	\$45,990,000	\$7,750,000	\$15,140,000		\$68,880,000
Community and Small Business Recovery	\$24,130,000	\$15,670,000	\$10,350,000	\$500,000	\$50,640,000
Community Safety/Mental Health	\$1,200,000		\$7,030,000		\$8,230,000
Supporting City Workers and Reopening	\$7,280,000		\$60,330,000		\$67,600,000

SRP1 Progress Since January Update



- \$9.8 million in further activity (spending, encumbrance, in process)
- \$7.6 million more spending recorded
- \$14 million of in process contracts now encumbered or spent

SRP1 Spending Update

	Allocated	In Process / Contracted	Encumbered	Spent	Total Spent/ Encumbered/ In Process	% Progress
Grand Total	\$123,410,000	\$2,095,280	\$30,513,207	\$50,586,195	\$83,194,682	67%
Housing/Homelessness	\$44,820,000	-	\$19,676,849	\$12,953,901	\$32,630,750	73%
Community Well-being	\$45,990,000	\$385,000	\$5,013,197	\$31,451,151	\$36,849,348	80%
Community and Small Business Recovery	\$24,125,000	-	\$5,056,026	\$4,169,718	\$9,225,744	38%
Community Safety/Mental Health	\$1,200,000	-	\$742,398	\$297,490	\$1,039,888	87%
Supporting City Workers and Reopening	\$7,275,000	\$1,710,280	\$24,737	\$1,713,935	\$3,448,952	47%

SRP3 Spending Update (direct-CLFR)

	Allocated	In Process / Contracted	Encumbered	Spent	Total Spent/ Encumbered/ In Process	% Progress
Grand Total	\$54,819,916	\$19,853,875	\$26,104,619	\$1,143,513	\$47,102,007	86%
Housing/Homelessness	\$23,312,968	-	\$23,312,968	-	\$23,312,968	100%
Community Well-being	\$12,463,976	\$2,534,672	\$2,791,651	\$373,269	\$5,699,592	48%
Community and Small Business Recovery	\$9,351,156	\$8,927,513	-	\$423,643	\$9,351,156	100%
Supporting City Workers and Reopening	\$9,691,816	\$8,391,690	-	\$346,601	\$8,738,291	90%

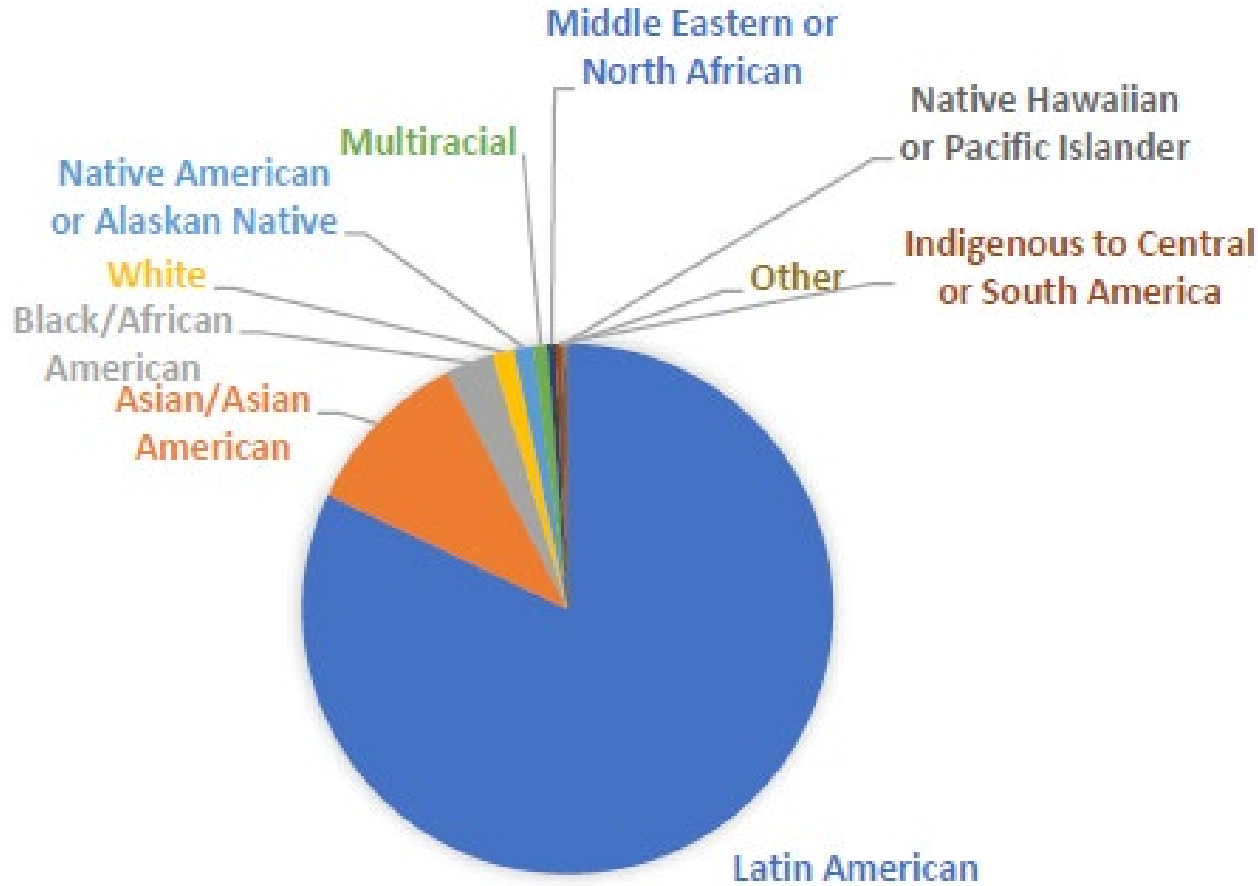
*SRP3 also included \$66.3m in revenue replacement to the General Fund.

Cash Assistance Phase 1: Who Received Assistance?

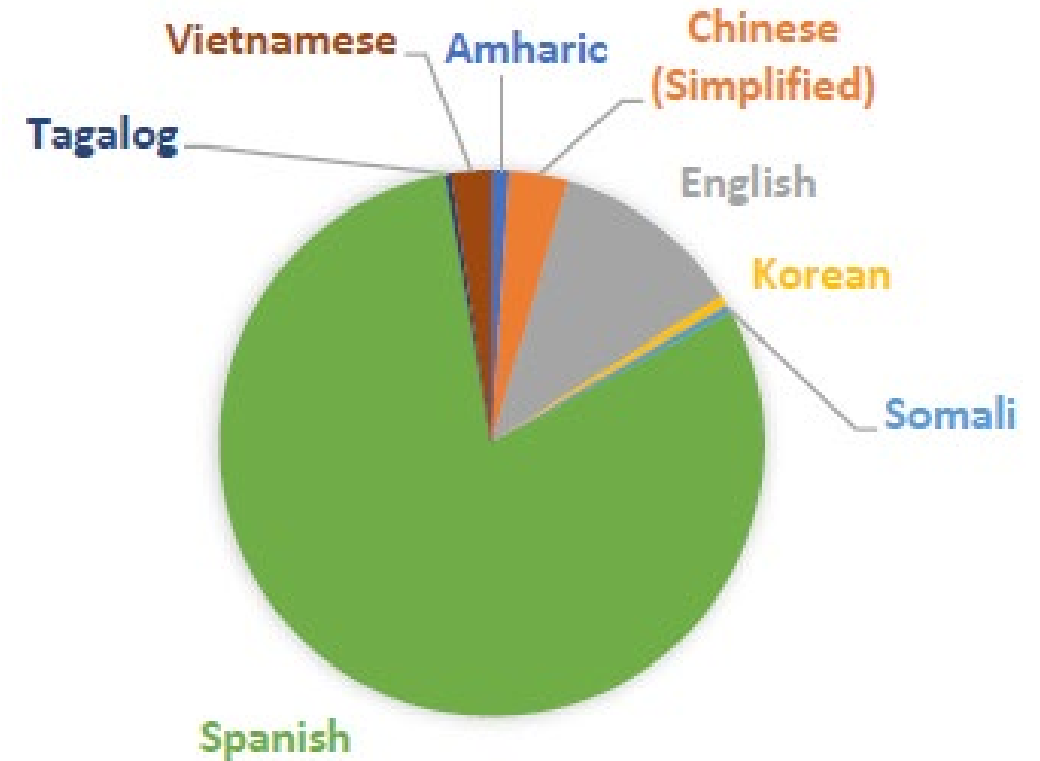


Phase 1: Eligible prior recipients of Seattle Disaster Relief Fund. \$5.8 million disbursed to 2,320 households.

Recipient Race/Ethnicity



Application Language



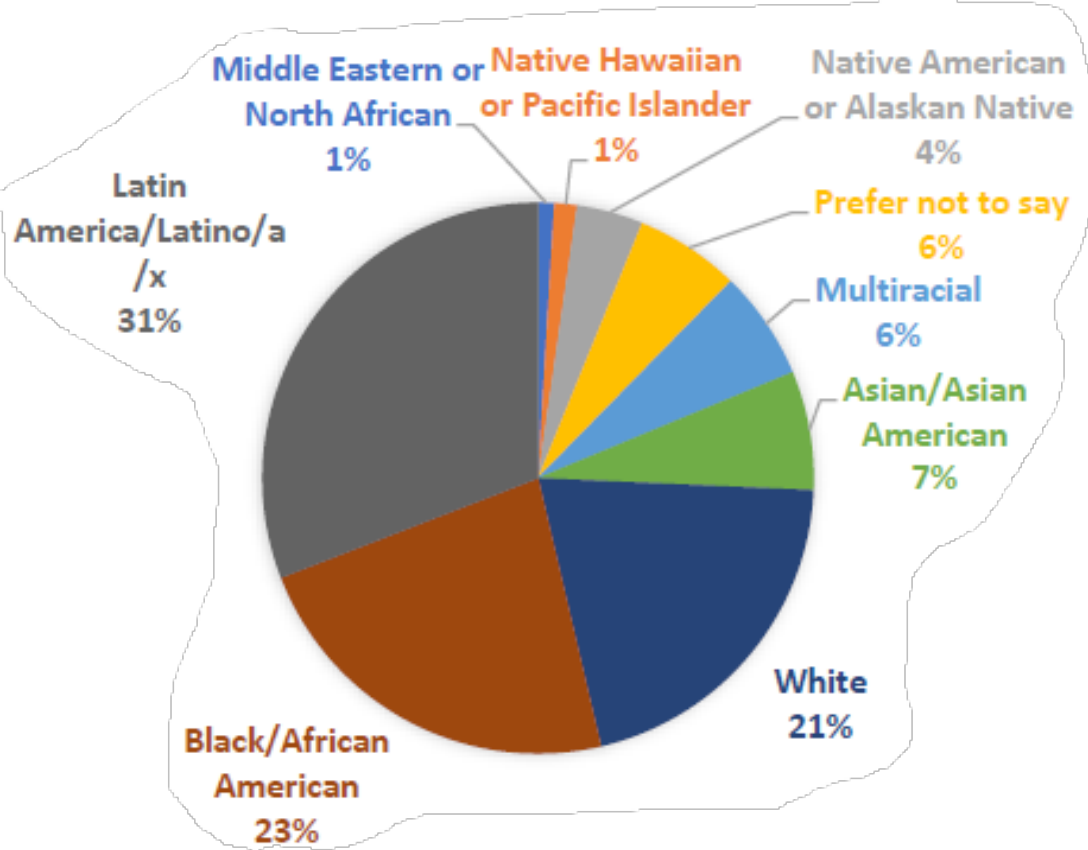
Source: Scholarship Junkies, Seattle Rescue Plan Final Report

Cash Assistance Phase 2: Who Received Assistance?

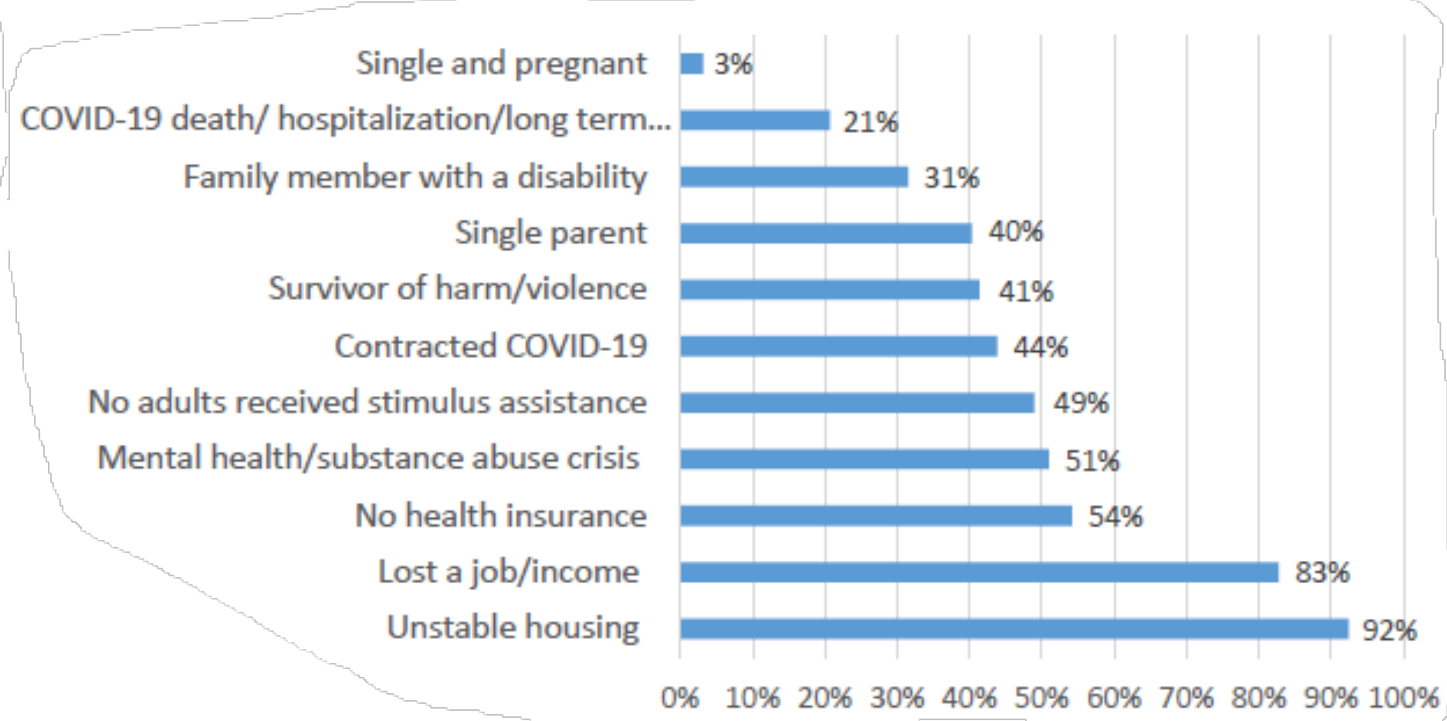


Phase 2: Open application for eligible low-income households. \$16.2 million disbursed to 9,392 households.

Recipient Race/Ethnicity



Recipient Characteristics



Source: Scholarship Junkies, Seattle Rescue Plan Final Report

Spending Highlights: Food Assistance



Good Food Kitchens: \$690,000

- Funds local restaurants in diverse Seattle neighborhoods to provide meals to community members who are facing food insecurity.
- 100% obligated: \$232k spent, \$458k encumbered



Continuation of 2021 COVID-related Food Programs in 2022: \$7.5 million

- Provides food assistance to low-income individuals and households via several strategies, including food banks, meals in permanent supportive housing and emergency shelters, and Ethnic Grocery Bags.
- \$346k spent, \$1.9 million encumbered



Low-Income AIAN Food Support: \$308,000

- Final scope of work negotiated, with project activity expected to begin late summer.

Spending Highlights: Housing Affordability

Affordable Housing Rapid Acquisitions



CLFR (\$16.3m):

- Thanks to CLFR funds, OH has purchased **four new multifamily buildings with 198 units total**. About half the funds for the purchases come from State matching funds. The units and shelter beds will be open for occupancy in 2022.



HOME (\$12.2m):

- Currently awaiting HUD approval of HOME allocation plan.

Emergency Rental Assistance (ERA) 1 and 2



ERA1 (\$22.7m):

- 100% obligated, including to 16 Community Based Organizations who are presently working with tenants
- 95% spent



ERA2 (\$28.7m):

- 61% obligated, including contract renewal with UWKC
- 49% spent



Affordable Housing Provider Capacity Building

- \$3m (SRP1 + SRP3): 100% obligated: \$120k spent, \$2.88m encumbered

Spending Highlights: Homelessness



Most of the City's homelessness investment will be implemented via the King County Regional Homelessness Authority. \$41.6 million for services for those experiencing homelessness, including:

- \$34.8 million*: shelter and services
- \$2.3m: capacity building and ensuring stability of providers
- \$2.3m: Rapid Rehousing
- \$1.3m: Diversion
- \$500k: RV safe lots
- \$400k: THVs

*\$7.5 million of the shelter and services line above is being managed by King County and is under contract.

Spending Highlights: Childcare



Support for childcare workers: \$3 million disbursed to over 3,500 workers

- Spending complete. One-time payment recognizing the essential services they have provided to families during the pandemic.



Building or expanding childcare facilities: \$5 million

- HSD/DEEL collaborating on outreach/recruitment to providers and to align facilities RFPs
- Two Project Facilities Coordinator positions posted (HSD) to increase capacity
- **Timeline:**
 - **April 22:** Childcare provider survey closes. **SURVEY LINK:** <https://forms.office.com/g/W8uYYvziWk>.
 - **May:** DEEL's RFI release. (FEPP) Open to Seattle Preschool Program sites only.
 - **Late May/Early June:** HSD's RFP release. (CLFR) Open to broader childcare community.
- **June/July:** HSD will release an RFQ for architectural support to increase capacity to assist providers
- Childcare providers can contact HSD directly with questions or to learn more at ChildCareFacilities@seattle.gov

Spending Highlights: Community Well-Being



Older Americans Act (OAA): \$2.8 million available in 2021

- HSD's Aging & Disability Services division has developed a 1-year spending plan for the Older Americans Act COVID grant and is proceeding with contracting: \$900k awarded to date, \$450k spent.
- State appropriated their matching funds, which we expect to receive in July 2022.
- Services include: elder abuse case mgmt., transit subsidies, caregiver counseling, and nutrition/meals
- Maintain or scale existing covid relief efforts, including alleviating negative health effects of social isolation



Supporting Survivors of Gender-Based Violence: \$600,000

- 100% of funds obligated: \$164k spent; \$436k encumbered



Mental health services for individuals, youth, families: \$600,000

- 100% of funds obligated: \$112k spent; \$488k encumbered

Spending Highlights: Economic Recovery

Small Business:

\$900,000 for Downtown Activation/Welcome Back Weeks: \$776k spent, \$63k encumbered.

\$20 million for recovery grants and technical assistance to small businesses, micro businesses, neighborhood business organizations

- Neighborhood Economic Recovery Grants (\$5.5M): \$663k spent to date; \$3.3m encumbered covering 32 contracts.
- Small Business Stabilization Fund (\$4.3M): \$1.8m spent to date.
- Downtown Recovery Grants, Workforce Development, and Empty Storefronts (total \$1.4M): \$1M spent/encumbered.

Arts and Cultural Organizations:

\$3 million for direct financial assistance for COVID-related relief and facilities support

- Cultural Organizations Reopening Grants (\$2.2M): RFP closed, applicants scored, with eligibility screening in process now. Arts Recovery Manager started mid-March, and 2 program staff who will work on this project in hiring process.
- Cultural Districts Recovery Grants (\$500k): 100% of funds encumbered.
- Hope Corps (\$250k): \$240K spent/encumbered.

Job Training:

\$450,000 for wrap-around services and retention program as part of Seattle's Priority Hire program:

- FAS is coordinating approach with OSE's \$1M for pre-apprenticeship training. RFP release estimated Q2 2022.

Spending Highlights: Outdoor Recreation



Parks Enhanced Maintenance: \$1.05 million

- Spending complete.



Opening Wading Pools: \$400,000

- Spending complete.



Rec N' the Streets: \$200,000

- Spending complete.



Parks Activation: \$500,000

- SPR is developing a program plan to fully implement this summer.



Stay Healthy Streets: \$2.5 million

- SDOT is delineating eligible costs of the program to apply CLFR funds to.

Spending Highlights: CiviForm

To date, CiviForm has received 5,688 applicants
with 637 applying to 2+ programs, and 208 applying to 3+ programs

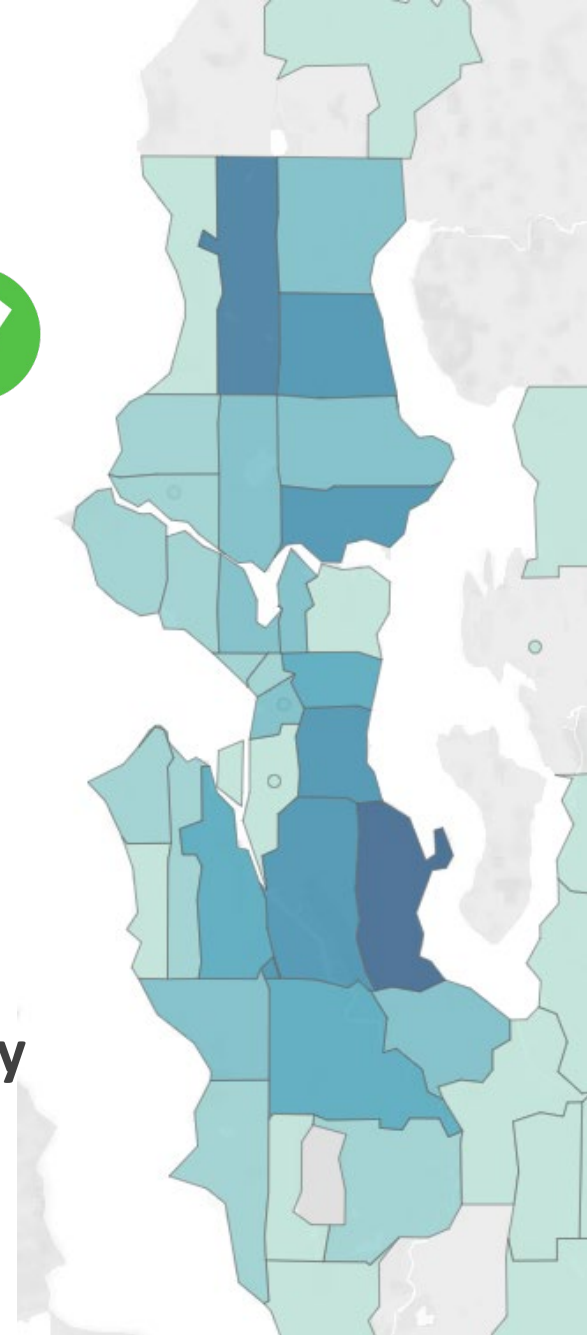


Recently added a new program: Emergency Bill Assistance (SCL).



CiviForm is tracking valuable data we can use to improve the system's effectiveness, like applicant zip codes and how long different applications take to complete on average.

We look forward to sharing more about what we learn about CiviForm and other SRP programs in August, after we publish the annual Recovery Plan Report.



Questions?

Appendix: Additional Funding Detail

AS OF 12/31/21

SRP2 Spending Update

	Allocated	In Process / Contracted	Encumbered	Spent	Total Spent/ Encumbered/ In Process	% Progress
Grand Total	\$52,150,738	-	\$5,577,349	\$28,371,750	\$33,949,099	65%
Housing/Homelessness	\$28,730,963	-	\$4,610,870	\$15,685,322	\$20,296,193	71%
Community Well-being	\$7,752,975	-	\$192,320	\$456,299	\$648,619	8%
Community and Small Business Recovery	\$15,666,800	-	\$774,159	\$12,230,129	\$13,004,288	83%