



SEATTLE CITY COUNCIL
CENTRAL STAFF

2020 Proposed Rebalancing Package

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SELECT BUDGET COMMITTEE: BUDGET CHAIR TERESA MOSQUEDA

JULY 15, 2020

Rebalancing the 2020 Adopted Budget

Challenges

- Budget deficit and COVID Crisis
- Balancing to a Moving Target

Council Decisions

- Evaluate Proposed Balancing Package (Spending, Policies, External Revenues)
- Public Comment
- Issue ID
- Amendments

2020 Challenges: Economic Impact of COVID

Fiscal Challenge

- \$311 million revenue drop based June forecast update (including \$210 million General Fund + Seattle Center + Parks and Recreation + Short-Term Rental Tax)
- \$233 million COVID spending

2020 Challenges: Economic Impact of COVID

General Fund/COVID Fiscal Challenge:

\$210 million revenue shortfall in GF, Parks and Recreation, Seattle Center, Short-Term Rental Tax

Plus \$233 million - COVID spending

Minus \$65 million Federal monies deposited in General Fund to support COVID response functions

\$378 million Fiscal Challenge for 2020

2020 Challenges: Unprecedented Times

1. Less than six months to address the budget gap to continue critical programs.
2. COVID fiscal impacts not ending any time soon.
3. State and federal funds come with restrictions (i.e., no backfills), timelines, and other requirements; some funds have already been spent.
4. Economic recovery slow in future years (sustainability issue).
5. Homelessness emergency and affordable housing.

2020 Challenges: Unprecedented Times

6. Public demands to mitigate racist actions, end institutional racism and re-imagining police.
7. Proposed rebalancing package doesn't come with a comprehensive "Balance Sheet" for all funds.
8. No established systems for significant mid-year adjustments prior to remote work environment.
9. One-time savings to address revenue shortfall helps in 2020 but not in 2021.

Council Decisions

Evaluating the 2020 Rebalancing Package (8 Ordinances & 4 Resolutions):

- Fund Shifts for Move Seattle Levy (\$10M); Families, Education, Preschool & Promise (\$2M); Library Levy (\$1.6M; Metropolitan Parks District (\$10M), and reprioritized Grant Funding (\$900K).
- Fiscal Reserves: Emergency Fund (\$15M) & Revenue Stabilization Fund (\$13.8M).
- Federal and State Grants, including \$131.5M Coronavirus Relief Fund.
- Race and Social Justice Considerations.
- One-year budget.

Next Steps

- July 22-23:** Councilmembers present amendments
- July 29:** Budget Committee votes on amendments
- July 30-31:** Central Staff revise budget legislation
- August 3:** Budget Committee votes on legislation, as amended
- August 3:** Council votes on legislation

Questions?

Reserves – Emergency Fund & Revenue Stabilization Fund

2020 Adopted Budget Reserve Levels

Fund	2020 Adopted Balance	Percent of 2020 General Fund Expenditures
Emergency Fund	\$66.9 million	4.5%
Revenue Stabilization Fund	\$60.8 million	4.0%
Total	\$127.7 million	8.5%

CB 119825 Proposed Uses

Fund	2020 Amount
Revenue Stabilization Fund	\$13,820,000
Emergency Fund	\$15,210,000
Total Proposed Uses	\$29,030,000

Reserves – Emergency Fund & Revenue Stabilization Fund

Cumulative Impact: CB 119812 & CB 119825

2020 Amounts	EMF	RSF	Total
Budgeted Balanced	\$66,900,000	\$60,800,000	\$127,700,000
Mayor's Proposed Uses (CB 119825)	(\$15,210,000)	(\$13,820,000)	(\$29,030,000)
Balances After Mayor's Proposal	\$51,690,000	\$46,980,000	\$98,670,000
CB 119812 Proposed Uses ¹	(\$66,900,000)	(\$18,878,600)	(\$85,778,600)
Balances after All Proposed Uses	(\$15,210,000)	\$28,101,400	\$12,891,400

¹Replenished in 2021 with proceeds from payroll expense tax.

Reserves – Emergency Fund & Revenue Stabilization Fund

Option – Amend Fund Sourcing in CB 119825

2020 Amounts	EMF	RSF	Total
Budgeted Balanced	\$66,900,000	\$60,800,000	\$127,700,000
Amend CB 119825 Uses	\$0	(\$29,030,000)	(\$29,030,000)
Balances After Mayor’s Proposal	\$66,900,000	\$31,770,000	\$98,670,000
CB 119812 Proposed Uses ¹	(\$66,900,000)	(\$18,878,600)	(\$85,778,600)
Balances after All Proposed Uses	\$0	\$12,891,400	\$12,891,400

¹Replenished in 2021 with proceeds from payroll expense tax.

Questions?

Distinct Activities in the City-Wide COVID-19 Response

Activity Type	Departmental Expenditures	Total
a. First Responder Supports	<ul style="list-style-type: none"> • Executive Pacific Hotel: \$3,395,000 • First Responder Costs Shifted to COVID Response: \$26,509,000 • Personal Protective Equipment: \$8,267,000 • Childcare for Essential Workers: \$1,690,000 • Testing: \$612,000 • King County Jail Expenses: \$22,000 	\$40,495,000
b. Food Access	<ul style="list-style-type: none"> • Grocery Vouchers: \$14,500,000 • Food Banks and Meal Programs: \$9,900,000 • Food Security Supports: \$3,000,000 • Food Delivery for Seniors: \$2,500,000 • Food Homeless Shelters: \$2,080,000 • PSH Food Access: \$2,500,000 	\$34,480,000
c. Shelter and Housing Supports	<ul style="list-style-type: none"> • Funding Announcement for Provider-Incurred Costs: \$4,850,000 • Shelter Deintensification: \$4,270,000 • Tiny Homes: \$2,358,000 • Shelter Deintensification Post FEMA Emergency: \$1,600,000 • PSH Backfill for STRT: \$3,300,000 	\$16,378,000

Distinct Activities in the City-Wide COVID-19 Response, cont.

Activity Type	Departmental Expenditures	Total
d. Rental Assistance	<ul style="list-style-type: none"> • City-Supported Affordable Housing: \$5,410,000 • Community-Based Organizations and HomeBase: \$8,156,000 • Home for Good Rental Assistance Pilot: \$750,000 	\$14,316,000
e. Business and Nonprofit Support	<ul style="list-style-type: none"> • Grants to Artists and Arts Organizations: \$1,295,000 • Grants to Small Businesses: \$3,910,000 	\$5,205,000
f. Hygiene Services	<ul style="list-style-type: none"> • Leased Hygiene Stations: \$2,280,000 • Library Bathrooms: \$320,000 • Purple Bag Expansion: \$350,000 • Hygiene Services Post FEMA Emergency: \$750,000 	\$3,700,000
g. Staffing for Emergency Response	<ul style="list-style-type: none"> • Redeployed Staff: \$45,694,000 • Overtime for Redeployed Staff: \$8,411,000 • Temporary Labor: \$2,334,000 	\$56,439,000
Subtotal of Discrete Items		\$171,013,000

Distinct Activities in the City-Wide COVID-19 Response, cont.

Activity Type	Departmental Expenditures	Total
h. Other COVID-Related Spending	<ul style="list-style-type: none"> • Paid Leave and Unemployment Insurance: \$11,987,000 • Public Testing: \$8,790,000 • Adopting City Facilities/Operations for Reopening Requirements: \$10,000,000 • Waiving Interest Charges on SPU and SCL Accounts: \$4,044,000 • Reserve for Future Needs: \$15,350,000 • Other uses: \$11,816,000 	\$61,987,000
TOTAL		\$233,000,000

COVID-related Funding Streams Not Yet Available

Funding Source	Estimated Amount	Dates Available for Use	Potential Uses
ESG	\$26 million	Through September 30, 2022	<ul style="list-style-type: none"> (1) Emergency shelters (2) Street outreach (3) Rapid re-housing, and (4) Homelessness prevention
CDBG	TBD	August 2020 to June 2023	<ul style="list-style-type: none"> (1) Business and non-profit support, (2) Essential supports to vulnerable populations, (3) Retrofitting facilities, (4) Supports for displaced workers (5) Supporting core government services
Washington Dept. of Commerce Grant – Joint Application with King County	\$11 million	TBD	TBD

Policy Issue: Funding for Potential Expenses

Activity	Amount
FEMA and Unanticipated Cost Contingency (CRF)	\$15,350,000
Adapting City Facilities/Operations for Reopening (CRF)	\$10,000,000
Shelter Deintensification Post FEMA Emergency Declaration	\$1,600,000
Hygiene Services Post FEMA Emergency Declaration	\$750,000
TOTAL	\$27,700,000

Questions?

Seattle Police Department Expenditure Reductions

Activity	Amount
Travel and Training Savings	\$597,000
Vacancy Savings	\$2,100,000
Overtime Savings	\$8,580,000
Equipment Savings	\$2,000,000
Technical Correction to SPOG AWI (Contract mandated wage increase)	\$3,070,000
Capital Savings (Included in FAS)	\$4,000,000
Total Expenditure Reductions	\$20,347,000

Fiscal and Policy Issues

- Overtime
- Hiring Freeze
- CAD System Delay
- Council Adds in the 2020 Budget

Questions?

Potential Budget Amendments Proposed by Councilmembers as of July 9, 2020

Councilmember Lewis – District 7

- Develop a plan for a 911 response system modeled on Crisis Assistance Helping Out On the Streets (CAHOOTS).
- Create a new Department of Public Safety.

Councilmember Strauss – District 6

- Restore \$650,000 GF in one-time funding for the Comprehensive Plan Major Update.
- Restore \$15,000 GF in one-time funding for translation and interpretation of ADU materials.
- Retain position and appropriation authority for the term-limited Electrical Inspector.

Councilmember Pedersen – District 4

- Redirect \$2.5 million to complete work on the Sand Point Way sidewalk, intersection, and crossing improvements in 2020.

Councilmember Sawant – District 3

(1/2)

- Add \$3,500,000 to create new tiny home villages.
- Impose a proviso on funds for the Navigation Team – tiny house villages.
- Cut \$3,144,000 from the Navigation Team and redirect those funds to programs serving individuals experiencing homelessness.
- Restore support for the Green New Deal Oversight Board.
- Add \$200,000 to increase SDCI's contract for eviction defense legal representation.
- Executive Pay Cap of \$150,000 per year.
- Add a proviso to restrict LAW from using any funds on prosecution of protestors.

Councilmember Sawant – District 3

(2/2)

- Develop a program to make free parking permits available to frontline COVID workers that would exempt them from parking enforcement.
- Co-sponsor with CM Morales: Restore \$150,000 in 2020 to Office of Labor Standards to reverse the proposed hiring freeze.

SPD-Related Amendments

Cut SPD appropriations in the Proposed 2020 Rebalance budget as follows:

- Stop the Sweeps.
- Reduce General Fund Allocations to the SPD for Aug - December by approximately 50%.
- Cap the salaries and overtime of employees of the Seattle Police Department at 150,000 per year.

Councilmember Morales – District 2

(1/4)

- Proviso on funds for the Navigation Team – encampment removals.
- Proviso on funds for the Navigation Team – remove SPD from permanent assignment.
- Cut \$267K from Navigation Team; expand contract for homelessness outreach.
- Cut \$2,795,000 from Navigation Team – redirect to programs serving individuals experiencing unsheltered homelessness.
- Reallocate \$5.4M to reentry and immediate housing rather than to fill the General Fund shortfall.
- Co-sponsor with CM Sawant: Restore \$150,000 in 2020 to Office of Labor Standards to reverse the proposed hiring freeze.

Councilmember Morales – District 2

(2/4)

- Proviso on jail spending pending renegotiation of the jail contract.
- Child Care Assistance Program – use savings to increase capacity within the child care system.
- Restore one-time \$65K General Fund to the Aids Memorial Project.
- Restore \$127,399 to Seattle Office of Civil Rights for a mediator position.
- Add \$275,000 in one-time funds for shoreline restoration at Be'er Sheva Park in Rainier Beach.
- Replace current 911 operations with a civilian-led system.

Councilmember Morales – District 2

(3/4)

SPD-Related Amendments

Cut SPD appropriations in the Proposed 2020 Rebalance related to the following functions:

- End contracts with private firms to defend SPD and the City against police misconduct.
- Cut ties with Homeland Security.
- Cut Recruitment and Retention Budget.
- Remove the Office of Collaborative Policing, including ending the Navigation Teams and ensuring via proviso that officers cannot in the future perform Navigation Team activities.
- End SPD Overtime Pay and Institute a Freeze hiring, including cancelling this year's planned hires to support scaling-up of community-led solutions.

Councilmember Morales – District 2

(4/4)

SPD-Related Amendments, cont.

- Cut SPD's funding for Public Relations and transfer funds to OCR for a summer-fall 2020 community-led research process, with the goal of gathering ideas and proposals from police-impacted communities to inform a roadmap for reducing violence beyond policing.
- Reduce patrol staffing to account for civilianization of many calls for service currently being responded to by patrol officers, with corresponding reduction in administrative staffing.
- Cut travel and training budget.
- Transfer the funding for DON's Community process around public safety to OCR for a community-led participatory budgeting process.
- Cap salaries of officers who receive misconduct complaints.

Councilmember Herbold – District 1

(1/3)

- Add \$25,000 General Fund (one-time) to City Attorney's Office to conduct a racial equity toolkit (RET) on a potential expanded pre-filing diversion program for adults 25 and older.
- Fund rental assistance for people experiencing homelessness.
- Co-sponsor with CM Morales: Proviso limiting spending of HSD appropriations for Law Enforcement Assisted Diversion (LEAD) to require referrals without law enforcement prior approval

Councilmember Herbold – District 1

(2/3)

SPD-Related Amendments

Cut SPD appropriations in the Proposed 2020 Rebalance budget as follows:

- Cut \$20.3 million that is identified for reduction as part of the Mayor's Proposed 2020 Rebalance Budget.
- Phased cut of the appropriations supporting the Collaborative Policing Bureau, including the Navigation Team Officers and School Resource Officers.
- Phased cut of the appropriations that support recruitment and retention activities, public relations activities and homeland security activities. Prioritize for reduction departmentwide those officers with highest number of misconduct complaints.
- Phased cut of the appropriations that support overtime expenditures.

Councilmember Herbold – District 1

(3/3)

SPD-Related Amendments, cont.

- Replace the current 9-1-1 operations with a civilian-led system.
- Introduce a Council resolution that would direct the Chief to use her authority under PSPSC rules to make out-of-order lay-offs to preserve efficient operations of SPD by focusing lay-offs on officers with history of disciplinary issues.
- Create a path to Fund \$68 million; phased September through December.
- Fund community-led alternatives to policing, including violence-interruption and prevention, restorative and transformative justice approaches to harm, including diversion.
- Fund a fall 2020 community-led process with police-impacted communities to inform roadmap for reducing violence beyond policing.

Councilmember Mosqueda – Citywide

- Add funds for non-congregate shelter.

Thank you.
