

June 30, 2020

MEMORANDUM

To: Select Budget Committee
From: Traci Ratzliff, Analyst and Aly Pennucci, Supervising Analyst
Subject: Jump Start Seattle: Council Bills 119811 and 119812

On Wednesday, July 1, 2020, the Select Budget Committee (Committee) will discuss and may vote on [Council Bill \(CB\) 119811](#) (Jump Start Seattle Spending Plan). [CB 119812](#) (COVID Relief Proposal) will be discussed in Committee on July 15.

This memo:

- Describes a proposed substitute version of the Spending Plan for Committee's consideration;
- Presents two proposed amendments to that Spending Plan substitute version;
- Describes a proposal to consider a resolution that will provide more granular spending plan details in the coming weeks; and
- Describes potential changes to the COVID-Relief Proposal.

Spending Plan (CB 119811) – Proposed Substitute

Attachment 1 to this memo is a substitute version of CB 119811 proposed by Councilmember Mosqueda. The proposed substitute establishes the spending categories that would be supported by proceeds from the proposed Jump Start Seattle payroll tax ([CB 119810](#)). The proposed substitute also maintains the request included in the bill as introduced submittal of an implementation plan by June 30, 2021 and establishes the Payroll Tax Oversight Committee. Specifically, the proposed substitute would:

- Remove Attachment 1 to CB 119811 that includes a specific allocation of funds for each spending category (using what was assumed to be the annual tax revenue generated from CB 119810 as introduced);
- Amend Section 2 of CB 119811 that would:
 - Remove the references to Attachment 1;
 - Remove all references to specific dollar amounts or the percent of funds allocated to a spending category; and
 - Add language confirming Council's intent to adopt, by resolution, the spending plan details by year and program area.

Discussions to date suggest that the Committee generally agrees on the broad spending categories included in the proposed substitute (i.e., COVID relief and continuity of services in 2021 and in 2022 and beyond; investments in affordable housing, small businesses and the

city's workforce; the Equitable Development Initiative; and investments to implement Green New Deal (GND) strategies).

Because there are numerous amendments to the proposed tax bill (CB 119810) -- amendments that could increase or decrease the annual revenue estimates, it is premature to adopt spending details by year and program area. These details would instead be included in a resolution that would be considered for adoption by Council in the coming weeks.

Amendments to the Proposed Substitute to CB 119811

In addition to the proposed substitute version, there are two potential amendments to the proposed Substitute Bill (Sections 3 and 4 of CB 119811) for the Committee's consideration:

1. Evaluation and Effectiveness. Amend CB 119811 as shown in Attachment 2 to:
 - Add language to subsection 2.B.1 to include the cost of evaluating the effectiveness of the proposed investments as an authorized use of funds allocated for administration; and
 - Add language to Section 3 to ensure the implementation plan includes an evaluation framework to measure the results of the programs and services funded by the payroll tax revenue.

2. Payroll Tax Oversight Committee. Amend CB 119811 as shown in Attachment 3 to:
 - Reduce the number of members of the proposed Payroll Tax Oversight Committee that can be an officer, director, board member, trustee, partner, or employee of any entity that receives or competes for funding from five members (55.5 percent) to two members (22.2 percent). This is a similar, proportionally, to the number of members on the Families, Education, Preschool, and Promise Levy (FEPP) Oversight Committee that are associated with an entity that receives or competes for FEPP funding (29.4%); and
 - Clarify that compensation to committee members can be provided if participating on the committee presents a financial hardship. However, such compensation must be approved by the Director of Neighborhoods prior to payment.

Future Resolution

Following adoption of the Spending Plan (CB 119811) that outlines the eligible spending categories, and the adoption of the Tax Bill (CB 119810) that estimates the annual tax revenue, the Council will adopt, by resolution (or through adoption of the annual budget), spending details by year and program area. The resolution will be introduced with the details included in the Spending Plan as introduced on June 22, 2020. The resolution may include, either at introduction or as proposed through amendments, the proposed spending details outlined below. (Additional proposals for the allocation of funds and programmatic details may be proposed through the course of the Committee's deliberations.)

Potential proposals for this resolution could include, but are not limited to:

- Adding details and clarifying language for investments in businesses, workforce development, and business districts to include, for example, programs that retrain workers who are transitioning to a new profession. The goal is to ensure new opportunities will provide comparable or improved pay and benefits. *(Sponsor: Councilmember Mosqueda)*
- Adding specific green building requirements for proposed affordable housing investments. *(Sponsor: Councilmember Mosqueda)*
- Allocating 10 percent of the payroll tax revenue to implement Seattle’s GND strategies. *(Sponsor: Councilmember Morales)*
- Allocating a specific portion of funds (about \$50 million annually) to implement GND housing related strategies and about \$50 million annually to support the construction or acquisition of affordable rental housing in the Central District that serves households with incomes at or below 80 percent of area median income. The proposed housing investments in the Central District will include affirmative marketing and community preference requirements. *(Sponsor: Councilmember Sawant)*
- Adding long-term rental assistance as an eligible investment area beginning in 2022 under the “Housing and Services” spending category. *(Sponsor: CM González)*
- Adding affordable homeownership as an eligible investment area beginning in 2022 under the “Housing and services”. *(Sponsor: Councilmember Herbold)*
- Modifying the proposed economic revitalization investments that begin in 2020 to (a) include nonprofit organizations, (b) prioritize investments in businesses and business or organizations from marginalized Seattle communities such as those led by Black, Indigenous, and People of Color (BIPOC), and (c) prevent economic displacement. *(Sponsor: Councilmember Pedersen)*

In addition to the changes described above, a table similar to what was included as Attachment 1 to CB 119811 as introduced will be provided. This will reflect the proposed allocation of funds that can only be developed after the payroll tax proposal is adopted.

COVID Relief Bill (CB 119812)

CB 119812 authorizes spending \$66.3 million from the City’s Emergency Fund and \$19.5 million from the Revenue Stabilization Fund in 2020. This funding would support programs and services that address the economic impacts caused by the COVID-19 epidemic, including small businesses, low-income and low-wage individuals and families, and immigrant and refugee communities. A discussion and potential vote are scheduled for July 15 to provide time for the Committee to understand how this proposal fits into the broader 2020 budget rebalancing proposal and the Mayor’s proposed investment in COVID relief programs.

To date, the following potential amendments have been identified. Additional amendment options, or modifications to these potential amendments, may be identified during the Committee's review, discussions, and public engagement.

- Immediate Housing:
 - Strengthen the proviso language to ensure spending in this category is not used for congregate shelters. *(Sponsor: Councilmember Mosqueda)*
 - Allocate about one-third of the funding for shelter de-intensification for new tiny home villages. *(Sponsor: Councilmember Morales)*

- Immigrant and Refugee Support:
 - Increase the portion of the funding directed to the Office of Immigrant and Refugee Affairs (OIRA) for expenditures incurred by the department to administer Seattle's low-income immigrant and refugee workers program from five percent to 11 percent. *(Sponsor: Council President González)*
 - Add language to prioritize those who experience structural or institutional barriers to accessing support from government programs for this funding category, provide in house language support (e.g., language access and translation services), and require compliance with the City's requirements regarding making inquiries into immigration status. *(Sponsor: Council President González)*

- Small Business & Child Care Support:
 - Add language to prioritize support for those business owners with limited English proficiency, including providing in house language support or funding community-based organizations for outreach and technical assistance (e.g., language access, translation services, outreach that is culturally responsive). *(Sponsor: Council President González)*
 - Expand the eligibility criteria to allow small businesses with up to five full-time equivalencies (FTEs) employees (rather than five employees) to qualify for assistance. *(Sponsor: Council President González)*
 - Expand eligibility to include all child care providers that adhere to labor laws and have a commitment to labor harmony, and to include family, friends, and neighbor providers. *(Sponsor: Councilmember Mosqueda)*
 - Authorize an additional \$9 million in spending from the Emergency and Revenue Stabilization funds to provide additional support for small businesses. *(Sponsor: Councilmember Strauss)*
 - Expand the eligibility criteria to allow small businesses with up to 15 FTEs (rather than five employees) to qualify for assistance. *(Sponsor: Councilmember Strauss)*
 - Modify the eligibility criteria to specify that nonprofits that provide community services are eligible, regardless of number of FTEs. *(Sponsor: Councilmember Strauss)*

- Allocate a portion of funding to provide tax relief to small businesses. (*Sponsor: Councilmember Strauss*)

Attachments:

1. Substitute version of CB 119811
2. Amendment 1 to Proposed Substitute CB 119811
3. Amendment 2 to Proposed Substitute CB 119811

cc: Kirstan Arestad, Executive Director

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CITY OF SEATTLE
ORDINANCE _____
COUNCIL BILL _____

..title
AN ORDINANCE establishing a spending plan for proposed use of the proceeds generated from the payroll expense tax authorized by the ordinance introduced as Council Bill 119810 establishing an oversight committee; and adding a new Section 3.35.100 to the Seattle Municipal Code.

..body
WHEREAS, the City Council (“Council”) adopted the ordinance introduced as Council Bill 119810, authorizing the collection of a new payroll expense tax (“payroll tax”) to be imposed beginning January 2021; and

~~WHEREAS, the new payroll tax is anticipated to generate about \$173 million in proceeds in 2021 with a goal of generating about \$200 million on an annual basis, as shown in the spending plan included as Attachment 1 to this ordinance; and~~

WHEREAS, on November 2, 2015, the Mayor issued a Proclamation of Civil Emergency to address the homelessness crisis in the City of Seattle; and

WHEREAS, on November 3, 2015, the City Council adopted Resolution 31630, ratifying and confirming the Mayoral Proclamation of Civil Emergency; and

WHEREAS, the Civil Emergency to address the homelessness crisis is still in effect today; and

WHEREAS, on March 11, 2020, the World Health Organization announced that the novel coronavirus (COVID-19) is officially a global pandemic; and

WHEREAS, on February 29, 2020 the Washington Governor issued Proclamation 20-05, proclaiming a state of emergency for all counties throughout the state of Washington in response to new cases of COVID-19; and

1 WHEREAS, on March 13, 2020 the President of the United States declared a national state of
2 emergency in response to the COVID-19 pandemic; and

3 WHEREAS, on March 25, 2020 the Washington Governor issued Proclamation 20-25,
4 prohibiting all people in Washington State from leaving their homes and all non-essential
5 businesses in Washington State from conducting business (“Stay Home – Stay Healthy
6 Proclamation”); and

7 WHEREAS, these actions are appropriate for public health reasons but result in severe economic
8 impacts on families and individuals in Seattle; and

9 WHEREAS, these impacts are felt most strongly by people with low incomes who have become
10 unemployed or had their work hours severely reduced; and

11 WHEREAS, the affordable housing crisis, homelessness emergency, and now the COVID-19
12 pandemic and related economic and unemployment emergencies, in Seattle are deeply
13 impacting the lives of people throughout Seattle and the region and disproportionately
14 harms people of color, immigrants, the LGBTQ community, indigenous peoples’
15 communities, disabled community members, and women, who already struggle against
16 entrenched inequality; and

17 WHEREAS, average rents in Seattle rose 69 percent between 2010 and 2018, far beyond the rate
18 of inflation and more than double the national average; and

19 WHEREAS, more than 4,280 students in Seattle Public Schools are homeless or have unstable
20 housing; and

21 WHEREAS, even before the COVID-19 emergency, thousands of Seattle renters faced eviction
22 threats every year, and in September 2018, the Seattle Women’s Commission and the
23 King County Bar Association jointly published *Losing Home: The Human Cost of*

1 *Eviction in Seattle*, finding that more than half of Seattle renters receiving eviction
2 notices in 2017 owed one month’s rent or less, and most tenants who are evicted become
3 homeless; and

4 WHEREAS, the *Losing Home* report found that evictions in Seattle fall disproportionately on
5 women and people of color, with people of color constituting about 35 percent of renters,
6 and nearly 52 percent of evictions involved people of color; and

7 WHEREAS, the October 2019 Report and Recommendations of the King County Regional
8 Affordable Housing Task Force found that 156,000 affordable homes were needed
9 immediately and another 88,000 affordable homes by 2040 to ensure that no low-income
10 or working households were cost burdened; and

11 WHEREAS, the 2019 point-in-time count of people experiencing homelessness in King County
12 estimates there are 11,199 individuals experiencing homelessness in the region; and

13 WHEREAS, the Third Door Coalition proposal advocates for the creation of 6,500 permanent
14 supportive housing units as a proven solution for meeting the housing and services needs
15 of those who are chronically homelessness; and

16 WHEREAS, the City recognizes the importance of using a “Housing First” approach in the
17 development of permanent housing for those experiencing homelessness that prioritizes
18 providing access to low or no barrier housing for such persons; and

19 WHEREAS, in addition to increasing investments to support programs that provide housing
20 security and that increase the supply of affordable housing, the Council is committed to
21 pursuing additional strategies, such as changes to development regulations and permit
22 review processes, to reduce the time and costs of building affordable housing; and

1 WHEREAS, in October 2016, the Council adopted, with the Mayor concurring, Resolution
2 31712, endorsing community principles for green jobs, defining a green job as one that
3 preserves or enhances environmental health as well as the economic and social well-
4 being of people and communities, centers on communities most negatively impacted by
5 climate change, and pays a living wage while providing career pathways; and

6 WHEREAS, the City Council adopted Resolution 31895 establishing a Green New Deal for
7 Seattle; and

8 WHEREAS, Resolution 31895 envisioned the need to establish a dedicated revenue source in
9 order to implement Green New Deal strategies, including creating more permanently
10 affordable housing, located near transit hubs, green space, and neighborhood amenities to
11 reduce dependence on private vehicles and strengthening green building standards for
12 new construction to minimize emissions while maximizing energy efficiency; and

13 WHEREAS, the Council is committed to advancing strategies to improve job quality for the
14 local work force, including investing in labor-management trainings and partnering with
15 other entities committed to implementing and adopting innovative workforce strategies;
16 and

17 WHEREAS, the new tax will generate significant funds that will increase the construction and
18 preservation of new permanently affordable housing units for low-income households to
19 address the housing affordability and homelessness crisis, will contribute to reducing
20 Seattle's climate pollution, and will in the process support living-wage jobs, and in doing
21 so will help the City make the necessary changes to shift Seattle's economy to be more
22 equitable and ecologically sustainable; and

1 WHEREAS, the City is committed to eliminating racial inequities through implementation of the
2 Race and Social Justice Initiative; and

3 WHEREAS, Resolution 31577, adopted in May 2015, affirmed that The City of Seattle’s core
4 value of racial and social equity is one of the foundations on which the Comprehensive
5 Plan is built, and defined “equitable development” as public and private investments,
6 programs, and policies in neighborhoods to meet the needs of marginalized people and
7 reduce disparities; and

8 WHEREAS, Ordinance 125173, passed in October 2016, amended the Seattle Comprehensive
9 Plan to increase its emphasis on race and social equity, and affirm the conclusions of the
10 Seattle 2035 Equity Analysis that was part of the City’s overall analysis of the Plan; and

11 WHEREAS, Resolution 31711, adopted in September 2016, identified the Equitable
12 Development Initiative as a key component of implementing Ordinance 125173 and
13 approved the Equitable Development Implementation Plan and the Equitable
14 Development Financial Investment Strategy to advance the public purposes of
15 community stability, cohesion, and affordability; and

16 WHEREAS, the City’s Equitable Development Initiative supports community driven projects
17 that promote economic opportunities for marginalized populations and enhance
18 community cultural anchors, affordable housing development, health services, child care
19 services, and other community services that support the needs of diverse populations in
20 areas at risk of displacement; and

21 WHEREAS, the Equitable Development Initiative receives annual funding of \$5 million from
22 the short-term rental tax, but this funding is insufficient to support the number of current
23 projects in development and additional future projects; and

1 WHEREAS, on March 18, 2019, the City Council adopted Resolution 31870, committing to
2 taking future actions to mitigate displacement impacts on marginalized communities,
3 including communities of color and low-income communities, particularly in
4 neighborhoods identified as at high risk of displacement by the Growth and Equity
5 Analysis. One action called for was to identify a permanent and consistent source of
6 funding for the Equitable Development Initiative, beyond the \$5 million per year
7 expected to be generated through the short-term rental tax, with a long-term goal of \$20
8 million annually; and

9 WHEREAS, the new payroll tax will generate significant funds to address identified inequities
10 and to respond to the economic and public health impacts caused by the COVID-19
11 pandemic that are anticipated to persist beyond 2020; NOW, THEREFORE,

12 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

13 Section 1. Findings. The City Council finds that:

14 A. On March 3, 2020, the Mayor proclaimed that a civil emergency exists in the City of
15 Seattle related to the COVID-19 virus.

16 B. On March 11, 2020, the Governor of Washington State and the Local Health Officer
17 for Public Health – Seattle & King County issued parallel orders prohibiting gatherings of 250
18 people or more for social, spiritual and recreational activities in King County.

19 C. On March 13, 2020, the Governor of Washington state issued an emergency order
20 announcing all K-12 schools in Washington to be closed from March 17, 2020 through June 19,
21 2020 to combat the spread of the disease.

22 D. On March 13, 2020, the President of the United States declared a national emergency
23 to allow the government to marshal additional resources to combat the virus.

1 E. On March 23, 2020, the Governor of Washington State issued an emergency order
2 (“the Stay Home, Stay Safe” order) announcing that “[a]ll people in Washington State shall
3 immediately cease leaving their home or place of residence except: (1) to conduct or participate
4 in essential activities, and/or (2) for employment in essential business services.”

5 F. As of June 11, 2020, the Washington State Department of Health confirmed 25,171
6 cases of COVID-19 and 1,204 deaths caused by the virus in Washington State, with 8,611
7 confirmed cases and 586 deaths caused by the virus in King County.

8 G. The COVID-19 crisis has had a significant impact on the local economy impacting the
9 retail, restaurant, construction, gig economy, and other industries resulting in layoffs and reduced
10 work hours for a significant percentage of this workforce and loss of income for small
11 businesses. These impacts are being felt most strongly by low income workers, people of color,
12 immigrants, and members of the LGBTQIA community, who have become unemployed or had
13 their work hours severely reduced and will have both immediate and long-term impacts.

14 H. There are at least 38,000 businesses in the City of Seattle employing a minimum of
15 655,000 individuals. Since the Governor of Washington closed or limited operations of many
16 businesses in the state beginning in March, the statewide unemployment rate went from 5.1
17 percent in March to 15.4 percent in April. This equates to 199,000 individuals in March, and
18 610,000 individuals in April who are unemployed. In the Seattle/ Bellevue/Everett area, the
19 unemployment rate went from 5.6 percent in March to 14.5 percent in April. This equates to
20 96,000 individuals in March and 248,000 individuals in April who are unemployed. Rising
21 unemployment will put more and more Seattle households, particularly low-income households,
22 in financial peril.

1 I. Providing financial assistance to small business owners and operators is necessary to
2 prevent small businesses from having to close permanently due to the hardship associated with
3 government-mandated full or partial closure of their businesses, or requirements to implement
4 new businesses practices and physical modifications to the business to meet public health
5 guidance, during and after the COVID-19 crisis. Such assistance shall provide economic benefits
6 to the public by saving or creating jobs, moderating impacts to local tax revenue by supporting
7 continue operations of small businesses and ensuring that businesses can modify operations as
8 necessary to comply with public health guidance.

9 J. Federal and state assistance is inaccessible to many people with low-incomes, to many
10 small businesses, and is being delayed for many others, and will not be sufficient to meet their
11 basic needs during the COVID-19 public health and financial crisis. In addition, federal
12 assistance provided to small businesses may not allow flexibility in terms of non-payroll costs
13 that can be covered, timeline for expending funds, etc. Therefore, additional and immediate
14 financial support to small businesses and people with low-incomes is necessary to help meet
15 their basic needs and to help minimize impacts to public health as well as the local economy.

16 K. The economic impacts from the COVID-19 emergency are drastic and immediate but
17 are also expected to last much longer than the civil shut-down emergency itself.

18 L. Data from the 2012-2016 American Community Survey (ACS) shows that: over
19 60,000 households in Seattle with incomes at or below 80 percent of AMI are cost burdened,
20 paying more than 30 percent of their income for rent and utilities; and 29,000 households with
21 incomes at or below 50 percent of area AMI are severely cost burdened, paying over 50 percent
22 of their income for rent and utilities, and, as a result, are at potential risk of homelessness.

1 M. The COVID-19 emergency poses a serious threat to the housing stability of
2 households who are unable to pay rent due during the crisis and is expected to impact the ability
3 for people to be securely housed beyond 2020.

4 N. Spending on equitable development investments, including the community-identified
5 and City-approved projects included in the Equitable Development Financial Investment
6 Strategy, achieves a clear public purpose in advancing the City's core value of racial and social
7 equity through fostering the development and improvement of physical and social assets serving
8 communities, economic development, education, and workforce training programs, and other
9 public benefits.

10 O. The spending plan is being tailored to address both the shorter (2021) and longer-term
11 (2022 and beyond) basic human health and public health needs created by the multiple and
12 overlapping crises, which include the long-running affordable housing and homelessness crisis,
13 food insecurity, and loss of childcare and small businesses through the community, which has
14 now been greatly exacerbated and complicated by the COVID-19 pandemic and related
15 economic and unemployment crises.

16 P. Investments in the programs and services described in this ordinance will help
17 counteract the economic and health impacts caused by the COVID-19 crisis by investing in low-
18 income communities, small businesses, and other services that will continue to be needed in
19 2021 and beyond by people who saw significant reductions in income due to employment
20 changes and business closures or reductions stemming from the crisis.

21 Q. The City's Adopted 2020 Budget fully appropriates all available municipal revenues
22 to address the many and varied needs of the community.

1 R. At an April 22 presentation to the Select Budget Committee, the City Budget Director
2 stated that a “Rapid Recovery” in City General Fund finances from the COVID 19 civil
3 emergency would result in a \$100 million or 7 percent reduction in General Fund revenues
4 available for City spending priorities in 2020, and further stated that a “Slow Recovery” scenario
5 would result in a \$186 million or 13 percent reduction in General Fund revenues and about \$113
6 million reduction in other general government revenues in 2020, for a total reduction of about
7 \$300 million in 2020.

8 S. The City will impose a new payroll tax through Council Bill 119810 that is expected to
9 provide new and sufficient revenues to allow the City, in 2021, to replenish emergency funds
10 used in 2020 to make public assistance available to households most impacted by the COVID-19
11 civil emergency and to provide resources to maintain services and provide longer terms solutions
12 to address the inequities exacerbated by the COVID-19 crisis.

13 Section 2. Proceeds from the new payroll tax imposed by the ordinance introduced as
14 Council Bill 119810 may only be used as described in subsections 2.A and 2.B of this ordinance
15 ~~and summarized in Attachment 1 to this ordinance~~. The programs funded in this spending plan
16 may be used to provide assistance to low income people who live or work in Seattle. The
17 Council intends to adopt by resolution or through adoption of the annual budget, spending details
18 by year and program area to provide: (1) specific allocations of funds for each program area
19 based on the anticipated annual revenue from the payroll tax authorized by the ordinance
20 introduced as Council Bill 119810; and (2) programmatic details such as incomes levels served
21 by proposed housing investments. The spending plan may be amended from time to time by the
22 City Council by ordinance.

1 A. In 2021, ~~the first \$86 million may be used~~ to replenish the City's Emergency Fund and
 2 Revenue Stabilization Fund balance that was reduced in 2020 to fund programs that address the
 3 economic impacts caused by COVID-19. Any remaining proceeds from the payroll tax are
 4 intended to be used as follows:

5 1. ~~Up to five percent may be used to~~ To administer the payroll tax authorized by the
 6 ordinance introduced as Council Bill 119810 and to administer the investments described in
 7 subsections 2.A.2 and 2.A.3 of this ordinance. ~~If less than five percent of remaining funds is~~
 8 ~~needed for implementation and administration, any remaining funds may be used for other~~
 9 ~~programs and services described in subsections 2.A.2 through 2.A.4 of this ordinance.~~

10 2. ~~Seventy-five percent may be used to~~ (1) provide continuity of services and
 11 programs administered or supported by the City prior to the COVID-19 crises that, absent the
 12 support from the payroll tax revenue, would see a reduction in funding; and (2) funding to
 13 support increased costs and the expansion of services and programs administered or funded by
 14 the City that support low-income communities, immigrant and refugee communities, people
 15 experiencing homelessness or housing insecurity, people experiencing food insecurity, and to
 16 fund other City programs and services that address the needs of low-income households and
 17 small businesses. It is the Council's intent that funding is prioritized for investments in services
 18 and programs that service lower-income neighborhoods.

19 3. ~~Twenty percent may be used to~~ continue some funding for extend funding for
 20 ~~the~~ programs and services that received funding in 2020 as described in the ordinance introduced
 21 as Council Bill 119812.

22 B. In all subsequent years, the proceeds from the payroll tax will be allocated as
 23 described in the resolution intended by this section or through adoption of the annual budget and

1 ~~further~~ described in an implementation plan adopted by the City Council biennially, with the first
2 plan adopted in 2021 for spending in years 2022 and 2023. The intent is to ~~allocate funding as~~
3 ~~follows use the proceeds from the payroll tax authorized by the ordinance introduced as Council~~
4 ~~Bill 119810 as follows:~~

5 1. ~~Up to five percent of the proceeds may be used to~~To administer the payroll tax
6 authorized by the ordinance introduced as Council Bill 119810 and to administer the investments
7 described in subsections 2.B.2 through 2.B.4~~5~~ of this ordinance. ~~If less than five percent of~~
8 ~~remaining funds are needed for administration, any remaining funds may be used for other~~
9 ~~programs and services described in subsections 2.B.2 through 2.B.4 of this ordinance.~~

10 2. Housing and services. ~~Sixty-five percent of the proceeds may be used t~~To
11 support (1) capital costs associated with the construction or acquisition of ~~rental~~ housing for low-
12 income households, including but not limited to people with disabilities, the elderly, low-wage
13 working people, homeless individuals and families, and families with children; (2) operating and
14 services costs of rental housing serving households at or below 30 percent of area median
15 income (AMI); ~~and~~ (3) associated infrastructure to support the ongoing operations costs for the
16 housing, such as maintenance, retrofitting, and energy efficient upgrades to support the housing;
17 ~~and (4) rental assistance programs. Of the proceeds proposed for housing and services, the~~
18 ~~Council intends that 70 percent will support housing serving households with incomes at or~~
19 ~~below 30 percent of AMI and 30 percent will support housing serving households with incomes~~
20 ~~at or below 50 percent of AMI, provided that such projects include units serving some~~
21 ~~households at or below 30 percent of AMI~~

1 It is the Council’s intent that new construction of housing projects funded with
2 this tax will be built consistent with the City’s Housing Funding Policies as adopted by
3 Ordinance 119531, or as may be amended. These include, but are not limited to:

4 a. Requirements and goals that advance labor equity outcomes, such as:
5 the payment of prevailing wages, apprenticeship utilization, and employment of Women and
6 Minority Owned Businesses. Imposing additional requirements including, but not limited to:
7 preferred entry to apprenticeship programs, requirements for pre-apprenticeship, mentoring or
8 other training programs, and utilization of workers from economically distressed areas, will be
9 considered for new construction housing projects based on the results of the evaluation of the 2nd
10 and Mercer housing pilot project, expected in mid-2021. The implementation plan that will be
11 adopted by the City Council in 2021 will guide spending for 2022 and 2023, and may impose
12 further labor equity-related requirements for new construction projects and recommend any
13 needed amendments to the City’s Housing Funding Policies to impose such requirements.

14 b. Prioritize projects that advance equitable development goals and
15 address displacement, including those proposed or supported by local, community-based, non-
16 profit organizations that are culturally relevant and historically rooted, particularly when the
17 project site is in an area that is at high risk for displacement.

18 c. Utilize well-located publicly owned properties to achieve cost savings
19 for affordable housing development through reduced or no-cost land transfers, favorable
20 purchase terms, and efficient funding and disposition processes.

21 3. ~~Ten percent of the proceeds may be used to~~ To support the Equitable
22 Development Initiative (EDI). Funding may be used to support community-initiated equitable
23 development projects that advance economic mobility and opportunity, prevent residential,

1 commercial, and cultural displacement, build on local cultural assets, promote transportation
2 mobility and connectivity, develop healthy and safe neighborhoods, and enable equitable access
3 to all neighborhoods. ~~Funds would be appropriated to the Office of Planning and Community
4 Development and allocated through the EDI's existing established funding process for awarding
5 EDI grants. This funding may be used to support both the non-housing and affordable housing
6 components of EDI projects. Investments in EDI projects that include an affordable housing
7 component will be prioritized.~~

8 4. ~~Twenty percent of the proceeds may be used t~~To support local businesses and
9 tourism to spur the local economic recovery, and to provide economic stability for the city's
10 workforce. ~~Investments will prioritize programs and services that diversify the local economy
11 and improve job quality, including investing in labor management training programs and
12 partnerships with organizations whose work focuses on innovative workforce strategies that
13 support and create jobs with strong pay and benefits. This will include:~~

14 a. ~~At least \$650,000 in 2022 to contract with an organization with
15 expertise and experience in developing a plan and can act as a catalyst to launch programs and
16 services that will help transition a just local economy that provides stable, safe, and healthy
17 family sustaining jobs. The Council expects that, in 2021, the Executive will convene a group
18 that includes, but is not limited to, representatives from City departments, labor organizations,
19 and small businesses, to develop the scope of work and to select a firm to carry out this work in
20 2022.~~

21 b. ~~Any remaining funds will be used to invest in individuals' businesses, activities
22 that promote and support business districts and tourism, and to support business organizations
23 focused on retaining and growing the workforce, including job training programs that provide a~~

~~path to careers that provide family sustaining wages and benefits. Preference will be given to businesses and business organizations who provide a safe, healthy, and economically beneficial working environment for its employees by providing the following, including but not limited to: codes of conduct, health care benefits, educational benefits, retirement benefits, living wage standards, and entering into a labor peace agreement with employees.~~

5. For investments that advance Seattle’s Green New Deal as described in Resolution 31895. Investments should be prioritized in communities historically most harmed by economic, racial, and environmental injustice.

Section 3. On or before June 30, 2021, the Executive is requested to submit an Implementation Plan for the payroll tax spending for years 2022 and beyond to the City Council that includes:

- A. Specific spending proposal for years 2022 and beyond;
- B. Proposed outcomes for each funded program or service;
- C. How the programs or services will be implemented (i.e., responsible department, funding processes, etc.);
- D. Proposed policies for implementing funded programs or services;
- E. Recommended modifications to the City’s Housing Funding policies imposing new labor equity outcomes for new construction housing projects, if appropriate; and
- F. Proposal for the detailed roles and responsibilities for the Oversight Committee described in Section 5 of this ordinance.

The Executive, with the support of the Seattle Office for Civil Rights, will conduct racial equity analysis on the proposed implementation plan prior to submittal to the City Council. The completion of this analysis should not delay submittal of the Implementation Plan by June 30,

1 2021. The Executive is expected to work cooperatively with the City Council in the development
2 of this implementation plan to ensure it is consistent with the proposed spending plan.

3 Section 4. A new Section 3.35.100 is added to the Seattle Municipal Code as follows:

4 **3.35.100 Payroll Tax Oversight Committee**

5 A. There is established an Oversight Committee for the purpose of providing oversight on
6 the services and programs supported by the payroll tax and the impacts of this tax on the number
7 of jobs and businesses in the City, and other data that directly relates to measuring the impact of
8 this tax on the City's economy. The Oversight Committee shall provide an annual report that
9 provides this information to the Mayor and the City Council. The Oversight Committee shall
10 consult with the Coalition of City Unions, Small Business Advisory Council, Housing Levy
11 Oversight Committee, the Green New Deal Oversight Board and other oversight bodies that
12 monitor programs and services similar to those supported by the payroll tax. The Committee may
13 elect officers and establish rules of procedure, including what shall constitute a quorum. The
14 Director of Neighborhoods or such other department head as may be designated by the Mayor
15 shall provide the Committee such information as is necessary for the Committee to determine the
16 status of individual programs and projects.

17 B. The Oversight Committee shall consist of nine voting members, appointed to positions
18 number 1 through 9.

19 1. Position 1 shall be a City employee appointed by the Mayor or designee;
20 position 2 shall be a City employee appointed by the City Council; positions 3 through 9 shall be
21 persons outside City government. Positions 3, 5, and 7 shall be appointed by the Mayor.
22 Positions 4, 6, 8 and 9 shall be appointed by the City Council.

23 2. Positions 3 and 4 shall represent labor.

1 3. Positions 5 and 6 shall represent business.

2 4. Positions 7 and 8 shall represent community organizations that reflect the
3 diversity of the City.

4 5. Position 9 shall represent communities that will benefit from the proposed
5 spending.

6 6. The appointing authority may remove any member who is absent from two or
7 more consecutive meetings without cause.

8 C. No more than three committee members appointed by the Mayor and no more than
9 two committee members appointed by the City Council shall be an officer, director, board
10 member, trustee, partner, or employee of an entity that receives or competes for funding under
11 this ordinance; or be a member of the immediate family of, or an individual residing with, an
12 officer, director, board member, trustee, partner, or employee of an entity that receives or
13 competes for funding under this ordinance; or be a person seeking or having an arrangement
14 concerning future employment with an entity that receives or competes for funding under this
15 ordinance. For the purposes of this Section 3.35.100, an individual's "immediate family" means
16 the individual's spouse, domestic partner, child, child of a spouse or domestic partner, sibling-in-
17 law, parent, parent of a spouse or domestic partner, a person for whom the individual acts as a
18 guardian, or a person claimed as a dependent on the individual's most recent federal income tax
19 return. Subject to the preceding sentence and applicable law, an individual serving as an officer,
20 director, board member, trustee, partner, or employee of an entity that receives or competes for
21 funding under this ordinance, or who has an interest in such an entity, shall not thereby be
22 disqualified from serving on the Committee, but shall fully disclose any such relationships and
23 shall not vote on any matter in which the interest of such entity is directly involved.

1 D. Upon the resignation, retirement, death, incapacity, or removal of a member, the
2 authority appointing such member may appoint a replacement for the balance of the term.

3 E. The initial terms of positions 1, 3, 5, 7, and 9 shall be two years; the initial terms of
4 positions 2, 4, 6, and 8 shall be three years; all subsequent terms shall be three years. Any
5 vacancy in an unexpired term shall be filled in the same manner as the original appointment. A
6 member whose term is ending may continue on an interim basis as a member with voting rights
7 until such time as a replacement for that position has been appointed by the City Council or
8 confirmed by the City Council.

9 F. Members shall serve without pay, except that members may request compensation of
10 \$50 per hour served if participating on the committee presents a financial hardship. Upon such
11 request, the Director of Neighborhoods is authorized to expend funds in the Department of
12 Neighborhood's budget for this purpose. No money may be expended for services rendered prior
13 to a request being filed with the Director.

14 Section 5. Severability. The provisions of this ordinance are declared to be separate and
15 severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of
16 this ordinance, or the invalidity of its application to any person or circumstance, does not affect
17 the validity of the remainder of this ordinance or the validity of its application to other persons or
18 circumstances.

Aly Pennucci and Traci Ratzliff
LEG Jump Start Seattle Spending Plan ORD
~~D4a~~D2b

1 Section 6. This ordinance shall take effect and be in force 30 days after its approval by
2 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
3 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

4 Passed by a 3/4 vote of all the members of the City Council the _____ day of
5 _____, 2020, and signed by me in open session in authentication of its
6 passage this ____ day of _____, 2020.

7 _____
8 President _____ of the City Council

9 Approved by me this _____ day of _____, 2020.

10 _____
11 Jenny A. Durkan, Mayor

12 Filed by me this _____ day of _____, 2020.

13 _____
14 Monica Martinez Simmons, City Clerk

15 (Seal)

16
17 ~~Attachments:~~
18 ~~Attachment 1—Proposed Spending Plan~~

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Amendment 1 To Council Bill 119811

Select Budget Committee

Sponsor: Councilmember Pedersen

Amendatory language shown in track changes ~~track changes~~

Amend subsection 2.B, page 11 (lines 22-23) and page 12 (lines 1-3) as follows:

* * *

B. In all subsequent years, the proceeds from the payroll tax will be allocated as described in an implementation plan adopted by the City Council biennially, with the first plan adopted in 2021 for spending in years 2022 and 2023. The intent is to allocate funding as follows:

1. To administer and evaluate the effectiveness of the payroll tax authorized by the ordinance introduced as Council Bill 119810, ~~and~~ to administer the investments described in subsections 2.B.2 through 2.B.5 of this ordinance, and to evaluate the effectiveness of at least those investments described in subsection 2.B.4 of this ordinance.

Amend Section 3, page 15, lines 1 and 4 as follows:

Section 3. On or before June 30, 2021, the Executive is requested to submit an Implementation Plan for the payroll tax spending for years 2022 and beyond to the City Council that includes:

A. Specific spending proposal for years 2022 and beyond;

B. Proposed outcomes for each funded program or service and the tracking and evaluation framework to measure actual results as compared to the proposed outcomes and to implement improvements as needed;

C. How the programs or services will be implemented (i.e., responsible department, funding processes, etc.);

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D. Proposed policies for implementing and evaluating the effectiveness of funded programs or services,

E. Recommended modifications to the City's Housing Funding policies imposing new labor equity outcomes for new construction housing projects, if appropriate; and

F. Proposal for the detailed roles and responsibilities for the Oversight Committee described in Section 5 of this ordinance.

Effect: This amendment would:

- Add language to subsection 2.B.1 to include the cost of evaluating the effectiveness of the proposed investments as an authorized use of funds allocated for administration; and
- Add language to Section 3 to ensure the implementation plan includes an evaluation framework to measure the results of the programs and services funded by the payroll tax revenue.

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Amendment 2 To Council Bill 119811

Select Budget Committee

Sponsor: Councilmember Pedersen

Amendatory language shown in track changes ~~track changes~~

Amend Section 4, page 16 (lines 19-20) and page 18 (line 2), as follows:

* * *

Section 4. A new Section 3.35.100 is added to the Seattle Municipal Code as follows:

3.35.100 Payroll Tax Oversight Committee

* * *

C. No more than ~~three~~one committee members appointed by the Mayor and no more than ~~two~~one committee members appointed by the City Council shall be an officer, director, board member, trustee, partner, or employee of an entity that receives or competes for funding under this ordinance; or be a member of the immediate family of, or an individual residing with, an officer, director, board member, trustee, partner, or employee of an entity that receives or competes for funding under this ordinance; or be a person seeking or having an arrangement concerning future employment with an entity that receives or competes for funding under this ordinance. For the purposes of this Section 3.35.100, an individual's "immediate family" means the individual's spouse, domestic partner, child, child of a spouse or domestic partner, sibling-in-law, parent, parent of a spouse or domestic partner, a person for whom the individual acts as a guardian, or a person claimed as a dependent on the individual's most recent federal income tax return. Subject to the preceding sentence and applicable law, an individual serving as an officer, director, board member, trustee, partner, or employee of an entity that receives or competes for funding under this ordinance, or who has an interest in such an entity, shall not thereby be

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disqualified from serving on the Committee, but shall fully disclose any such relationships and shall not vote on any matter in which the interest of such entity is directly involved.

D. Upon the resignation, retirement, death, incapacity, or removal of a member, the authority appointing such member may appoint a replacement for the balance of the term.

E. The initial terms of positions 1, 3, 5, 7, and 9 shall be two years; the initial terms of positions 2, 4, 6, and 8 shall be three years; all subsequent terms shall be three years. Any vacancy in an unexpired term shall be filled in the same manner as the original appointment. A member whose term is ending may continue on an interim basis as a member with voting rights until such time as a replacement for that position has been appointed by the City Council or confirmed by the City Council.

F. Members shall serve without pay, except that members may request compensation of \$50 per hour served if participating on the committee presents a financial hardship. Upon such request, the Director of Neighborhoods is authorized to expend funds in the Department of Neighborhood's budget for this purpose. No money may be expended for services rendered prior to a request being filed with and approved by the Director

* * *

Effect: This amendment would:

1. Reduce the number of members of the proposed Payroll Tax Oversight Committee that can be an officer, director, board member, trustee, partner, or employee of any entity that receives or competes for funding from five members (55.5%) to two members (22.2%). This is a similar, proportionally, to the number of members on the Families, Education, Preschool, and Promise Levy (FEPP) Oversight Committee that are associated with an entity that receives or competes for FEPP funding (29.4%); and
2. Clarify that compensation to committee members can be provided if participating on the committee presents a financial hardship. However, such compensation must be approved by the Director of Neighborhoods prior to payment.