

July 18, 2023

**MEMORANDUM**

**To:** Finance & Housing Committee  
**From:** Edin Sisic, Analyst & Aly Pennucci, Deputy Director  
**Subject:** Council Bill 120618: Mid-year Supplemental Budget Ordinance

On July 19, 2023, the Finance & Housing Committee (Committee) will discuss [Council Bill \(CB\) 120618](#), which would amend the City’s 2023 Budget.

This memo provides (1) background on budget adjustments to date; (2) describes CB 120618; (3) identifies potential issues and options for the Committee’s consideration; and (4) describes next steps in the budget adjustment process for 2023.

Most of the proposed adjustments in CB 120618 are technical in nature, and several present a policy choice that the Council may consider alternatives for. The key policy choices before the Council embedded in this legislation include accepting, modifying, or rejecting the following proposals:

1. Reprioritizing existing resources to implement components of the Downtown Activation Plan (DAP) in 2023. In addition, the memo includes a discussion of other budget actions the Executive is taking within their existing budget authority and future actions to implement the DAP that may have budgetary impacts.
2. Reprioritizing existing resources to continue work on the Center City Streetcar Connector
3. Using vacancy savings from civilian positions in the Seattle Police Department’s (SPD) 2023 budget to pay for new ongoing civilian positions.
4. Legislating a reduction to the 2023 JumpStart Fund transfer to the General Fund (GF).
5. Modifying the proviso to allow SPD sworn officer salary savings to be used for overtime and to fund a new technology project.

**Background – Approved Budget Adjustments to Date**

As shown in *Table 1 (2023 Revised Budget-to-Date)*, as of June 6, 2023, a combination of automatic and Council- approved budget adjustments have increased the City’s 2023 Adopted Budget by \$2.1 billion or 28 percent.

*Table 1. 2023 Revised Budget-to-Date*

Fund	2023 Adopted	Adjustments as of 7/01/2023	Revised Budget 7/01/2023	Percent Increase
General	\$1,606 M	\$186 M	\$1,792 M	12%
All Other	\$5,828 M	\$1,894 M	\$7,722 M	33%
<b>Total</b>	<b>\$7,434 M</b>	<b>\$2,080 M</b>	<b>\$9,481 M</b>	<b>28%</b>

Most of the \$2.1 billion increase is from legislation and automatic carryforwards described in the [Central Staff memo](#) for the 2022 Carryforward Bill ([Ordinance 120572](#)), which Council passed on May 23, 2023. The remainder (\$2.4 million) is from legislation passed subsequently, including:

- [Ordinance 126806](#) – Appropriated \$1.1 million from the GF, for a four percent contract wage increase for 100 members of the Parking Enforcement Officers’ Guild.
- [Ordinance 126796](#) – Appropriated \$900,000 in Seattle Public Utilities’ Solid Waste Fund for legal, efficient, and equitable disposition of garbage, known as residuals, collected by the County but sorted and processed within the City of Seattle.
- [Ordinance 126825](#) – Added three new FTE positions and appropriated \$373,000 in the Construction and Inspection Fund to implement the tree protection legislation.

### **CB 120618 – 2023 Mid-year Supplemental Ordinance**

CB 120618 is the second comprehensive supplemental budget legislation transmitted by the Executive in 2023, proposing mid-year appropriation, position, and capital project changes to meet needs that are assumed to be unforeseeable<sup>1</sup> at the time the 2023 budget was adopted in November 2022. Overall, this legislation would decrease the 2023 revised budget by \$138.9 million and would add 81 positions. The appropriation decrease is primarily due to technical changes which abandon \$229.7 million of capital budget appropriations. After adjusting for these technical reductions, this bill would increase the budget by \$86.8 million.

The City faces a long-term structural budget deficit, where General Fund (GF) expenditures are outpacing GF revenues. At the [May 17, 2023, meeting of the Committee](#), Central Staff updated the Committee on the GF financial status following the April economic and revenue forecast prepared by the Office of Economic and Revenue Forecasts, and included key updates to expenditure projections based on best available information at the time. At that time, Central Staff estimated that an additional \$31.8<sup>2</sup> million in GF resources are available, compared to what was adopted in the 2023 budget, however, the average operating GF deficit in 2025 and 2026 increased from \$212 million per year, to \$224 million per year. With this deficit in mind, the next section of this memorandum describes the proposed GF changes and how they are funded.

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<sup>1</sup> RCW 35.32A.060 allows appropriating “from the emergency fund, or other designated funds, an amount sufficient to meet the actual necessary expenditures of the city for which insufficient or no appropriations have been made due to causes which could not reasonably have been foreseen at the time of the making of the budget”.

<sup>2</sup> This figure is calculated after an assumed reduction to the amount of JumpStart Funds transferred to the GF in 2023. While the \$31.8M GF resource is not currently programed, these funds may be needed to address shortfalls in the JumpStart Fund in 2024 based on the most recent revenue forecast and to address cost increases in GF expenditures in 2024 that were unanticipated at the time the Council endorsed the 2024 budget, including the cost to cover the increases in insurance premiums discussed later in this memo.

## General Fund Review

CB 120618 would increase the 2023 GF budget by \$16.9 million, which is the net effect of new GF spending proposals, abandonments of carryforward grant-backed appropriations, and transfers of resources to non-GF funds. However, after accounting for the Executive estimated GF revenue increase of \$3.3 million<sup>3</sup> and the \$14.0 million unappropriated GF Planning Reserves transfer to the Judgement and Claims Fund, there would be a positive net-change to the GF balance of \$359,000. All GF increases, abandonments, and transfers are described in the tables below.

*Table 2: GF Increases*

<b>Item</b>	<b>Department</b>	<b>Amount</b>
<b>Judgement and Claims Fund Transfer</b>	Finance General (FG)	\$14.0M
<p><u>Description:</u> \$14.0 million increase in Finance General (FG) from the unappropriated GF Planning Reserves to pay for anticipated Judgement and Claims settlement costs. The ‘Planning Reserves’ for the GF includes amounts that are intended to be budgeted in the future but are not yet part of the budget due to legal or other planning considerations, as determined by the Executive. Because the Planning Reserves are not appropriated, this reads as an overall increase in GF spending compared to 2023 Adopted Budget. In June, CS and CBO recommended exploring the creation of an appropriated risk reserve for this purpose, which would make it clear in the future, that these resources had already been provided for in budget planning decisions last fall, and would not be reflected as a net mid-year increase.</p>		
<b>Mayor’s Downtown Activation Plan</b>	Office of Economic Development (OED)	\$2.2M
<p><u>Description:</u> \$2.2 million increase in OED to implement a one-time expansion of cleaning services and to provide continued support for community engagement, strategic planning, and project delivery of the Downtown Activation Plan (DAP). These appropriations are balanced by other reductions in GF spending included in CB 120618. If these investments are not a priority for the Council, these funds could be redirected for other one-time uses in 2023. For additional context regarding DAP see the ‘Policy Considerations’ section towards the end of this memo.</p>		
<b>911 Call Data Recorder Integration with Computer Aided Dispatch &amp; Radio Network</b>	Community Safety and Communications Center (CSCC)	\$1.5M
<p><u>Description:</u> \$1.5 million increase in CSCC to update 911 Call Data Recorder Integration with Computer Aided Dispatch and Radio Network. This project would upgrade the CSCC’s recording technology and integrate it with the Puget Sound Emergency Radio Network (PSERN) to which King County public safety agencies are in the process of transitioning. The upgrade would be consistent with similar recent upgrades at SPD and SFD. The project would improve the operational efficiency of the CSCC’s current network by enabling keyword searches and more targeted quality assurance review. In addition, it would improve call-data aggregation technology that is currently manual and help reduce the current backlog in the CSCC’s provision of requested records to the Office of Police Accountability. This funding would be from the City’s 9-1-1 excise tax revenues, which are held in escrow by King County and disbursed as requested and permissible by statute.</p>		

<sup>3</sup> This new revenue was not assumed in the 2023 Budget or the April revenue forecast; it is necessary to support specific appropriations in ORD 120618, including revenues from the City’s 9-1-1 excise tax revenues and for appropriations for services that the City will reimbursed for (these items are described later in the memo).

Item	Department	Amount
<b>Insurance Premiums Renewals for 2023</b>	FG	\$1.5M
<p><u>Description:</u> \$1.5 million increase in FG for higher insurance renewal premium costs. In total, this represents a 10.5 percent increase to GF insurance premiums, which will total an estimated \$14.3 million in 2023. This reflects an ongoing cost increase for the City’s insurance premiums and must be funded.</p>		
<b>Dual Dispatch Pilot Program</b>	CSCC	\$1.6M
<p><u>Description:</u> \$1.6 million reserves transfer from FG reserves to CSCC for the City’s dual dispatch pilot program, including personnel, facilities, and vehicles. The Mayor’s Office and City Council have worked collaboratively to envision an alternative response program for the City of Seattle, which the Executive projects will begin in October. This program will set up three teams which include mental health professionals to dually respond to non-emergency situations. These responders will alleviate strains on other public safety resources by responding to low acuity calls with a mental and behavioral health nexus, with the goal of diverting people experiencing a crisis from being incarcerated or sent to the emergency room. The FG reserve is an ongoing resource to support these positions. The proposed FTE increases are further described in the ‘Position Changes’ section of this memo.</p>		
<b>CSCC Vacancy Assumptions &amp; Consultant Costs</b>	CSCC	\$1.1M
<p><u>Description:</u> \$1.1 million increase in CSCC to support call taker salaries and consultant costs related to the CSCC’s establishment as an independent department. Previously, the time needed to onboard a new CSCC call-taker was six to nine months, and in 2023 the range has been three to six months, so the department’s projected vacancy savings are significantly lower. The request also includes funding for a consultant engagement that will examine CSCC’s technology and staffing needs. This funding would be from the City’s 9-1-1 excise tax revenues, which are held in escrow by King County and disbursed as requested and permissible by statute.</p>		
<b>MOU for services provided to Downtown Business Improvement Area (BIA)</b>	SPD	\$525,000
<p><u>Description:</u> \$525,000 increase in SPD to enhance police presence, safety, and protection of the public, businesses, and property owners within the BIA boundaries. The term of this contract runs from July 1, 2022, to June 30, 2023. The BIA will reimburse the City for these services in 2023.</p>		
<b>HSD Transfer for the Third Avenue Project</b>	Human Services Department (HSD)	\$530,000
<p><u>Description:</u> \$530,000 transfer within HSD, to fund the continuation of the Third Avenue Project (TAP) through the end of 2023. HSD has used approximately \$2.4 million from underspend in other programs since late 2022 to contract with the organization Purpose, Dignity, Action (PDA) and their subcontractors to implement TAP, a public safety initiative along Third Avenue that prioritizes outreach and relationship-building to connect underserved people with help and services, enlisting downtown businesses as stakeholders in this effort. PDA was only funded through September 2023, so this increase will allow work to continue through the end of the year. According to the Executive, \$530,000 is available in the Addressing Homelessness budget due to 2022 GF underspend in HSD’s contract with King County Regional Health Authority (KCRHA). To date, TAP’s only funding has been from one-time appropriations due to underspending in other programs. Therefore, continuation of this program into 2024 would require identifying additional funds.</p>		

Item	Department	Amount
<b>Staffing Monitoring of the Consent Decree</b>	Office of Inspector General (OIG)	\$405,000
<u>Description:</u> \$405,000 transfer from FG reserves to OIG for three new FTE positions related to the 2012 United States Department of Justice (USDOJ) and the City of Seattle settlement agreement, also known as the Consent Decree. These three FTE positions will be assuming the federal monitor's oversight and assessment work as these duties are transferred from USDOJ to OIG.		
<b>Director of Strategic Initiatives Backfill</b>	SPD	\$256,000
<u>Description:</u> \$256,000 increase in SPD for reimbursement of personnel costs for the Executive Director of Strategic Initiatives position. The incumbent employee is participating in a USDOJ fellowship that will run through December 5, 2023. The reimbursement amount will be used to fund the position backfill until the incumbent returns to SPD.		
<b>Center City Connector</b>	SDOT	\$250,000
<u>Description:</u> \$250k GF increase in Seattle Department of Transportation (SDOT) to complete a delivery assessment of the Center City Streetcar Connector to update cost estimates and develop a financial plan for the project. There is an additional increase of \$805k from Seattle Transportation Benefit District fund balance (vehicle license fee revenue) for a total of \$1.1 million for this assessment. Development of the Center City Streetcar Connector was paused in 2018, as a result of higher-than-anticipated costs and issues with vehicle procurement and has remained on hiatus during the Covid pandemic. The 2023-2028 Adopted CIP identifies a total project cost of \$237 million, including \$77 million of federal grant funds (FTA Small Starts) and an unsecured funding gap of \$93 million. Currently, there is no funding plan to address the increased operational costs of the Center City Streetcar Connector.		

Appropriation Reductions: CB 120618 would reduce \$4.5 million of GF appropriations, which partially offsets the additions described above. These reductions include a cumulative \$363k abandonment of grant-backed authority that is no longer necessary, and funding shifts from GF to other funding sources, as described in Table 3.

*Table 3: GF Reductions*

Item	Department	Amount
<b>Branch Air Conditioning Projects</b>	Seattle Public Library	(\$1.7M)
<u>Description:</u> \$1.7 million decrease to Seattle Public Library for the installation of air conditioning at the Northeast and Southwest branches. This funding was originally added by the Council in the 2022 Adopted Budget as a climate adaptation measure. In 2022, the Executive instructed SPL to hold the spending of the \$1.7 million GF for air conditioning as one of many "spending holds" on GF appropriations identified as necessary to end 2022 in balance. Because of this hold, in August 2022, Council allocated \$1.7M of JumpStart funds in the legislation that allocated JumpStart Green New Deal funds via Ordinance 126675.		
It is not entirely clear if both the GF and JumpStart funds are necessary to move forward with the air conditioning work at the Northeast and Southwest branches given that there were other reductions in funding for the CIP project in the 2023 Adopted Budget. The Executive's proposal to cut \$1.7M of GF now presumes that it is not needed for the project and the \$1.7M GF was not needed to end the 2022 fiscal year in balance. The administrative hold limited the Council's ability to repurpose those funds which should be considered if administrative spending holds are proposed by the Executive in the future.		

Item	Department	Amount
Though not a one for one proposal, this reduction enables the Executive to propose new GF spending to implement the Downtown Activation Plan. Given that the most recent revenue forecast for the City projects a deficit in the JumpStart fund in 2024 (based on what was approved in the 2024 Endorsed Budget) it would be financially prudent to retain the \$1.7M GF in the CIP project and cut the \$1.7M of JumpStart funds. This would require that the Executive find other offsetting reductions to support the DAP or other new GF expenditures proposed in the bill.		
<b>Center City Streetcar Connector</b>	SDOT	<b>(\$2.3M)</b>
<p><u>Description:</u> \$2.3 million decrease in SDOT for the Center City Streetcar Connector project. \$2.4 million of Transportation Network Company (TNC) revenue was appropriated in the 2022 Adopted Budget for this project and \$2.3 million of unspent appropriations carried forward into 2023. This proposed decrease is primarily due to reallocation of TNC revenue by the Executive to cover budget shortfalls in other programs and partly due to TNC revenue coming in lower than expected. Separately, the Executive proposes increasing funding by \$1.1 million of STDB and GF fund balance for Center City Streetcar project development.</p>		

Table 4 summarizes the GF items in the mid-year GF appropriations that do not rely on one-for-one allocations from FG reserves. As shown in Table 4, the bulk of the GF increase is paid from Executive-managed planning reserves with the remainder funded from new revenue (including reimbursements), and reductions to other GF appropriations. These changes were either assumed in the GF financial plan information presented on May 17th or are backed by new offsetting revenue and/or appropriation reductions. As such, there is minimal impact to the GF balancing picture discussed on May 17<sup>th</sup> for 2023.

Table 4. CB 120618 Summary of Funding for GF Appropriation Increases<sup>4</sup>

Item	Amount	Funding Source
<b>One-Time Appropriations</b>		
Judgement & Claims Fund Transfer	\$14.0 M	Reduce planning reserves
Downtown Activation Plan	\$2.2 M	Offsetting reductions
Downtown Business Improvement Area	\$0.5 M	Reimbursement via DBIA MOU
Dir. of Strategic Initiatives Backfill	\$0.3 M	DOJ Reimbursement
CIP Appropriation Reductions	<b>\$(4.5) M</b>	
<b>One-Time Appropriations Subtotal</b>	<b>\$12.5 M</b>	
<b>Ongoing Appropriations</b>		
911 Call Data Recorded Integration	\$1.5 M	911 Excise Tax Revenue Offset
Insurance Premium Renewals	\$1.5 M	Offsetting reductions
CSCC Vacancy Assumptions and Consultant Costs	\$1.1 M	911 Excise Tax Revenue Offset
Other Proposals	\$0.3 M	Offsetting reductions
<b>Ongoing Appropriations Subtotal</b>	<b>\$4.4 M</b>	
<b>GF TOTAL</b>	<b>\$16.9M</b>	

<sup>4</sup> Net-zero transfers in the General Fund are excluded from Table 4.

Table 4 also shows that \$12.5 million of the total GF budget increase requests are one-time in nature, and \$4.4 million of the proposed changes include ongoing appropriations that would likely extend beyond 2023. If adopted, 2024 and future years' GF departmental budget would increase by \$4.4 million. Of that amount, approximately \$2.6 million is revenue backed and the net ongoing fiscal impact would be \$1.8 million<sup>5</sup>. Put another way, the projected \$224 million operating deficit beginning in the 2025-2026 biennium would increase to about \$226 million. This increase is primarily due to the increase in insurance premium costs.

### Other Funds Review

In addition to the proposed GF changes described above, CB 120618 would decrease total appropriations in all other City funds by \$155.9 million; largely the result of the abandonment of \$242.2 million of existing appropriations, including:

- **Capital Improvement Program (CIP) Abandonments**  
A combined abandonment of \$236.9 million of carryforward capital budget appropriations in the City utility funds, of which \$125.8 million is in City Light Fund and \$111.1 million is in Seattle Public Utilities' funds. In addition, Seattle IT's and SDOT's abandonment totals \$2.5 million, and \$459,000 respectively. These departments indicate that these appropriations are no longer needed, and that approved capital work can be accomplished within remaining appropriation authority.
- **Human Services Fund Grant Abandonments**  
An abandonment of \$1.9 million of carryforward grant appropriations in the Human Services Fund for grants that have expired, and the appropriation authority is no longer needed.

It is important to note that these changes are technical and do not free up financial resources for use on other budget purposes. After accounting for these technical reductions, CB 120618 would increase appropriations to other City funds by approximately \$86.8 million. Noteworthy increases include:

- **Judgement and Claims Litigation**  
\$19 million increase in the Department of Finance and Administrative Services (FAS)-managed Judgement and Claims Fund to cover higher than anticipated expenses for the remainder of this year. This is funded by the \$14 million transfer from the GF Planning Reserves to the Judgement and Claims fund as described earlier in the General Fund Review section of the memo and by a \$5 million insurance reimbursement.
- **Reimbursable Authority in FAS for Capital Projects**  
\$14.4 million increase in FAS for customer driven CIP projects including: Seattle Municipal Tower workspace renovations on various floors; SCL Tenant Improvements; and other smaller projects planned for this year. Central Staff is waiting for additional information from the City Budget Office to confirm that this is a technical change and does not require new spending not contemplated in the 2023 Adopted Budget.

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<sup>5</sup> Excludes inflationary adjustments and future adjustments; assumes insurance costs are ongoing and offsetting decreases are one-time.

- **Transfer from Waterfront Local Improvement District (LID) #6751 Fund to the Central Waterfront Improvement Fund**

\$10.1 million increase in SDOT for a one-time transfer to the SDOT Central Waterfront Improvement Fund. Prior to the end of 2022, the Central Waterfront Improvement Fund incurred Waterfront project costs against its fund balance that were related to Central Waterfront LID deliverables. This is a technical change to align the LID funding source with previous spending on LID deliverables. Council authorized this change last year via Ordinance 126706, the 2022 Year-End Supplemental Budget Ordinance. The Executive mistakenly did not execute the change authorized for 2022 and may not do so without new authorization for 2023.

Position Changes

In addition to appropriation changes, CB 120618 would revise approved position totals across City departments. In total, the bill would add 81 Full Time Equivalent (FTE) positions.

*Table 5. CB 120618 FTE Position Requests by Department*

Department	Number of FTEs
Seattle Department of Transportation	56
Community Safety and Communications Center	10
Seattle Police Department	6
Human Services Department	3
Office of Inspector General for Public Safety	3
Office of Housing	1
Legislative Department	1
Seattle Department of Construction and Inspections	1
<b>Total FTE Proposals</b>	<b>81</b>

As shown in *Table 5*, approximately 90 percent of the total proposed FTE increase resides in SDOT, CSCC, and SPD. Position request summaries for these three departments are provided below.

**Position Authority in SDOT**

CB 120618 would add a total of 56 FTEs in SDOT, none of which require additional appropriations. These positions include:

- 39.0 FTEs to complete delivery of Move Seattle Levy projects. These positions include new construction crew and project management staff that would sunset upon the expiration of the levy. No additional appropriations are requested as the positions will deliver on existing budgeted projects. In the future, if the levy is renewed, extending these positions could be considered, subject to legislative approval.
- 11.0 FTEs to staff curb ramp and utility restoration work in the right-of-way. These positions would sunset after three years. The 2023 Adopted Budget includes \$2.2 million for this program (reimbursable from Seattle Public Utilities and Seattle City Light) as a three-year pilot relying on term-limited positions. Seattle Department of Human Resources advised that these positions should be established as sunset positions rather than term-limited positions. No additional appropriations are requested.



- 6.0 FTEs to convert temporary positions to permanent positions. These positions are currently filled and support the Transportation Operations Division and the Finance and Administration Division. No additional appropriations are requested, and ongoing funding is included in SDOT's 2024 Endorsed budget. The "contract-in" program allows departments to utilize Seattle Department of Human Resources (SDHR) position authority for up to three years as an alternative to hiring outside consultants. This temporary SDHR authority has been used for these positions in prior years; this change would shift these positions to SDOT's permanent position roster.

### **Position Authority in CSCC**

CSCC's proposed addition of 10 FTEs would support the implementation of the Dual Dispatch Pilot Program, including staffing the program on an ongoing basis, and providing the basis for the evolution of the current CSCC into the Civilian Assisted Response and Engagement (CARE) Department described by the Executive. These positions, funded via a transfer from an ongoing Finance General reserve established for this purpose, include:

- 6.0 FTEs Land Use Planner IV positions: This classification is a placeholder that will enable the recruitment and hiring of responders prior to the Seattle Department of Human Resources' finalization of a new job specification and a salary analysis that is specific to the CSCC responder job.
- 1.0 FTEs Manager 2, Courts, Legal, and Public Safety position: This position would serve as the Supervisor of CSCC responders.
- 3.0 FTEs of Executive approved emergency sunseting positions, two of which are currently filled and set to expire on December 31, 2023. CSCC's request for additional staffing to effectively implement the Dual Dispatch Pilot Program was approved on March 30, 2023, by the City Budget Office Director, to include the following positions:
  - One Executive 2 position, which would serve as the CSCC Deputy Director for Alternative Response,
  - One Strategic Advisor 1 position, which would function as the communications lead and perform public information officer duties, and,
  - One Executive Assistant position.

## Position Authority in SPD

CB 120618 would add 6.0 FTE in SPD, none of which include a request for additional appropriations at this time, including:

- 3.0 FTEs Administrative Staff Assistants, and 1.0 FTE Administrative Staff Analyst in the Public Disclosure unit. If approved, these positions are expected to be filled by October 2023 and would continue through 2024. The pro-rated 2023 costs (\$83,000 - \$124,000) as well as 2024 costs (\$496,000) would be funded by savings from civilian position vacancies. In recent years, public disclosure requests have grown in complexity and number (from approximately 8,000 per year to 12,000 per year). Department staff have indicated that Public Disclosure staff are currently averaging 80 hours of overtime per week to keep up with workload demands. Central Staff analysis of SPD civilian vacancy savings is ongoing.
- 2.0 FTEs Strategic Advisor 2 positions to assist with SPD's Recruitment and Retention Initiative. One position would serve as a Strategic Brand and Marketing Manager, assisting with brand development and a police recruitment campaign. The second position would support employee retention management and development efforts through work on the city's new E3 performance management system. These positions would be added and immediately filled with employees that are currently working in temporary positions. The pro-rated costs for 2023 are estimated at \$230,000 and would be funded from the \$3.9 million GF included in the 2023 Adopted Budget for the Recruitment and Retention Initiative. The Department indicated that both positions are ongoing and would continue to be funded with dedicated Recruitment & Retention funding. The 2024 annual cost of the positions is \$306,000.

### Pre-Introduction Changes made by Chair Mosqueda

#### 1. **Sworn Salary Savings Proviso Modification**

[Council Budget Action SPD-201-A-001-2023](#), restricts the appropriations in SPD's 2023 Adopted Budget for sworn personnel salary and benefits to only be used to pay SPD's recruits and sworn officers, unless authorized by future ordinance. Chair Mosqueda, in consultation with, and at the request of, Councilmember Herbold, added a new section to CB 120618 prior to introduction that would modify this proviso. The specific language included in CB 120618 was developed by Councilmember Herbold and sponsored by the Chair. Councilmember Nelson made a similar request to the Chair for a pre-introduction change and has been working with Central Staff since January 2023 to develop legislation or a mid-year supplemental amendment. Councilmember Nelson's proposal would have removed the proviso to provide SPD with greater flexibility to use sworn officer salary savings for overtime or other public safety purposes.

The modified proviso language appears in Section 10, which provides authorization for SPD to use sworn salary savings as follows:

- Up to \$815,000 to develop and integrate into SPD's new online reporting system
- To pay for unbudgeted sworn overtime expenses.

SPD plans to use its existing budget authority to make a \$1.4 million, one-time expenditure on an on-line crime reporting system that will be built in two distinct phases: Phase 1 of the system will cost \$540,000 and is appropriated to Seattle IT in Section 3.10 of CB 120618. Seattle IT will bill SPD for these costs, which SPD may pay for with civilian salary savings accrued within its existing budget. Phase 2 of the system will cost \$815,000 and the change to the proviso allows it to be expended if the department is able to accrue sufficient sworn salary savings to cover this cost as well as unbudgeted overtime costs for the year. Phase 1 of the project will create a web-based incident form for 12 low-level incident types. Phase 2 of the project will integrate translated forms for Seattle's most commonly spoken languages including, traditional Chinese, Spanish, Vietnamese, Somali, Amharic, Korean, and Tagalog.

The modified proviso also notes that "For the purposes of this ordinance, the expenditures authorized in subsections A and B [referenced above] are intended to be made from sworn salary savings that were appropriated in the 2023 Adopted Budget and are not intended to be offset by any future appropriation." The intent is that SPD only spends the funds for phase 2 of the project if they will not need those funds for overtime expenditures.

## **2. \$50,000 GF to the Office of Sustainability and the Environment for the Living Hotels Ordinance**

This pre-introduction change made by Chair Mosqueda adds \$50,000 GF to the Office of Sustainability and Environment (OSE) to support the State Environmental Policy Act work or other costs the department may incur to research and prepare draft legislation known as the "Living Hotels Ordinance" for Council consideration. The ordinance would establish development standards ensuring the future of Seattle's hotel industry is built upon sustainable construction and operations. The legislation would use the Living Building Challenge and Climate Incentive Agreements as tools to establish new environmental standards in the lodging sector.

This add is offset by other reductions in GF spending included in ORD 120618, reducing the net-change to the GF balance of \$359,000 described previously to \$309,000.

OSE is evaluating this proposal but has not yet determined if \$50,000 is the right amount of funding for this work, or discussed taking on this work with the Executive, which may mean that this funding will go unspent or be repurposed for other uses as determined by the department or the Mayor. Typically, land use code development standards and associated work is led by the Office of Planning and Community Development and/or the Seattle Department of Construction and Inspections.

The Mayor's Downtown Activation Plan (DAP) contemplates two pieces of legislation that would facilitate near-term hotel development without additional environmental protections or additional land use regulatory requirements. Specifically, the DAP contemplates extending the life of Master Use Permits for downtown projects, including hotels, that are currently vested to older development regulations and Codes, such as the Energy Code, with less stringent environmental standards. Additionally, the DAP contemplates a change to development regulations that would benefit a proposed hotel development in

Belltown. More information would need to be gathered to understand how the Living Hotels Ordinance would relate to these DAP proposals.

## Other Policy Considerations

### **1. Downtown Activation Plan**

On [April 17, 2023](#), Mayor Harrell announced the initial components of his Downtown Activation Plan (DAP), intended “to revitalize and reimagine Seattle’s downtown” and shared more information on [June 28, 2023](#). The [detailed plan](#) includes actions that are already underway, proposed near-term actions, and other strategies to be implemented over the next three years.

Many of the proposed actions and strategies highlight work that was already underway and funded and are repackaged as part of the DAP (e.g., opening a Tribal Interpretive Center at Waterfront Park). Other DAP strategies acknowledge work led by other governmental agencies, community organizations, or the private sector without direct City funding (e.g., supporting a redesign of the County’s Downtown campus). Finally, some DAP strategies will require direct City investments (e.g., expanding cleaning services in the downtown area) or will reprioritize existing resources that could result in other work getting delayed or abandoned.

To date, the Executive has not provided details on what components of the DAP fall into which category for funding or implementation. Any spending on the DAP today should be considered in the context of the projected annual operating deficit in the GF of about \$224 million beginning in 2025<sup>6</sup> and the trade-offs of reprioritizing existing resources. The Executive has indicated that any new DAP spending in 2024 will likely be funded by the JumpStart Fund as part of the economic revitalization work, which has a reserve in finance general.

New Spending to implement the DAP Proposed in CB 120618 includes:

- \$1.7M to OED for cleaning services in downtown: This item would add \$1.7 million GF to OED’s 2023 Budget to support the one-time expansion of cleaning services in the downtown area, provided by the Downtown Seattle Association’s Downtown Ambassadors program as part of the Metropolitan Improvement District (MID) BIA.

The DAP strategies include “Pass[ing] supplemental budget legislation to expand Metropolitan Improvement District [MID] cleaning, safety, and hospitality services this summer and fall when major national and international events are being hosted Downtown.” The boundaries of the MID include the core Downtown area and a small portion of SODO, and do not extend to the Chinatown International District (C/ID). It is unclear whether this expanded cleaning capacity will only be used within the MID boundaries or if other areas outside of those boundaries would receive the benefits of this expansion or if the CID or SODO BIAs were considered for funding.

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<sup>6</sup> For the most recent analysis of the projected GF operating deficit, see the [Central Staff materials presented to the Council’s Finance and Housing Committee on May 17, 2023](#).

The MID's total assessment from the BIA is about \$18.4 million in 2023, Chinatown BIA is slightly over \$200,000 and the SODO BIA's is about \$1.7 million. As of July 10, the MID has a cash balance of nearly \$4.5 million, Chinatown BIA had \$178,000 and SODO BIA had \$282,000.

The Council could consider imposing a proviso to restrict how some or all of this funding is deployed (e.g., a proviso to require that the \$1.7M GF proposed to provide cleaning services downtown includes areas beyond the boundaries of the MID BIA or that funding be awarded through a RFP process), or include policy guidance requesting that the \$1.7M GF for cleaning services are distributed equitably.

- \$500,000 GF to OED for community engagement, strategic planning, and project delivery of the DAP: This item would add \$500,000 to OED to provide continued support for community engagement, strategic planning, and project delivery of the DAP. Using JumpStart Funds carried forward from 2022, OED hired consulting services to assist with the creation of the DAP, including the development and implementation of community engagement strategies. Some consulting services were provided under existing contracts held by OED, with consulting partners temporarily adjusting focus to work on the DAP. Current consulting partners include: Kinetic West, Milli Agency, and Monument Advocacy.<sup>7</sup>

This proposed funding would allow for continued consulting services in the second half of the year for a second phase of community engagement following the public release of the DAP, and strategic planning, project delivery, and communications (e.g., website updates and hosting) support to OED.

- \$200,000 JumpStart Fund to OED to implement the Liberty Project: This item transfers \$200,000 JumpStart Fund (from the economic revitalization category) from FAS to OED and would be combined with \$225,000 of existing JumpStart Funds in OED's budget for the Liberty Project. The Liberty Project will support small businesses with a variety of services, focusing initially on Black-owned enterprises, including business consulting and strategy services, finance and accounting services (including loan application assistance), marketing services, technology services (such as website development and equipment assessments/upgrades), and contract bid preparation.<sup>8</sup>

The \$200,000 JumpStart Fund from FAS was appropriated as technical assistance funding to support WMBE participation in City contracts. The Executive has indicated that this funding is not needed for this purpose and FAS will retain \$1 million to provide technical services for WMBE businesses if the Council approves this transfer. It is not clear if the proposed use of these funds is consistent with the original intent of the funding.

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<sup>7</sup> A summary of the first phase of community engagement can be found beginning on slide 63 of the full [Downtown Activation Plan](#).

<sup>8</sup> For more information about the Liberty Project see: [The Liberty Project: Mayor Harrell Announces New Small Business Growth Program with University of Washington, Seattle University and Tabor 100](#).

The \$225,000 JumpStart Fund in OED's budget was intended to be used to invest in small business supports. Reprioritizing a portion of this budget to support implementation of the Liberty Project aligns with the initial intent of this funding to support small business development.

In addition to new spending, using existing appropriation authority included in the 2023 Budget, the Executive has redirected \$1.8 million of existing GF appropriation authority in the 2023 Adopted Budget for Seattle Public Utilities (SPU) to increase graffiti abatement services, an 87 percent increase on graffiti spending from the \$2.1 million programmed for graffiti control in the 2023 Adopted Budget.

Most of the funding, \$1.2 million, is from SPU's Public Hygiene program: \$780,000 in reduced expenses to provide pump-out services for hygiene trailers and \$445,000 in vacancy savings (for positions that have since been filled). The remaining \$600,000 is assumed from GF baseline underspend. Due to the budgetary control levels where the graffiti and Public Hygiene programs' appropriations reside, the Executive does not need Council approval to redirect this funding.

The \$1.8 million in graffiti abatement services include \$700,000 for a one-year contract with Uplift Northwest for their Graffiti Abatement Program. According to a press release issued by the Mayor's Office on June 30, the program "will include three full time work crews of graffiti removal specialists, a project manager, and field operations coordinator supported by Uplift Northwest." The contract is for May 2023 to May 2024 and CBO indicates the contract is not expected to be an ongoing expense.

The remaining \$1.1 million in graffiti costs are allocated for labor expenses, equipment and supplies, and vendor services for expanded City-provided graffiti services. The labor costs include the following positions:

- 2.0 FTE Term-Limited Painters
- 1.0 FTE Term-Limited Arts Program Specialist, Sr.
- 1.0 FTE Out-of-Class Administrative Assistant
- 1.0 FTE Executive 2 in the Mayor's Office (The position is being loaned from SPU.)

This graffiti initiative is nearly identical to an earlier Executive proposal that the Council removed from the 2023 budget. In the 2023 Proposed Budget, the Executive proposed a \$1.2 million increase and 3.0 FTE in 2023 for an expanded graffiti control and abatement program. The new positions included 2.0 FTE Painters and 1.0 FTE Executive 2, a position that was to be matrix managed between SPU and the Mayor's Office to plan and implement enhanced graffiti abatement efforts with the Unified Care Team.

During budget deliberations last fall, the Council approved [Council Budget Action SPU-900-A-001-2023](#) that removed the proposed funding and new positions for the expanded graffiti abatement services. The supplemental reverses the decision expressed in SPU-900 and advances the proposed expansion of the graffiti abatement program. Because the contract with Uplift Norwest is already executed, and the positions have already been filled, Council's options are limited.

## **2. Center City Streetcar Connector**

As described previously, the Executive proposes a \$1.1 million increase in SDOT to complete a delivery assessment of the Center City Streetcar Connector to update cost estimates and develop a financial plan for the project (\$250,000 GF and \$805,000 STBD funds). If this is not a priority, the Council could redirect these funds for other purposes (noting that STBD funds can only be used for certain transportation expenditures).

## **3. SPD Positions. Using vacancy savings from civilian positions in SPD's 2023 budget to pay for new ongoing civilian positions.**

As described earlier, CB 120618 would use one-time savings from non-sworn vacancies to fund 6.0 new non-sworn FTE positions. Four of the six new positions are proposed to be funded with savings from other civilian position vacancies. The department intends to hold these civilian positions vacant in 2024 to provide funding for the new positions, however, the operational impacts of maintaining the vacancies is unclear. Additional GF budget appropriations will be required if or when existing vacancies are filled alongside the newly added positions. This could increase the projected \$224 million GF deficit in 2025 and beyond.

## **4. Reducing 2023 Transfer from the JumpStart Fund to the GF.**

Due to continuing revenue shortfalls caused by the Covid-19 pandemic, the 2023 Adopted GF budget relies on temporary support from the JumpStart Fund to balance. ORD 126719, which provides for the temporary backfill in the 2023 budget, requires that the JumpStart transfer be reduced by the amount of any 2022 GF ending balances, less encumbrances, carryforwards as authorized by ordinance or state law, and planned reserve amounts. Based on 2022 year-end activity, the excess GF balance amount is \$34 million. The GF financial plan information provided by CBO in May suggests that the Executive intends to administratively reduce the 2023 transfer from the JSF to the GF by an additional \$4.7 million for a total of \$38.7M. The Council could legislate the reduction required by ORD 126719 (\$34M) or the higher amount that the Executive is planning (\$38.7M) to ensure that the funds are not used for other purposes.

## **Next Steps**

The Committee will hold a second hearing, consider amendments, and potentially vote on the bill on Wednesday, August 2, 2023. If the Committee votes on the bill at the August 2 meeting, the legislation will be considered for final action at the August 8, 2023, City Council meeting.

Future 2023 budget adjustments will include the year-end comprehensive supplemental adjustment and grant acceptance and appropriation bills, anticipated to be submitted as budget legislation with the Mayor's proposed mid-biennial modifications to the 2024 Endorsed Budget in late September, and any other stand-alone supplemental bills necessary to address unforeseen circumstances, consistent with [RCW 35.32A.060](#).

cc: Esther Handy, Director  
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