SEATTLE CITY COUNCIL

Select Budget Committee

Agenda

Tuesday, October 13, 2026
9:30 AM
Council Chamber, City Hall
600 4th Avenue
Seattle, WA 98104

Dan Strauss, Chair
Maritza Rivera, Vice-Chair
Dionne Foster, Member
Joy Hollingsworth, Member
Debora Juarez, Member
Robert Kettle, Member
Eddie Lin, Member
Alexis Mercedes Rinck, Member
Rob Saka, Member

Chair Info: 206-684-8806; Dan.Strauss@seattle.gov

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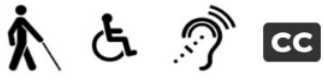

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October 13, 2026 - 9:30 AM

Meeting Location:
Council Chamber, City Hall, 600 4th Avenue, Seattle, WA 98104

Committee Website:
https://www.seattle.gov/council/meetings/committees-and-agendas/select-budget-committee

This meeting also constitutes a meeting of the City Council, provided that the meeting shall be conducted as a committee meeting under the Council Rules and Procedures, and Council action shall be limited to committee business.

Members of the public may register for remote or in-person Public Comment to address the Council. Please register in advance in order to be recognized by the Chair. Details on how to register for Public Comment are listed below:

Remote Public Comment - Register online to speak during the Public Comment period at the meeting at https://www.seattle.gov/council/committees/public-comment. Online registration to speak will begin one hour before the meeting start time, and registration will end at the conclusion of the Public Comment period during the meeting.

In-Person Public Comment - Register to speak on the public comment sign-up sheet located inside Council Chambers at least 15 minutes prior to the meeting start time. Registration will end at the conclusion of the Public Comment period during the meeting.

Please submit written comments no later than four business hours prior to the start of the meeting to ensure that they are distributed to Councilmembers prior to the meeting. Comments may be submitted at Council@seattle.gov or at Seattle City Hall, Attn: Council Public Comment, 600 4th Ave., Floor 2, Seattle, WA 98104. Business hours are considered 8 a.m. - 5 p.m. Comments received after that time will be distributed after the meeting to Councilmembers and included as part of the public record.

Please Note: Times listed are estimated

Policy Considerations

Central Staff will present analyses related to aspects of the 2027-2028 Proposed Budget, including how the proposed budget is balanced, and identify initial department-specific policy options for the Select Budget Committee's consideration.

Session I

If time permits during Session I, the Select Budget Committee may discuss Session II agenda items.

A. Call To Order

B. Approval of the Agenda

C. Public Comment

Members of the public may address items on the agenda and matters within the purview of the committee. Please register in advance to be recognized by the Chair.

D. Items of Business

1. Introduction and Overview

Supporting Documents:

Central Staff Memo - 2027-2028 Proposed Budget Overview

Presentation

Briefing and Discussion

Presenters: Lish Whitson, Director, and Calvin Chow, Council Central Staff

2. **General Fund (GF) Balancing and Sustainability Analysis**

Supporting Documents:
Central Staff Memo
Presentation

Briefing and Discussion

Presenters: Tom Mikesell, Calvin Chow, and Lish Whitson, Director, Council Central Staff

3. **Voluntary Separation**

Supporting Documents:
Central Staff Memo
Presentation
Draft Ordinance - Voluntary Early Separations
Draft Summary and Fiscal Note - Voluntary Early Separations

Briefing and Discussion

Presenters: Karina Bull, Calvin Chow, and Lish Whitson, Director, Council Central Staff

Session II

If time permits during Session I, the Select Budget Committee may discuss Session II agenda items.

E. Items of Business

4. **Office of Planning and Community Development (OPCD)**

Supporting Documents:
Central Staff Memo
Presentation

Briefing and Discussion

Presenters: HB Harper and Lish Whitson, Director, Council Central Staff

5. **Seattle Department of Construction and Inspections (SDCI)**

Supporting Documents:
Central Staff Memo
Presentation

Briefing and Discussion

Presenters: Ketil Freeman and Lish Whitson, Director, Council Central Staff

F. Adjournment

Legislation Text

File #: Inf 2974, **Version:** 1

Introduction and Overview

2027-2028 PROPOSED BUDGET OVERVIEW

CENTRAL STAFF ANALYST: EDIN SISIC

The 2027-2028 Proposed Budget ("Proposed Budget") totals $9.1 billion and $9.5 billion respectively, across all departments and funds. The 2027 Proposed Budget represents an increase of $196 million, or 2.2 percent, compared to the 2026 Adopted Budget. The increase from 2027 to 2028 would be an additional $348 million, or 3.8 percent. Although the Proposed Budget reflects year-over-year growth, that increase is primarily driven by inflationary costs rather than programmatic expansion. While the Proposed Budget includes fee and revenue-related increases, it does not introduce new revenue sources and includes limited-service enhancements Citywide. Instead, it incorporates reductions across departments and funds in response to the structural General Fund deficit identified last year, when the Council adopted a budget that projected a $148 million shortfall in 2027.

The Executive's proposal makes progress toward right-sizing the City's finances and projecting a balanced budget in the coming years, breaking the recent pattern of beginning each budget cycle with a significant deficit and closing gaps through one-time measures. By emphasizing long-term financial stability and reducing reliance on temporary solutions, the Proposed Budget seeks to place the City on a more sustainable fiscal path. However, the budget does not fully resolve the structural deficit and still relies on one-time resources to achieve balance.

This Citywide summary presents high-level changes from the 2026 Adopted Budget to the 2027–2028 Proposed Budget and identifies areas where the Council will make future funding decisions during the biennium. Additional details are provided in department-specific Overview and Policy Considerations papers. The analysis below takes a Citywide perspective to identify and explain key drivers of revenue and expenditure changes, summarizes impacts on City staffing levels, and notes significant updates to the 2027–2032 Proposed Capital Improvement Program.

I. OPERATING ADJUSTMENTS OVERVIEW

Table 1. Citywide Summary – Operating Budget by Fund

Fund *($s in millions)*	**2026 Adopted**	**2027 Proposed**	**% Change**	**2028 Proposed**	**% Change**
General Fund	$2,011 M	$2,026 M	0.8%	$2,052 M	1.3%
JumpStart Fund	$427 M	$454 M	6.2%	$463 M	2.1%
Other Sources	$4,874 M	$5,066 M	3.9%	$5,291 M	4.4%
Total	**$7,312 M**	**$7,546 M**	**3.2%**	**$7,805 M**	**3.4%**

The 2027 Proposed Budget operating appropriations would increase by approximately $234 million (3.2 percent) Citywide, compared to the 2026 Adopted Budget. This net increase is largely attributable to proposed changes within Seattle Police Department, Seattle City Light, and Seattle Public Utilities, as described below.

- $68 million (13.9 percent) increase in the Seattle Police Department due primarily to recently ratified labor contracts (Seattle Police Officer's Guild and Seattle Parking Enforcement Officer's Guild) that add $58 million to fully fund ongoing labor costs. In addition, the Proposed Budget includes $12.6 million to fund 1,250 sworn Officers over the biennium, an increase of 66 Officers over the 2026 Adopted Budget.
- $70 million (5.4 percent) increase in Seattle City Light to reflect major investments aligned with its recently adopted Strategic Plan, including modernizing transmission and distribution infrastructure and expanding public EV charging supported by Clean Fuel Standard revenues. Expanded customer energy resources programs, continued Skagit Project relicensing implementation, and targeted technology, wildfire mitigation, physical security, workforce, and fleet upgrades further support long-term grid reliability and readiness. These expenses are supported by the utility's rates.

- $55 million (4.6 percent) increase in Seattle Public Utilities (SPU), reflecting standard inflationary costs, Strategic Business Plan-endorsed investments in core utility services, environmental programs, implementation of Advanced Metering Infrastructure (AMI), and additional funding for the Tolt Water Treatment Facility operations. These expenses are supported by the utility's rates.

Other significant operating budget increases between the 2026 Adopted and the Proposed budget include:

- Health Care Fund (+$28.8 million): Based on actuarial analysis of the prior two years of actual claims and confirmed by the City's joint labor-management committee, healthcare costs increase by $28.8 million (7.3 percent) in the 2027 Proposed Budget compared to 2026. The cost grows by an additional $30.1 million (7.2 percent) in 2028, reflecting rising medical expenses that mirror national trends, where health benefit inflation continues to outpace general revenue growth and other operating costs.

- Judgment & Claims Fund (+$9.2 million): Based on actuarial projections of anticipated losses that departments incurred over the previous five years, Judgement and Claims rates[1] have increased by $9.2 million in 2027, which represents a 20 percent increase compared to the 2026 Adopted Budget of $46.6 million. Recent actuarial estimates have been driven to a new high by the growing expenses the fund has incurred since 2021. As background, between 2018 and 2021, the fund's average non-utility[2] annual payments and costs incurred were $21 million. From 2021 to 2026[3], that average rose to $52 million—a 150 percent increase. The 2027–2028 forecast anticipates an additional average increase of $20 million over the biennium (38 percent). Costs continue to rise in part because Washington State does not impose a tort cap[4], exposing the City to highly variable and sometimes extreme verdicts and settlements. In addition, inflation in labor, materials, and health care contributes to higher property damage and personal injury claim costs. These dynamics have increased both the frequency and the severity of claims, putting sustained upward pressure on the City's liability expenditures.

- Backfill for Potential Federal Funding Loss (+$22.5 million): The proposed budget reappropriates $22.5 million in one-time General Fund planned for abandonment in the 2026 Year-End Supplemental to establish a reserve in Finance General for 2027 to offset potential federal funding cuts affecting City-funded housing and homelessness programs. This action builds on the Council's 2026 decision to expand HSD reserves intended to mitigate anticipated reductions in federal grants supporting shelter operations, emergency housing, and SHA voucher programs.

- Seattle Transit Measure (STM) Renewal Operating Budget Increase (+$20.4 million): The proposed STM renewal increases O&M budget programming from $63.9 million to $84.3 million to support additional transit service needed to meet Frequent Transit Network targets, fully fund streetcar operations, expand Transit Access Program commitments—including Housing Choice Voucher ORCA subsidies—and maintain Metro Flex service. The renewal proposal would raise the STM sales tax rate to 0.3 percent beginning April 2027 and is anticipated to generate approximately $102 million in 2027 to sustain expanded service, TAP enhancements, Sound Transit 3 staffing support, and related obligations. The Seattle Transit Measure Renewal is on the November 2026 ballot. If the measure is not renewed, budget amendments would be necessary to remove these spending provisions.

[1] Per Resolution 31847, the budget level for the Judgement & Claims Fund must be set at the 90 percent confidence level of meeting actual expenditures as annually estimated by the City's actuaries.
[2] Although Seattle City Light and Seattle Public Utilities are excluded from the figures presented above, their combined average Judgment and Claims actuals over the past five years total approximately $7.2 million.
[3] The 2026 figures incorporate projected actuals provided by the City Budget Office.
[4] A tort or damage cap is a legislatively imposed ceiling on civil damages—commonly non-economic or punitive awards. In Washington State, statutory caps on non-economic and punitive damages have been struck down as unconstitutional, meaning plaintiffs may receive full awards for pain and suffering or emotional distress, irrespective of amount.

- Shelter Expansion and Operations (+$18.3 million): The Proposed Budget adds $18.3 million in ongoing JumpStart Payroll Expense Tax funding to the Human Services Department to support operations for up to eight new shelter programs providing 515 beds under the Shelter Accelerator Initiative. This funding sustains shelters launched with one-time 2026 resources and supports additional sites expected to open in 2027, covering both approved projects and those still under consideration to ensure adequate capacity to meet urgent citywide shelter needs.

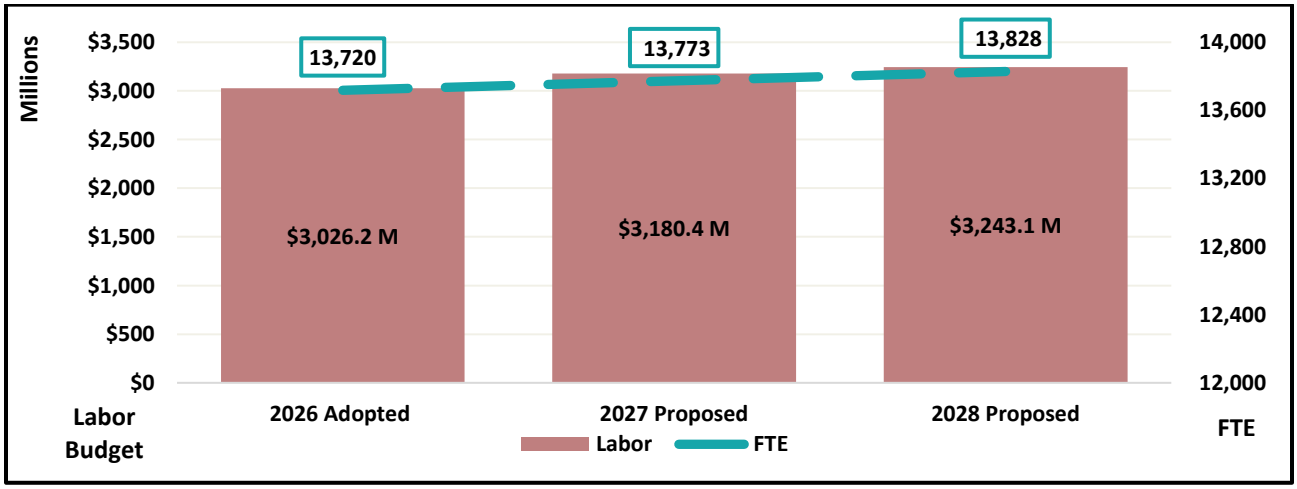
These increases are offset by numerous operating reductions in the Proposed Budget. The 2027–2028 Proposed Budget emphasizes long-term stability, resulting in more than $50 million in General Fund reductions each year and shifting $50 million of funding obligations from General Fund to other operating funds. Examples include aligning Seattle Public Utilities' RV Pump-out budget with actual demand, slowing the expansion of the Community Crisis Responders program, realizing lease savings for the City Attorney's Office, adjusting the Office of Housing's approach to JumpStart-backed capital investments, and increasing rental unit fees at SDCI to support implementation of the City's Residential Rental Fee policy. The budget also maintains ongoing fund swaps with the Seattle Park District Fund to sustain core services and eliminates 128 positions (described in the section below) as part of broader organizational right-sizing. More information about specific increases and reductions in the Proposed Budget is provided in individual department Overview and Policy Considerations papers.

Adjustments to Position and Personnel Budgets

Most of the programs and services provided by the City rely on workers to deliver those services, particularly programs and services that are funded by the General Fund (GF). Personnel costs for City workers across all funds comprise approximately one-third of the overall budget, and over half (58 percent) of the proposed $2 billion GF budget. Additionally, much of the "non-labor" budget across all funds is for contracted services with organizations whose workers deliver key services (e.g., contracts with human service organizations that deliver most services related to the City's homelessness response).

As shown in Figure 1, the Proposed Adjustments increase the Citywide labor budget by $154 million (five percent), including $58 million funded by the GF and JSF. This increase is primarily driven by inflationary adjustments and the net biennial addition of 98.5 Full-Time Equivalent (FTE) positions, primarily within the City's utilities.

Figure 1. Citywide Summary of FTE[5] and Labor by Fund Source



[5] The City does not use a position-based budgeting system; therefore, it is not possible to connect FTE directly to department budgets, and the total FTE count does not reflect the actual number of City employees in permanent positions.

This includes a total of 224.5 new FTE[6] (169.5 in 2027 and 55 in 2028), and a reduction of 128 FTE, of which 13 are filled and 115 are vacant. According to data provided by the Executive, 222 of the 224.5 new FTE are permanent positions with ongoing budget impacts, while the remaining 2.5 FTE are term-limited and set to sunset by the end of the biennium. As shown in Table 2, General Fund and JumpStart Payroll Expense Tax collectively decrease by 5.1 FTE overall, while nearly all growth in FTE is funded through other revenue sources.

Table 2. 2027-2028 Proposed FTE Changes by Department and Fund.

Department	GF/JSF	Other Funds	Department Total
Seattle City Light	-	101.0	101.0
Human Services Department	30.0	4.0	34.0
Seattle Public Utilities	-	28.0	28.0
Seattle Fire Department	10.1	1.0	11.1
Seattle Municipal Court	(5.5)	16.0	10.5
Seattle Center	-	5.5	5.5
Law Department	3.0	1.0	4.0
Department of Neighborhoods	(4.0)	-	(4.0)
Seattle Department of Human Resources	(4.5)	-	(4.5)
Information Technology	-	(5.5)	(5.5)
Seattle Department of Transportation	(2.0)	(7.0)	(9.0)
Finance and Administrative Services	1.0	(14.0)	(13.0)
Seattle Police Department	(28.0)	4.0	(24.0)
Department of Construction and Inspections	1.0	(31.0)	(30.0)
All Other Departments	(6.3)	0.6	(5.7)
Total FTE Changes	**(5.1)**	**103.6**	**98.5**

Departments with the largest FTE increases in the 2027-2028 Proposed Budget[7] include[8]:

- 101 FTE in Seattle City Light (City Light), supporting operational, customer service, clean-energy, grid-readiness, and regulatory needs across the utility. These include expanding energy-efficiency, rooftop-solar, and demand-response programs (18 FTE); modernizing technology systems and infrastructure such as software licensing, digital platforms, smart-grid tools, and cybersecurity (29 FTE); increasing wildfire mitigation and vegetation management (6 FTE); supporting Skagit Project relicensing (4 FTE); enhancing capacity to acquire new generation and transmission resources (11 FTE); advancing vehicle and building electrification efforts (7 FTE); and other staffing aligned with major investments in SCL's recently adopted Strategic Plan.
- 31 FTE in the Human Services Department (HSD), 29 of which are ongoing positions to oversee and administer the City's homeless services contracts, including those returning from the King County Regional Homelessness Authority (KCRHA) and those supporting new shelter capacity created under the Shelter Accelerator initiative. These positions convert one-time emergency hires made in 2026 to expand shelter and resume City-funded contract administration into permanent roles, funded within HSD's existing budget and resources transferred back from KCRHA. Additional adjustments include 2 FTE to support youth-violence prevention and school-safety services by providing network coordination and data analysis functions that help standardize practices and improve alignment across related service providers.

[7] Excludes current year (2026) legislation.
[8] Information about the remainder of the FTE additions included in the Proposed Budget is provided in individual department Overview and Policy Considerations papers.

- 32 FTE in the Seattle Public Utilities (SPU), with 21 of the positions to fully resource initiatives endorsed in SPU's 2025–2030 Strategic Business Plan. These positions include support for capital planning and infrastructure project delivery (9 FTE); for Drainage and Wastewater (DWW) programs such as the side sewer assistance program and the Lower Duwamish Waterway program (4 FTE); for Solid Waste site redevelopment, food waste compliance, and contracting (5 FTE); and human resources, training and development, and customer accounts and billing (3 FTE). Other position additions include apprentice positions for DWW collection workers (5 FTE); Customer Care Division positions to reduce billing backlogs and ensure quality assurance (3 FTE); creation of a dedicated cybersecurity team to protect SPU's critical infrastructure (2 FTE); and the transfer of a service design position from the Seattle Information Technology Department (1 FTE). The proposed budget also abrogates 4 FTE vacant positions that have sunset and whose bodies of work are complete, for a net increase of 28 FTE in the Department.
- 13 FTE in the Seattle Municipal Court (SMC), to support the expanded Automated Traffic Safety Camera (ATSC) program by providing staffing needed to process and adjudicate increased traffic-camera citation volumes. These positions reflect updated cost-per-ticket analysis and the resource requirements associated with the planned expansion of camera enforcement.
- 10 FTE in the Seattle Fire Department (SFD), all of which are position only adds in the Mobile Integrated Health (MIH) program. Adding these positions will allow SFD more closely to track and report on the specific costs of the MIH program and formally to establish the MIH role as one in which incumbent firefighters may seek longer-term assignments. The MIH program was established as a pilot and these position adds recognize the program's permanence at SFD. No new funding is requested, as previous budgets included funding for the performance of MIH work on an overtime basis without corresponding position authority.

Of the 128 FTE proposed for elimination Citywide in the Proposed Budget, 115 (90 percent) are vacant, while 13 (10 percent) are filled positions that would be subject to layoff. Of the positions subject to layoff, seven are in the Department of Construction and Inspections (SDCI), two in SPD and the Department of Neighborhoods each, 1 FTE in Seattle IT and 1 FTE in the Office of Economic Development. According to data provided by the Executive, these FTE reductions could result in savings of approximately $16.5 million in the 2027 fiscal year, approximately one half of which is in the General Fund.

Table 3. Proposed FTE Eliminations by Department.

Department	Vacant Positions	Subject to Layoff	Total Eliminations	Savings Estimate[9]
Dept. of Construction and Inspections	(27)	(7)	(34)	$6.1M
Seattle Police Department	(25)	(2)	(27)	$4.2M
Information Technology	(17.5)	(1)	(18.5)	$1.8M
Seattle Department of Transportation	(9)	-	(9)	$0.2M
Seattle Municipal Court	(5.5)	-	(6)	$0.7M
Seattle Department of Human Resources	(5)	-	(5)	$0.6M
Seattle Parks and Recreation	(5)	-	(5)	$0.8M
Department of Neighborhoods	(2)	(2)	(4)	$0.4M
Seattle Public Utilities	(4)	-	(4)	-
All Other Departments	(16)	(1)	(17)	$1.6M
Total	**(115)**	**(13)**	**(128)**	**$16.5M**

[9] The City does not use position-based budgeting; therefore, FTE counts cannot be directly tied to department budgets. Based on data provided by the Executive, approximately 34.5 FTE are position clean-up actions with no associated savings, while the remaining 93.5 proposed eliminated FTE are budgeted positions that may generate fiscal impacts.

Departments with the highest number of eliminations in the 2027-2028 Proposed Budget include:

- 34 FTE (7 filled) in the Department of Construction and Inspections (SDCI), to right-size fee-supported Building and Land Use operations in response to structural revenue shortfalls, declining construction valuations, and reduced workload. SDCI's Building and Land Use staffing reserves have fallen substantially below target, with year-end 2025 balances of $8.4 million (Building) and $1.4 million (Land Use) versus fully funded targets of $21.5 million and $7.2 million. Because these reserves are intended to sustain service continuity through cyclical downturns and Great-Recession-scale shocks, current balances provide significantly less protection against ongoing revenue weakness. The proposal preserves staffing for permit intake, plan review, permit issuance, inspections, and other critical regulatory functions. It is projected to generate approximately $6 million in annualized savings and, together with planned fee adjustments, to extend the solvency of core staffing reserves by about four years. SDCI does not anticipate material impacts to core permit review, issuance, or inspection timelines, though lower-priority administrative, policy-support, analytical, and long-range planning functions may experience reduced capacity.
- 27 FTE (2 filled) in the Seattle Police Department (SPD), to streamline staffing by removing long-term vacant positions and a small number of filled roles whose duties can be absorbed by existing staff. These changes include reductions in Parking Enforcement, Human Resources, Data Analytics, Records, and the Office of Police Accountability. Core functions in analytics, records management, and accountability remain in place, with units retaining enough staffing to continue essential operations. Overall, the proposal right-sizes SPD's administrative and support capacity while minimizing impacts on frontline services.
- 18.5 FTE (1 filled) in the Seattle Information Technology Department (ITD), to make reductions in administrative and support areas and to respond to declining cable revenues. Two programs that receive cable revenues are impacted by proposed reductions: the Digital Equity program that works on the expansion of internet connectivity and digital skills development (2 FTE), and the Digital Engagement program that maintains the City's external website and other digital properties and provides support to departments (3 FTE). ITD is also reducing positions that are more focused on internal operations, including on the Emergency Management team (1 FTE), Business Operations team (1 FTE), and the Accounting team (1 FTE). The proposed budget also transfers 1 FTE to SPU, abrogates 1 FTE that was added during last year's budget process but was never filled, and 9.5 FTE that are vacant and currently unfunded. Lastly, ITD is receiving 14 FTE from Finance and Administrative Services (FAS) Office of City Finance to establish a more effective citywide management model for four enterprise applications.

Each department provides additional detail on its position changes within its respective Department Overview and Policy Considerations papers.

II. CAPITAL IMPROVEMENT PROGRAM OVERVIEW

The City's 2027-2032 Proposed Capital Improvement Program (CIP) totals 1.6 billion in 2027, which represents a decrease of $38 million, or two percent over the 2026 Adopted CIP. In comparing the 2026-2031 Revised CIP[10] budget to the 2027-2032 Proposed Budget, the six-year CIP budget increases from $9.2 billion to $11.1 billion, representing a $1.9 billion, or 20 percent, change. Note that the CIP document covers a rolling six-year window, so the new Proposed CIP excludes 2026 and adds 2032; thus, this funding comparison is not directly "apples to apples". This overall increase is driven primarily by utility projects.

Approximately $7.8 billion (71 percent) of the 11.1 billion in the 2027-2032 Proposed CIP are utility-funded projects, managed by SCL and SPU, and mostly funded by rates charged to utility customers. The SDOT CIP totals $1.7 billion (16 percent), while general government departments (SPR, FAS,CEN, SPL, and ITD) account for the remaining $1.5 billion, or 13 percent over the six-years.

Table 4. Adopted to Proposed CIP Comparison by Department

	2026	2027	2028	2029	2030	2031	2032	Total
Finance and Administrative Services (FAS)								
2026-2031 Adopted	$51M	$52M	$34M	$29M	$30M	$29M	-	**$225M**
2027-2032 Proposed	-	$77M	$50M	$32M	$30M	$29M	$42M	**$259M**
Seattle Center (CEN)								
2026-2031 Adopted	$38M	$17M	$17M	$19M	$17M	$4M	-	**$111M**
2027-2032 Proposed	-	$22M	$18M	$19M	$17M	$16M	$17M	**$107M**
Seattle Department of Transportation (SDOT)								
2026-2031 Adopted	$348M	$265M	$277M	$269M	$309M	$418M	-	**$1,885M**
2027-2032 Proposed	-	$294M	$352M	$270M	$302M	$270M	$259M	**$1,746M**
Seattle IT (ITD)								
2026-2031 Adopted	$20M	$19M	$20M	$14M	$15M	$14M	-	**$102M**
2027-2032 Proposed	-	$55M	$48M	$33M	$35M	$34M	$33M	**$238M**
Parks and Recreation (SPR)								
2026-2031 Adopted	$91M	$255M	$110M	$99M	$101M	$103M	-	**$758M**
2027-2032 Proposed	-	$124M	$166M	$162M	$104M	$99M	$99M	**$754M**
Seattle Public Library (SPL)								
2026-2031 Adopted	$3M	$1M	$1M	$1M	$1M	$1M	-	**$7M**
2027-2032 Proposed	-	$23M	$11M	$27M	$22M	$13M	$13M	**$109M**
Seattle Public Utilities (SPU)								
2026-2031 Adopted	$577M	$533M	$556M	$572M	$499M	$525M	-	**$3,262M**
2027-2032 Proposed	-	$454M	$469M	$663M	$703M	$635M	$606M	**$3,529M**
Seattle City Light (SCL)								
2026-2031 Adopted	$511M	$513M	$502M	$526M	$523M	$521M	-	**$3,097M**
2027-2032 Proposed	-	$552M	$577M	$632M	$763M	$882M	$962M	**$4,368M**

[10] This accounts for the 2026 supplemental budget changes and excludes the 2025 Carry Forward to achieve a more accurate comparison between the six-year CIP cycles.

The 2027–2032 Proposed CIP includes several new, noteworthy, or otherwise significant project and program changes that may be of interest to the Council, including:

- Replacement of the Seattle Licensing Information Management (SLIM) Platform: The Proposed CIP adds $14 million of Limited Tax General Obligation (LTGO) bond appropriations in FAS to fully replace the 30-year-old SLIM system, which currently supports the City's collection of approximately $1 billion in annual tax revenue and millions in regulatory fees. Debt service payments on the LTGO bonds total $1.7 million in the 2027–2028 biennium and are funded by the General Fund. According to the Executive, SLIM is past end-of-life, poses significant operational and cybersecurity risks, and cannot integrate with modern systems or support new licensing or tax programs. The CIP includes $8 million for the Office of City Finance to migrate its License Tax Administration, Treasury Services, and Audit functions to the RSI Government Platform[11] and $5.9 million for FAS's Consumer Protection Division to transition 22 regulatory license types to a new Software-as-a-Service (SaaS)[12] system integrated with RSI.

- Fire Station 25 Renovations: The Proposed CIP creates a new project and allocates $8.7 million over the biennium to address building system needs at Fire Station 25. The project will replace the station's HVAC system, roof, and range hood, all of which have reached the end of their service life and require full replacement. Feasibility and scoping work are complete, and design is expected to begin in late 2026. The $8.7 million project will be funded with $3 million from the Finance and Administrative Services (FAS) Operating Fund balance and $5.7 million in Limited Tax General Obligation (LTGO) bonds backed by Real Estate Excise Tax (REET) revenue. Estimated debt service payments over the 6-year CIP period total $2.7 million.

- Seattle Center Campus Revitalization Program: The 2027–2032 Proposed CIP establishes the Seattle Center Campus Revitalization Program to support pre-bond planning and design work ahead of a potential 2027 Unlimited Tax General Obligation (UTGO) bond measure for Seattle Center. If approved by voters, the bond would fund major infrastructure upgrades and campus revitalization. In line with Resolution 32205 affirming Seattle Center as a vital civic and cultural asset, the Proposed CIP adds 2027 funding—financed through an interfund loan—to advance critical planning efforts, including the Armory Space Planning study, the Comprehensive Campus Plan, the Fisher Pavilion Revitalization and Decarbonization design work, and the Armory Bridge to Monorail design. These investments support early design, holistic campus coordination, and construction readiness in preparation for a major capital funding measure.

  Seattle Center will begin incurring early project costs in 2026 using its existing resources. Beginning in 2027, an interfund loan of up to $3.2 million from the REET Capital Projects Funds will cover project expenses that have no other funding source. If voters approve the 2027 UTGO bond measure, the City will seek Council authorization to revise the loan's terms and amount, with the first series of bonds anticipated in 2028. If the measure does not proceed or fails, the City expects the REET funds, or other City funds including potential non-voted bonds, to be sufficient to repay the interfund loan. Use of an interfund loan to pay for expenses associated with such projects is consistent with the City's Debt Management Policies adopted by Council in Resolution 31553.

- Expanding Public Restrooms Access: The Proposed CIP includes several investments to improve the availability and condition of public restrooms citywide. It provides $1.8 million from the Seattle Park District and King County Parks Levy to add two new prefabricated restrooms, one at Cheryl Chow Park in Rainier Valley and another at a Northeast Seattle site to be identified in 2027. An additional $971,000 in annual King County Parks Levy funding increases the ongoing park restroom renovation budget to approximately $2.8 million per year through 2031, supporting an estimated four additional restroom renovations. The Proposed Budget also includes an ongoing $1.4 million in General Fund operating support within the Department of Finance and Administrative Services to contract for public restroom

[11]RSI Government Platform is a cloud-based revenue and licensing administration system developed by Revenue Solutions, Inc. (RSI), used by state and local governments to manage tax collection, licensing, payments, compliance, and related workflows.

[12] Software-as-a-Service (SaaS) is software that the City uses online instead of installing or maintaining it on City-owned servers. The vendor hosts and updates the system, and City staff access it through a secure web portal.

installations in high-use areas across the city. This investment uses the deployment of Throne restrooms in Pioneer Square during the 2026 World Cup as a model and provides capacity for up to ten similar installations.

- Seattle Public Utilities (SPU) Water System: The Proposed CIP prioritizes investments in critical infrastructure over the next six years, including rehabilitation of distribution system water mains ($268.6 million); seismic improvements to the transmission system, including the Cedar River Pipeline in Renton, ($95.6 million); and dam safety projects, including relicensing of the Tolt Dam and federally required improvements to its spillway, ($128.3 million).
- SPU Drainage and Wastewater System: The Proposed CIP contains significant investments in the department's Sediments and Duwamish Valley Water Resilience BSL, including costs related to sediment remediation for three cleanup sites: the Lower Duwamish Waterway Superfund Site, the East Waterway Operable Unit of the Harbor Island Superfund Site, and Gas Works Park. Total investment in sediment remediation activities over the next six years is about $525 million, which is approximately $143 million more than was contained in the 2026–2031 Adopted CIP.
- Seattle City Light Capital Improvement Program: Seattle City Light plans to invest a total of $4.4 billion in capital projects between 2027 and 2032, an increase of $1.3 billion compared to the 2026–2031 Adopted CIP. This investment level aligns with SCL's recently adopted Strategic Plan, which assumes annual rate increases of 9.5 percent in 2027 and 2028, followed by variable increases of 7–11 percent in the subsequent years.

In 2027, the most notable increases include additional funding for replacing underground equipment, supporting customer energy efficiency and renewable energy programs, and meeting requirements for the Skagit River Hydroelectric Project. The utility is also introducing two new efforts: one will address the licensing requirements for the Skagit River project beginning in 2030, and the other will support the installation of new community solar projects through 2030. Over the six-year period, the utility plans to focus on replacing aging electrical infrastructure, improving the reliability and security of the power system, modernizing technology, supporting transportation projects like Sound Transit expansion, increasing energy efficiency, meeting obligations tied to hydroelectric projects, upgrading power generation facilities, and addressing long-term maintenance needs.

More information on these and other capital projects in the 2027-2032 Proposed CIP is provided in individual department Overview and Policy Considerations papers.

Transportation Fund Stability and Proposed Interfund Loan

SDOT's 2027–2028 Proposed Budget reflects continued difficulty maintaining a positive cash balance in the Transportation Fund. Since 2020, the fund has periodically gone negative, leading to reliance on the City's Consolidated Cash Pool and associated interest costs. SDOT previously received a $25 million Interfund Loan (IFL) in late 2020 to address cash shortfalls driven by pandemic-related revenue declines and fully repaid that loan in December 2025. Despite this repayment, the Transportation Fund has again experienced negative cash positions in 2026, influenced by multiple contributing factors. In response, the Executive convened an Interdepartmental Team (IDT) in July 2026 to examine the root causes of the ongoing cash deficits and recommend strategies to restore long-term stability. The IDT's work is expected to conclude in Fall 2027.

Because this broader review will take time, the Proposed 2027–2028 Budget includes near-term actions to support fund stability, including authorization of a new up to 10 years and up to $63.5 million Interfund Loan. The IFL would provide the Transportation Fund with access to short-term cash, allowing SDOT to draw and repay funds as needed while awaiting reimbursements or internal reallocations, and ensuring compliance with City fund balance policies. Additional background and related policy considerations can be found in the SDOT Overview and Policy Considerations paper.

Real Estate Excise Tax (REET) Forecast Revisions and Corresponding CIP Implications

A significant amount of the City's general government CIP is funded through REET revenue, which is an excise tax imposed on the sale of real property. Because large, unpredictable transactions heavily influence collections, REET is inherently difficult to forecast. The Proposed CIP incorporates significant downward revisions to projected REET revenue due to continued weakness in the real estate market and broader economic uncertainty. At the August 7, 2026, Forecast Council meeting, the Office of Economic and Revenue Forecasts reduced the REET projections built into the 2026 Adopted Budget by a total of $34 million across fiscal years 2026–2028. As a key funding source, REET supports roughly 60 capital projects in the 2027-2032 CIP, such as asset preservation for City-owned buildings, improvements to public safety facilities, and playfield conversions and play area renovations. It also funds ongoing debt service for significant City commitments, including the rehabilitation of Memorial Stadium at Seattle Center and the Waterfront Operations and Tribal Interpretive Center.

More than half of those 60 projects required adjustments in response to the reduced revenue forecast. Project-level impacts resulting from this downward revision vary, as some were deferred, others scaled back, reprioritized, or rightsized, and in certain cases REET was replaced with alternative funding sources to mitigate the shortfall.

Table 5. Change in REET Forecast: Adopted 2026 vs. August Forecast

REET Forecast	2026	2027	2028	3-Year Total
2026 Adopted	$67M	$77M	$88M	$232M
August Revenue Forecast	$76M	$91M	$99M	$266M
Variance:	**($9M)**	**($13M)**	**($11M)**	**($34M)**

Looking ahead, the October revenue forecast could introduce an additional downward revision. This risk is heightened by the recent increase in interest rates, which may further slow real estate activity and depress REET collections. Higher borrowing costs can deter both commercial and residential property transactions, reducing the volume of taxable sales and amplifying the uncertainty already present in the real estate market. Should the October forecast reduce REET projections further, the Council could draw on the City's $10 million REET reserve established under the City's REET policy (Resolution 31952) or consider additional CIP adjustments to right-size expenditures to match the updated forecast. If the Council chooses to draw on the $10 million REET reserve, it would temporarily stabilize funding for priority capital projects by offsetting the immediate shortfall in REET revenue, but it would also reduce the City's financial buffer against future revenue volatility and require replenishment once collections recover.

cc: Lish Whitson, Director
Calvin Chow, Deputy Director

Seattle City Council 2026 Budget Process

Policy Considerations

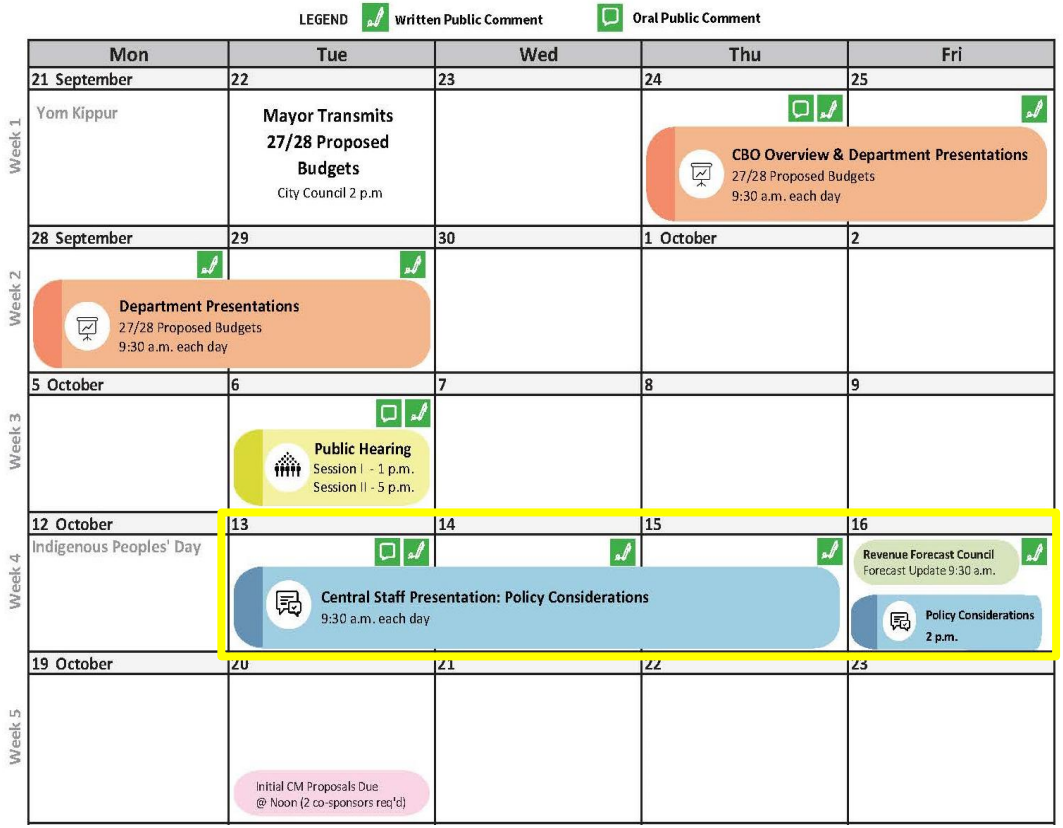
Lish Whitson, Central Staff Director
Calvin Chow, Central Staff Deputy Director
October 13, 2026

Council's Budget Review and Adoption Process

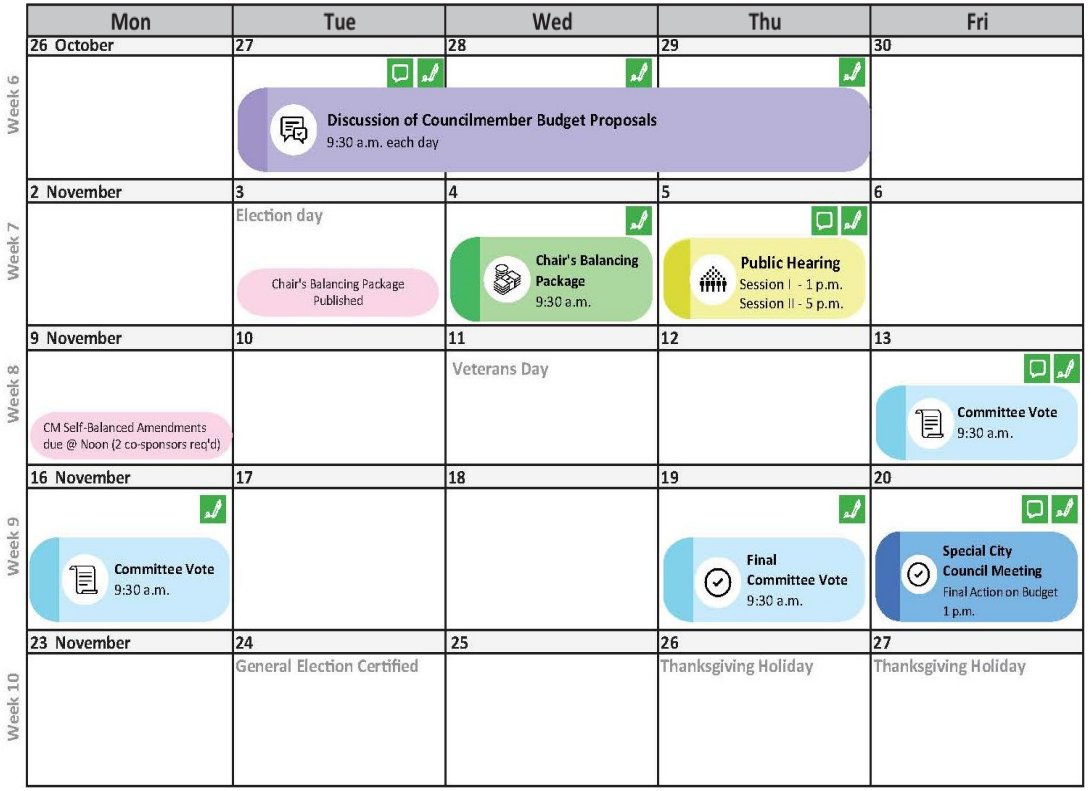
Step 1 Week 1-2	**Mayor transmits 2027/2028 Proposed Budgets** **CBO and Department presentations**
Step 2 Week 3-4	**Central Staff policy considerations** **Revenue Forecast Update**
Step 3 Week 5-6	**Discussion of Councilmember Budget Proposals**
Step 4 Week 7	**Presentation of Chair's Balancing Package**
Step 5 Week 8-9	**Self-balanced amendments to Chair's package** **Select Budget Committee vote**
Step 6 Week 9	**Final Council vote**

Fall 2026 Budget Calendar

Weeks 1 - 5



Weeks 6 - 10



Step 2
Week 3-4

Policy Considerations and Revenue Forecast Update

Central Staff Overview and Policy Considerations (Day 1 – Day 3)

- General overview of 2027/2028 Proposed Budgets and GF/PET balancing strategy
- Presentation of select departments by CS analysts.
- Papers for departments not presented will be attached to Day 3 agenda
- Opportunity for committee discussion, and for CMs to provide direction to staff on issues and amendments they are considering.

Friday, October (Day 4)

- Economic and Revenue Forecast Council (separate from Select Budget Committee)
- Tentative Select Budget Committee meeting – overflow, revenue.

Step 2
Week 3-4

Policy Considerations & Revenue Forecast Update Schedule

	Tuesday, October 13	Wednesday, October 14	Thursday, October 15	Friday, October 16
Session I	Introduction & Overview	Office of Housing	Seattle Police Department	**Revenue Forecast Council Meets** *(Select Budget Committee will convene at 1 p.m.)*
	GF Balancing Analysis / PET	Seattle Parks and Recreation		
	Voluntary Separation	Seattle Center		

Session II	Office of Planning & Community Development	Seattle Department of Transportation	Seattle Fire Department	*Tentative* Revenue Discussion
	Seattle Department of Construction & Inspections		Community Assisted Response & Engagement	
	Office for Civil Rights		Human Services Department / Unified Care Team	

Step 3
Week 5-6

Presentation of Councilmember Budget Proposals

Deadline for Initial CM Proposals: Tuesday, October 20 at Noon
Requires two co-sponsors for submittal.

Central Staff will prepare Council Budget Actions (CBAs), Statement of Legislative Intent (SLIs), and amendments to budget legislation for committee discussion October 27-29.

- Each submitted CM proposal will be discussed in committee
- CS will provide a summary description of the proposal
- CMs will provide the rationale for their proposals
- Additional CMs may wish to signal co-sponsorship (in open session) during committee

Budget Chair will consider the discussed CM proposals
for inclusion in his ***Chair's Balancing Package***

Context of the Proposed Budget

Economic Conditions

- Economic uncertainty persists. National and local employment, stock market, real estate trends, and federal government.
- Revenue Forecast Council will meet on Friday (October 16th).
    - October revenue forecast will establish revenue parameters for Council's final budget actions.

Budget Situation

- The 2026 Adopted Budget projected a 2027 deficit in the General Fund of $149 million.
- Consistent with Council's legislated direction, the 2027-2028 Proposed Budget projects non-negative General Fund and JumpStart Fund balances through 2030.
    - Proposal relies on some one-time adjustments to balance (e.g., housing cash management, use of fund balances).
    - Central Staff projects a remaining structural deficit (revenues short of expenditures and anticipated reserve needs) of $23 million in 2027 and $18 million in 2028.

On-going Policy Challenges

- Budget Sustainability
- Homelessness
- Downtown and Neighborhood Recovery
- Housing Affordability
- Public Safety
- Real Estate Market

Questions?

Legislation Text

File #: Inf 2975, **Version:** 1

General Fund (GF) Balancing and Sustainability Analysis

GENERAL FUND BALANCING & SUSTAINABILITY ANALYSIS

2027-2028 PROPOSED BUDGET

OVERVIEW & POLICY CONSIDERATIONS PAPER

CENTRAL STAFF ANALYST: TOM MIKESELL

Executive Summary

The Mayor's 2027-2028 Proposed Budget would increase appropriations from the General Fund (GF) by $13 million (0.7%) in 2027 compared to the 2026 Adopted Budget. The 2028 Proposed Budget increases appropriations by $26 million (1.3%) compared to the 2027 Proposed Budget. This memo:

- Reviews changes made by the Council and the Mayor since the 2026 Adopted Budget was approved in November 2025 (this includes legislative changes, revenue forecasts and year-end carryforwards) and describes the impact of policy choices embedded in the Mayor's Proposed Budget on the 2026 GF ending balance;
- Reviews high level changes in the GF budget for 2027 and 2028 and illustrates the opportunities and choices made to balance the budget in each year considering a prior deficit forecast; and,
- Given the ongoing fiscal interrelationship between the GF and the JumpStart Fund (JSF), reviews high level changes in the JumpStart Fund budget for 2027 and 2028.
- In light of a 2026 legal requirement to balance the financial projections in both funds through 2030, reviews future adjustments that were taken to present that balanced picture.

At the highest level, the key takeaways from this analysis include:

- The 2026 Adopted Budget (passed in November 2025) projected a GF deficit of approximately $149 million in 2027 and $129 million in 2028.
- Using a combination of measures, including an improvement in the GF revenue forecast, net spending reductions, transfers of programs to other funds, most notably the JSF, and the use of one-time fund balance, the 2027 and 2028 Proposed GF Budget is balanced, with a $15 million ending fund balance for 2028.
- However, a structural GF deficit would remain through 2029 albeit at a much lower level, requiring an additional draw on fund balance until 2030, at which point GF revenues are projected to exceed expenditure projections and planning reserve needs. Central Staff's analysis in this paper identifies a structural GF deficit of approximately $23 million in 2027 and $18 million in 2028.
- Given future resource constraints in the JSF, as well as the shift of programming from the GF to the JSF, the 2027-2028 Proposed Budget projects that a combination of budget reductions and transfers back to the GF will be required to balance the JSF beginning in 2029.
- The 2027-2028 Proposed Budget's increasing complexity in the fiscal relationship between the GF and the JSF, rather than simply adjusting the interfund transfer between two funds which can equally be used for any legal government purpose, brings to the fore considerations about more efficient mechanisms to structure and manage these general-purpose resources.

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I. Background

RCW 35.32A.030 requires that Seattle adopts a balanced budget, where the estimated revenues of each fund meet or exceeds budgeted expenditures. Time of adoption is the only time State law requires that the budget be balanced. The law does not require the annual budget to be updated to reflect changes in the City's revenue projections throughout the year. If authorized spending exceeds available revenues, the Executive is constrained by the level of resources available to support authorized spending. If this occurs, the Executive must make administrative spending reductions (that is, the Executive must choose areas to stop spending).

State law does not require that a balanced budget be demonstrated in the years beyond the year being adopted, however, making projections of how current expenditure decisions may result in projected surpluses or deficits in the future is a common fiscal practice to foster sustainable and stable provision of government services in the future, and to serve as a foundation for identifying risk inherent in the current budgeting approach

RES 32116, which modified the budget process framework established in RES 28885, passed in 1994, stipulates that in every even numbered year the Mayor proposes a two-year balanced budget for Council review and modification. The first year of the biennial budget is ultimately adopted by ordinance, while the second year's budget is 'endorsed', by way of a resolution. The Mayor's 2027-2028 Proposed budget is submitted within this framework.

ORD 127259 – Business and Occupation Tax Restructure Financial Sustainability Requirement

In 2025 the voters of the City of Seattle passed Proposition 2, (ORD 127259), which restructured the City' Business and Occupation (B&O) Tax, which was projected to generate over $80 million of annual net GF revenue through 2032. Section 9 of ORD 127259 required that, if the 2027 Proposed Budget used this revenue, the Mayor must submit balanced financial plans for both the GF and the JumpStart Payroll Expense Tax Fund (JSF), the City's second largest general-purpose fund. As a modification to past practice, ORD 127259 requires the financial plans for these two funds to show balance not only in the budget year (consistent with state law), but also in future projected years. Further, the financial plans for both funds were required to demonstrate how any proposed reductions impact specific spending categories for each fund.

Since the adoption of the City's new Payroll Expense Tax in 2020, the JSF has provided a regular annual revenue transfer to the GF to backfill the latter's ongoing sustainability challenges (budget imbalance) coming out of the COVID-19 pandemic. This arrangement was formalized in ORD 127155, which made the JumpStart Fund fiscally equivalent to the GF in terms of flexibility of uses. In addition, whereas in prior years the flow of resources had been one way, with ever-larger JSF transfers supporting GF spending, ORD 127155 added the provision that, in the event of revenue challenges in the JSF, the fiscal relief could flow in the opposite direction (that is, GF supporting JSF spending). ORD 127259 acknowledged this two-way relationship by requiring the financial plans to include a line showing the transfer between the two funds.

As such, while this review focuses primarily on the General Fund (GF), it also necessarily includes the JumpStart Fund (JSF), both due to the requirements of ORD 127259, but also due to its nature as an unrestricted general-purpose fund, fiscally identical to the GF.

Statement of Legislative Intent CBO-100S-A: Financial Sustainability Framework

As part of ongoing budget reforms, and in acknowledgement of the new requirement in ORD 127259, the City Council adopted Statement of Legislative Intent (SLI) CBO-100S-A, which requested that City Budget Office (CBO) and Council Central Staff prepare a joint response to create shared and easily understood definitions of the variables and factors that contribute to the structural budget deficit, and to provide a clear road map to fiscal sustainability. While not directive as to the specific combination of fiscal measures that must be deployed to achieve sustainability, the subsequent report serves as a reference and glossary of terms to help navigate the choices embedded in the budget and financial plan. Key terms used in this memo, including ”financial plan”, “one-time”, “ongoing’, and “planning reserves” are defined in the report, making it a useful reference.

As the starting point for the focus on the City’s GF balances and projected financial status, Section II of this memorandum briefly describes the GF financial plan provided the 2026 Adopted Budget Book, which demonstrated, in 2027 through 2029 (the financial planning horizon), a $149 million to $98 million gap between revenues and expenditures, resulting in a projected negative unreserved fund balance in the GF. In other words, the 2026 Adopted Budget assumed significant deficits beginning in 2027. This section will serve as the foundation for subsequent sections that will track how proposed revenue and expenditure changes in 2026 through 2028 impact the projected funding gap and sustainability of the fund.

Section III describes the budget measures taken by the Council and Mayor to adjust the 2026 budget because of unforeseen events, and revenue changes in the August forecast update by the Office of Economic and Revenue Forecasts (Forecast Office) and CBO. Finally, this section describes new proposals from the Mayor for the 2026 Budget, including proposed year-end supplemental appropriations and grants ordinances, and ultimately updates the estimated 2027 beginning fund balance (one-time resources) that would be available if these proposals are passed, and which is assumed in the Mayor’s 2027-2028 Proposed Budget.

Section IV of this paper continues with a review of the Mayor’s 2027-2028 Proposed Budget for the GF, in preparation for more detailed departmental Policy Consideration discussions, scheduled for October 13-16. This review covers the major categories of the GF proposed budget, with a focus on how the changes address the deficit projected in the 2026 Adopted Budget’s GF financial plan, as modified by changes to the Executive’s planning assumptions in the Spring.

Section V continues the GF sustainability analysis, with a high-level review of how the 2027-2028 Proposed Budget impacts future projections. Given its increasing fiscal overlap with the GF, and recognizing the requirements in ORD 127259, Section VI of this memorandum briefly describes the proposed JSF budget, and financial plan provided the 2026 Adopted Budget Book.

Section VII continues that review with an analysis of the 2026 budget changes to the JSF. Section VIII continues the review of the JSF with an overview of changes in the 2027-2028 Proposed JSF budget. Section IX finalizes the analysis of the JSF, with a review of future sustainability through 2030. Section X concludes with a policy consideration related to managing the relationship between the JSF and the GF.

II. 2026 Adopted GF

1. 2026 Adopted GF Budget

On November 21, 2025, the City Council passed ORD 127362 which approved a 2026 Adopted City budget of $9 billion, of which $2.01 billion was for programs and services funded by the GF.

Table 1 shows the fiscal parameters of the GF budget plan, including the 2026 beginning balance, operating revenues, operating expenditures, reserves, and ending unreserved fund balance. Put another way, this table represents the parameters of the balanced 2026 Adopted GF Budget.

Table 1. 2026 Adopted GF Budget *(amounts in $000s)*

	2025 Revised Budget	2026 Adopted Budget
Beginning Budgetary Fund Balance	$193,056	$141,710
Revenues	$1,973,078	$2,019,184
Expenditures [1/]	$2,047,423	$2,012,489
Underspend Assumption	($23,000)	($10,000)
Ending Budgetary Fund Balance	$141,710	$158,405
Planning Reserves		($158,399)
Ending Unreserved Fund Balance		$7

As shown in the table, starting from a $193 million beginning fund balance in 2025, revised, budgeted and endorsed revenues and expenditures combined to arrive at a $7 thousand ending unreserved fund balance at the end of 2026, representing a balanced budget. The 'planning reserves' row includes amounts that are intended to be budgeted in future years but are not yet part of the budget due to legal or other planning considerations as determined by the Executive. Since these amounts are not appropriated in ORD 127362, in Table 1 they are shown 'below the line' (i.e., not part of expenditures). Similarly, the budget relies on underspend assumptions in each year, which are not technically part of the appropriation that Council approved, but are integral to balancing the plan.

2. 2026 Adopted GF Financial Plan

Earlier this year, CBO published the 2026 Adopted Budget book, that describes the funding decisions in ORD 127362, and includes, on page 746, a financial plan for the GF, covering revenues and expenditures from 2025 revised budget through 2029 projected.

Table 2. 2026 Adopted GF Budget Financial Plan *(amounts in $000s)*

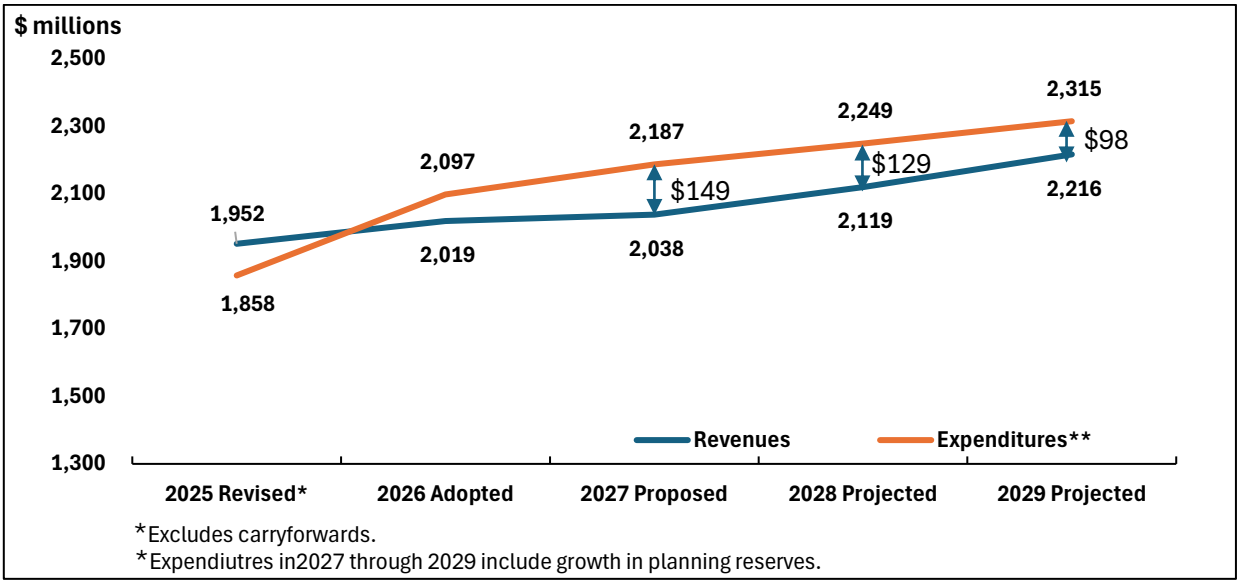
	2025 Revised	2026 Adopted	2027 Projected	2028 Projected	2029 Projected
Starting Budgetary Fund Balance	$193,0562	$141,710	$158,405	$207,011	$319,020
Revenues	$1,973,078	$2,019,184	$2,038,344	$2,119,437	$2,216,364
Expenditures [1/]	$2,024,423	$2,002,489	$1,989,738	$2,007,428	$2,031,272
Underspend	($23,000)	($10,000)	($10,000)	($10,000)	($10,000)
Ending Budgetary Fund Balance	$141,710	$158,405	$207,011	$319,020	$504,111
Planning Reserves		($158,399)	($355,670)	($596,948)	($880,216)
Ending Unreserved Fund Balance		**$7**	**($148,659)**	**($129,270)**	**($98,176)**

1/Adjusted for underspend assumptions in 2025 through 2029.

In the budget book, the financial plan is organized with the planning reserve amounts shown 'below the line'. Like past graphical presentations, which restructured the CBO-developed plan into a format that

clearly demonstrates the annual operating gap without double-counting the planning reserves, and excluding the use of fund balance which is inherently single-use in nature, Figure 1 combines the annual growth in planning reserves with expenditures to show these revenue and expenditures trends graphically and visualize the projected average operating gap between GF revenues and expenditures in the financial plan.

Figure 1. 2026 Adopted Budget GF financial plan operating gap



As shown in Figure 1, since the 2026 Adopted Budget was balanced by use of one-time fund balance, beginning in 2027 there is a $148 million gap between revenues and expenditures, and a similar $129 million gap in 2028. This point of reference will be revisited in Section V on sustainability of the 2027-2028 Proposed GF Budget in the context of ORD 127259. It is also important to note that these figures are based on CBO's calculations, and do not represent an independent projection by Central Staff.

III. 2026 GF Budget Adjustments

1. 2025 Year-end Reconciliation

As shown in Table 3, the net impact of lower-than-anticipated revenues, lower-than-budgeted expenditures, and a $3.6 million balance sheet adjustment to account for the final pay period of 2025 crossing fiscal years resulted in an actual 2025 year-end GF fund balance that was $113 million higher than what was expected when the 2026 Budget was adopted. This one-time increase in cash was carried forward into the 2026 Revised budget, and a portion has been used to perform unfinished work in 2026, which is discussed in the next subsection.

Table 3. 2025 Year End Reconciliation *(amounts in $000s)*

	2025 Revised[1]	2025 Actual[2]	Variance
Revenues	$1,973,078	$1,946,254	($26,823)
Expenditures	$2,024,423	$1,887,958	$136,464
Increase to 2026 starting balance			**$109,641**

1/Adjusted for $23 million underspend assumption
2/Actual expenditures total includes $3.6 million associated with a 2025 balance sheet adjustment for payroll splitting fiscal years.

2. Approved 2026 GF Adjustments and Carryforwards

Since November 2025, the 2026 Budget has increased by $237 million due to a series of Council-approved and automatic updates, as shown in Table 4. After accounting for $72 million of revenue associated with these changes, and the drawdown of $90 million of balance held in planning reserves, the net balance impact is $85.5 million.

Table 4. Adopted Current Year Budget Legislation and Automatic Carryforwards[1] *(amounts in $000s)*

	Revenues	Expenditures	Planning Reserves	GF Balance Impact
Automatic Carryforwards	$37,287	$103,784		($66,497)
ORD 127420 - Q1 Grants	$4,491	$4,491		$0
ORD 127457 - 2025 Budget Carryforward	$0	$15,712		($15,712)
ORD 127495 - 2026 Midyear Acceptance	$1,905	$2,689		($784)
ORD 127496 - 2026 Mid-Year Supplemental	$1,924	$94,502	($90,082)	($2,496)
ORD 127431 – FIFA LOC & Grant Acceptance	$16,009	$16,009		$0
Total - Revised Budget Changes	**$61,616**	**$237,187**	**($92,082)**	**($85,489)**

3. August Revenue Forecast Update

On August 7th, staff from the Forecast Office and CBO presented to the Forecast Council the second of three planned forecast updates for 2026. Relying on a baseline economic scenario, this forecast projected 2026 GF revenue levels that were $10.6 million higher than the amount originally projected in the 2026 Adopted Budget after accounting for amounts associated with legislative changes.

[1] As of September 24, 2026.

2026 GF Balancing Status After Approved Changes

After adjusting for the impact of the revenue forecast, and automatic and legislated changes, and reduction to planning reserves described above, the 2026 unreserved ending fund balance has increased from $7 thousand to $35 million as detailed in Table 5. This represents a $35 million increase in one-time resources before applying the proposed year-end changes assumed in the Mayor's 2027-2028 Proposed budget.

Table 5. 2026 GF Ending Fund Balance After Approved Adjustments *(Amounts in $000s)*

	Balance
2026 Adopted Ending Unreserved Balance	$7
Approved/Automatic Adjustments:	
2025 Year-End Reconciliation	$109,641
2025 Adjustments and Carryforwards	($85,488)
August Revenue Forecast Update	$10,577
2026 Ending Balance After Approved Adjustments	$34,737
Total Increase (One-time Resources)	**$34,730**

The next subsection discusses new legislative budget proposals for the remainder of 2026 that the Mayor has included with the 2027-2028 Proposed Budget.

4. 2026 GF Proposed Budget Legislation and Planning Reserve Adjustments

Consistent with past practice, the Mayor has proposed two pieces of year-end budget legislation affecting the 2026 Budget:

- *CBO 2026 Year-End Acceptance*: Represents the third and final grant acceptance and appropriation ordinance and would accept $2.3 million of GF grants. This bill would increase both GF appropriations and revenues by the same amount, resulting in a net-zero GF balance impact.
- *CBO 2026 Year-End Supplemental Legislation*: The second and final comprehensive supplemental budget legislation for 2026. This bill would increase 2026 GF revenues by $5.5 million, increase 2026 GF expenditures by $38.3 million, and decrease planning reserves by $24.3 million, reducing the GF balance by $2.5 million.

Department-level details for these bills are provided in the Budget Legislation sections of the respective Overview & Policy Considerations papers.

- *Planning Reserves Reduction*: In addition to the use of reserves to support legislative changes described above, the financial plan reflects an additional $24.3 million reduction to planning reserves due to the release of reserves that were no longer needed and a revised costing methodology.

5. 2026 Revised Ending GF Balance/2027 Revised Beginning GF Balance

As shown in Table 6 below, bringing together the totals from each of the prior subsections, the 2026 ending unreserved fund balance would increase by $56.5 million. This represents one-time resources that are proposed to be deployed as part of the approach to balance the GF in 2027 through 2030.

Table 6. Impact on 2026 Ending GF Balance from Approved & Proposed 2026 Adjustments. *(amounts in $000s)*

	2026 Impact
2026 Adopted Ending Unreserved Fund Balance	$7
1. 2025 Year End Reconciliation	$109,641
2. Approved & Automatic Carryforwards/Supplementals	
Revenues	$61,616
Expenditures	($237,187)
Use of Planning Reserves	$92,082
Subtotal - Approved Supplementals/Carryforwards	($85,489)
3. August Revenue Forecast (excluding double-counts)	$10,577
4. Proposed Budget Legislation	
Revenues	$7,851
Expenditures	($40,615)
Use of Planning Reserves	$24,282
Subtotal - Proposed Budget Legislation	($2,502)
5. Additional Reduction to Planning Reserves	$24,284
2026 Revised Unreserved Ending Fund Balance	$56,518
Increase in 2026 ending balance compared to Adopted Budget	**$56,511**

IV. 2027-2028 Proposed GF Budget – Balancing Analysis

This section includes an overview of the approach used to balance the 2027-2028 Proposed GF Budget, which totals $2.016 billion in 2027[2] and $2.042 billion in 2028. When $90.7 million and $135 million[3] of planning reserves are included in each year, the total budget, including these below-the-line claims against projected resources, increases to $2.09 billion and $2.18 billion in 2027 and 2028, respectively.

As described in Section II.2 above, when the 2026 Adopted Budget was approved last fall, future year deficits were projected, including a $149 million shortfall in 2027 and a $129 million shortfall in 2028. This serves as the starting point for this balancing analysis.

Building from these projected deficits, the remainder of this section will review the changes in Executive planning assumptions, revenues, baseline and technical changes compared to projections made last fall, and the Mayor's budget policy choices to demonstrate how the projected structural deficit is decreased in each year. Finally, the additional one-time 2026 year-end balance of $56.5 million described in Section III is applied, to fully balance the budget in each year.

1. Executive Update to GF Planning Assumptions/April Forecast

In April of this year, the Executive communicated that increasing cost pressures and identified risks would potentially increase the deficit beginning in 2027. These increasing costs, including but not limited to higher projected labor costs, net of a moderate increase in forecasted revenues provided in the April Forecast Office/CBO forecast update, were projected to increase the deficit by $26.3 million in 2027 and $34.7 million in 2028. Including the impacts of these higher projected costs above higher projected revenues increased the projected deficit to $175 million in 2027, and $164 million in 2028.

2. GF Baseline and Technical Changes Above Projections

Consistent with the City's incremental budgeting approach, the 2026 Adopted Budget is the starting point for the 2027-2028 Proposed Budget. Starting from the prior year's adopted budget, the Executive adjusts department budgets by removing one-time appropriations, applying growth from inflation, retirement contribution and wage increases, and accommodating existing contractual requirements. These changes are applied to departments' ongoing appropriations. In other words, the baseline and technical adjustments remove one-time items, and apply technical, contractual, and inflationary adjustments to the remainder.

Inflation Estimates Applied to Ongoing Costs

Based on information submitted with the budget, a total of $37.3 million and $37.6 million GF of one-time spending was removed in the baseline process for 2027 and 2028, respectively. Using a similarly adjusted ongoing base, in the 2026 Adopted financial plan CBO estimated future year costs by applying inflation forecasts to 2026 Adopted ongoing appropriations to estimate 2027-2028 baseline costs. As part of the 2027-2028 Proposed budget development process, revised inflation estimates for each year were updated using most recent July 2026 economic update. As context, as shown in Table 7, since last fall's financial plan was published, inflation estimates have increased for every year, due to a combination of factors, including but not limited to tariffs and the middle east conflict.

[2] Total includes a $10 million underspend assumption used in the GF Financial Plan to balance the budget.
[3] Reflects the annualized growth in reserves from 2027 to 2028.

***Table 7. Change* in Consumer Price Index[1/] in Economic Forecast.**

	2025	2026	2027	2028
August 2025 Economic Forecast	2.6%	3.1%	3.1%	2.6%
August 2026 Economic Forecast	2.6%	4.0%	3.9%	2.9%
Change	**-**	**0.9%**	**0.8%**	**0.3%**
1/ Seattle MSA-All Urban Consumers 12 months ending June.				

Higher inflation increases City costs across all services, which contributes to the increase in baseline and technical adjustments in the 2027-2028 Proposed Budget compared to the estimates developed in the prior financial plan, as shown in Table 8.

Table 8. Base Budget with Baseline and Technical Changes *(amounts in 000's)* [1/]

	2027	2028
2026 Adopted GF Financial Plan	$1,990,071	$2,014,098
2027-2028 Proposed Budget	$2,078,072	$2,123,443
Change	**$88,001**	**$109,345**

As shown in Table 8, compared to the 2026 Adopted GF financial plan projections, the 2027-2028 Proposed Budget increases baseline and technical costs by $88 million in 2027 and $109 million in 2028. It is worth noting that a portion of this increase is offset by decreases in planning reserves discussed in the next section.

Planning Reserves

As discussed above and in the "Financial Sustainability Framework" SLI response, the GF 'planning reserves' includes amounts that are intended to be budgeted in future years but are not yet part of the budget due to legal or other planning considerations as determined by the Executive. These reserves fundamentally include items of a baseline and technical nature but also of a sensitive nature, most specifically funding for unsettled labor contracts and judgements and claims that are not discussed publicly. These reserves can also include policy items.

Compared to the 2026 Adopted Budget projection, the 2027-2028 Proposed Budget decreases amounts held in planning reserves by $146.7 million in 2027, and $140.2 million in 2028. A large portion of this change reflects the shift of funding held in reserve for salary costs (i.e., pending settled contracts) that is directly appropriated in department budgets. Two items of a policy nature that had previously been part of reserves and are removed from the Proposed Budget include:

- **Shelter Costs:** Of the total decrease to planning reserves, $13.8 million in 2027 and $18 million in 2028 represents a reduction to reserves held for additional non-congregate shelter beds that were originally programmed 'below-line line' in the 2026 Adopted financial plan and were subsequently moved 'above-the line' from the Executive's planning perspective in April. This item was mentioned in last year's 2025 General Fund Balancing and Sustainability memo[4], as the former administration's use of the planning reserves to program a policy promise rather than a pure continuation of ongoing programs adopted in the 2026 Budget. As discussed in Section VIII.3 of this memorandum, the 2027-2028 Proposed Budget adds $18 million JSF in 2027, and $18 million JSF in 2028 in the Office of Housing for similar shelter costs. Since these costs were 'below the line', they were never formally recorded in the City's budget system of record, so there is no discrete GF to JSF transfer to reflect this shift between funds.

[4] New Shelter Beds, page 18.

- **Seattle Shield Investments:** Of the total decrease to planning reserves, $20.7 million in both 2027 and 2028 represents a reduction in reserves to pay for investments associated with $30 million of revenues generated by ORD 127259, the 2025 B&O Tax Restructure proposition ("Seattle Shield"). Seattle Shield stipulated that up to $30 million of revenues from the approximately $80 million generated by the restructure would be dedicated to tax administration expenses, and mitigating the impact of federal funding reductions in a set of specific program areas. The reserve placeholder was used because the 2026 Adopted Budget only provided ongoing funding for $1.2 million for administrative costs in the Office of City Finance, $4 million in the Human Services Department for rental assistance, and $4 million in the Office of Immigrant and Refugee Affairs for immigrant and refugee community support, with the remaining investments being one-time in nature. Partially offsetting the reduction of reserves, the 2027-2028 Proposed Budget adds the following funding[5]:
    - **Continuing Fresh Bucks service levels**: $6.3 million ongoing in 2027 and 2028 added to Office of Sustainability and Environment;
    - **Food Banks**: $4 million ongoing in 2027 and 2028 added to Human Services Department;
    - **Federal Response Reserve**: $9.35 million added one-time in 2027 as part of a larger $22 million Federal Response Reserve in Finance General. These monies were added for a similar purpose in the Human Services Department Budget in 2026, and are returned to balance in the year-end supplemental

Transfers to Fiscal Reserves

The City maintains two primary fiscal reserves including:

- Revenue Stabilization Fund (RSF), which receives an annually budgeted deposit of 0.5% of GF tax revenue, up to a maximum balance of 5 percent of GF tax revenues; and,
- Emergency Fund (EF), which receives an annual GF transfer necessary to maintain a fund balance equivalent to $60 million adjusted for inflation since 2016.

GF transfers to each reserve fund are budgeted to meet their policy maximum levels in the 2027-2028 Proposed Budget as follows:

Table 9. 2027-2028 Proposed Fiscal Reserve Ending Balances. (amounts in $000s)

	Ending Balance	% of Policy
Revenue Stabilization Fund		
2027 Proposed	$82,151	100%
2028 Proposed	$86,213	100%
Emergency Fund		
2027 Proposed	$92,378	100%
2028 Proposed	$95,057	100%

To meet policy requirements, each reserve has been adjusted compared to the amounts projected in the 2026 Adopted Budget. These adjustments result in a decrease in 2027 compared to the financial plan, and an increase in 2028, as follows:

- Due to a provision in the RSF policy that requires 50 percent of year end unencumbered fund balance to be deposited in the reserve, approximately $2 million of year end 2025 balance was deposited in the reserve as part of the midyear supplemental budget adjustments, thereby accelerating the balance replenishment of the fund; and,

[5] Reflects Central Staff assessment pending additional information from the Executive.

- Due to the inflation increases detailed in Table 7, the policy maximum balance for the EF has increased compared to prior projections that relied on a lower inflation rate, requiring an increase above financial plan levels in 2027.

The changes to each reserve transfer, and the total change compared to 2026 Adopted projections, is detailed in Table 10.

Table 10. Change in Transfers to Fiscal Reserves. *(amounts in $000s)*

Amounts in $000s	2027	2028
Revenue Stabilization Fund		
2026 Adopted	$6,948	$1,578
2027 Proposed	$4,128	$4,062
Change – Revenue Stabilization Fund Transfer	**($2,820)**	**$2,484**
Emergency Fund		
2026 Adopted	$2,719	$2,351
2027 Proposed	$4,659	$2,679
Change – Emergency Fund Transfer	**$1,939**	**$328**
Total Change in Reserve Transfers	**($881)**	**$2,812**

Revenue Adjustments

The 2027-2028 Proposed Budget includes higher total revenues of $31.3 million in 2027 and $39.8 million in 2028 compared to the amounts projected in the 2026 Adopted Financial plan. According to the Forecast Office the bulk of the increase is due to higher expected sales taxes due to changes in ESSB 5814, which expanded the retail sales and use tax base to include several previously untaxed services.

The third and final forecast for 2026, which will establish the revenues used for the Budget Chair's balancing package and the Council's 2027-2028 Adopted Budget, will be presented by the Forecast Office to the Forecast Council on October 16, 2026.

As shown in Table 11, in total the 2027-2028 Proposed Budget baseline, technical, revenue and reserve adjustments are $90.8 million and $67.8 million lower than the 2026 Adopted Budget projections for 2027 and 2028, respectively.

Table 11. GF Impact of Baseline and Technical Changes Compared to 2026 Adopted projections. *(amounts in $000s)*

	2027	2028
Higher Total Revenues	$31,278	$39,766
Higher Baseline and Technical Costs	($88,002)	($109,345)
Fiscal Reserves Adjustment	$881	($2,812)
Planning Reserves Reduction	$146,693	$140,203
Total	**$90,850**	**$67,811**

After applying these variances from the 2026 Adopted projection, the projected deficit declines to $84 million in 2027 and $97 million in 2028.

3. Mayor's 2027-2028 GF Operating Proposals

The penultimate piece of the balancing analysis layers in the Mayor's 2027-2028 policy adjustments to resolve most of the remaining deficits shown Figure 4. These adjustments include an array of increases and decreases, both ongoing and one-time, ultimately reducing planned spending, and the structural deficit, by $60.9 million in 2027 and $78.6 million in 2028, as shown in Table 12.

Table 12. 2027-2028 Proposed Budget Operating changes *(amounts in $000s)*

	2027	2028
Appropriation Increases		
Ongoing	$15,669	$21,553
One-time	$29,065	$6,742
Subtotal – Appropriation Increases	**$44,733**	**$28,295**
Appropriation Decreases		
Ongoing	($105,640)	($106,899)
One-time	$0	$0
Subtotal – Appropriation Decreases	**($105,640)**	**($106,899)**
Total Decrease	**($60,906)**	**($78,603)**

As shown in Table 12, policy-based appropriation increases total $44.7 million in 2027, and $28.3 million in 2028. Of the 2028 increase, $21.5 million is ongoing and assumed to continue in future years. Policy-based changes to appropriations would decrease ongoing expenditures by $105.6 million in 2027 and $106.9 million in 2028. In total, these changes decrease GF appropriations by $60.9 million in 2027, and $78.6 million in 2028. Attachment A details these changes by department and by one-time/ongoing status.

Given the interest in ORD 127259 to clarify the funding intersection between the GF and the JSF, the following changes in the 2027-2028 Proposed Budget bear mention:

- **Homelessness Programs Shift**: Shifts the funding source for $47 million of homelessness programming in the Human Services Department in both 2027 and 2028 from the GF to the JSF;
- **Equitable Development Initiative (EDI) Staffing Shift**: Reprograms $0.3 million of EDI administrative costs from the GF to the JSF in both 2027 and 2028; and,
- **Building and Energy Policy Staffing Shift:** Reprograms $0.6 million of building and energy policy staffing costs from the GF to the JSF in both 2027 and 2028.

Given that the proposed budget also includes an existing transfer in Finance General to move resources between these two funds, it is unclear why the balancing shift is not managed in that way. This dynamic will be discussed in further detail later in this memorandum.

When the operating budget policy-choices are added to the sequential analysis of the deficit, the remaining GF structural shortfall (i.e., revenues lower than expenditures) is reduced to $23.2 million in 2027 and $18.2 million in 2028.

These deficits are covered by use of $23.2 million and $18.2 million available GF fund balance in 2027 and 2028, respectively, in effect drawing from the $56.5 million higher initial starting fund balance resulting from the 2025 and 2026 final adjustments, as detailed in Section III. The remaining $15.1 million GF is used to balance the deficit in 2029.

Table 13 combines the adjustments discussed in this section to demonstrate how the projected 2027-2028 GF deficit was resolved.

Table 13. 2027-2028 Proposed Deficit Balancing Adjustments *(amounts in $000s)*

	2027	2028
0. 2027-2028 Projected Deficit (November 2025)	($148,666)	($129,270)
1. Executive Update to GF Planning Assumptions/April Forecast	($26,334)	($34,730)
2. GF Baseline and Technical Changes Above Projections	$90,850	$67,811
3. Mayor's 2027-2028 Operating Proposals – Net Reduction	$60,906	$78,004
2027-2028 Gap Before Use of Fund Balance	($23,244)	($18,185)
Use of Fund Balance	**$23,244**	**$18,185**

4. 2027-2028 Proposed GF Budget Combined Summary

Table 14 combines the information from prior sections to show the parameters of the 2027-2028 Proposed GF Budget.

Table 14. 2026 Revised/ 2027-2028 Proposed Budget. *(amounts in $000s)*

	2026 Revised	2027 Proposed	2028 Proposed
Starting Fund Balance	$251,351	$70,288	$123,957
Revenues	$2,099,228	$2,069,621	$2,159,203
Subtotal – Resources	**$2,350,580**	**$2,319,910**	**$2,283,160**
Expenditures	$2,290,291	$2,025,953	$2,051,582
Underspend Assumption	($10,000)	($10,000)	($10,000)
Subtotal - Expenditures	**$2,280,291**	**$2,015,953**	**$2,041,582**
Ending Budgetary Fund Balance	$70,288	$123,957	$241,578
Planning Reserves		$90,685	$226,492
Ending Unreserved Balance		**$33,271**	**$15,086**

As shown in the row at the bottom of the table, the combined changes result in a net balance of $15.1 million at the end of 2028, representing a balanced budget. These parameters will serve as the starting point for applying the updated revenue forecast on October 16th and Council budget amendments.

V. 2027-2030 Projected GF Sustainability

The final step in the GF analysis is analyzing the projected GF revenues and expenditures into the future, to assess sustainability of the 2027-2028 Proposed Budget, particularly in the context of ORD 127259. Table 15 shows the GF financial plan provided by CBO with the 2027-2028 Proposed Budget.

Table 15. 2027-2028 Proposed Budget Financial Plan *(amounts in $000s)*

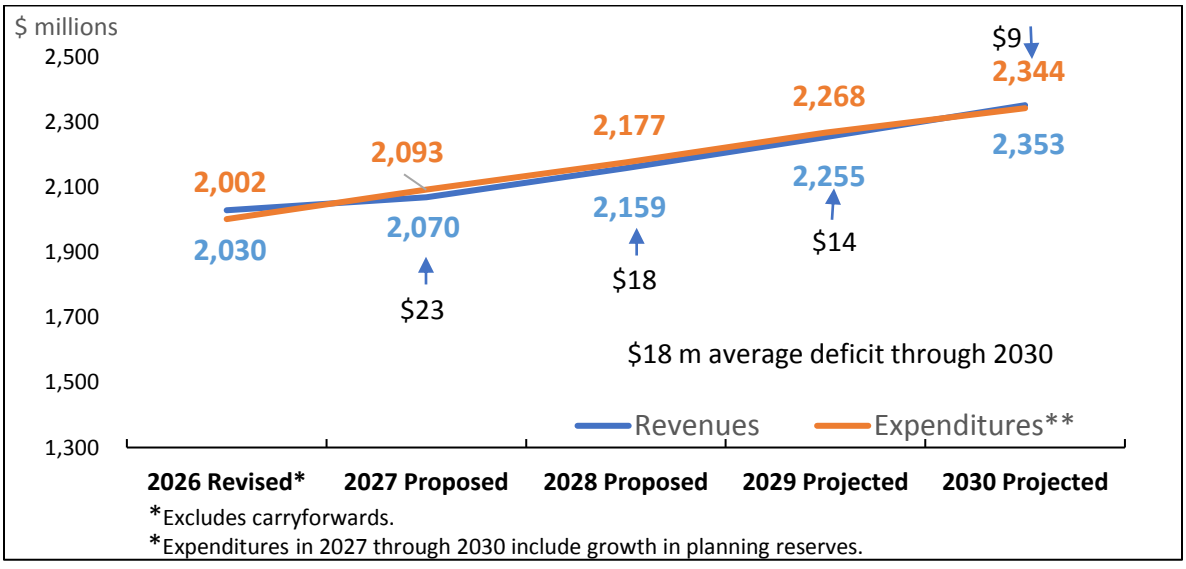
	2026 Revised	2027 Proposed	2028 Proposed	2029 Proposed	2030 Proposed
Starting Budgetary Fund Balance	$251,351	$70,288	$123,957	$241,578	$417,039
Revenues	$2,099,228	$2,069,621	$2,159,203	$2,254,531	$2,352,882
Expenditures [1/]	$2,290,291	$2,115,953	$2,051,582	$2,089,016	$2,113,404
Underspend	($10,000)	($10,000)	($10,000)	($10,000)	($10,000)
Ending Budgetary Fund Balance	$70,288	$123,957	$241,578	$417,093	$666,572
Planning Reserves	($13,733)	($90,685)	($10,000)	($10,000)	($10,000)
Ending Unreserved Fund Balance	**$56,515**	**$33,271**	**$15,086**	**$1,550**	**$10,685**

As shown in Table 15, the ending GF unreserved funding balance is positive in all years of the financial plan, through 2030, consistent with the requirement in ORD 127259, however, the balance declines until 2029. This is not a critique, but rather an observation; notwithstanding the merits of the difficult policy choices included in the 2027-2028 Proposed Budget, having a positive projected unreserved ending balance is an improvement over past financial plans, which have projected large future-year deficits.

An additional observation about the 2027-2028 Proposed financial plan is that, like the 2026 Adopted Financial plan, it includes a $10 million underspend assumption in future years. This essentially means that the GF relies on spending $10 million less than budgeted each year to balance. While it is notable that, unlike with the 2026 Adopted Budget, the current year assumption has not been increased, it still must be made clear that this is a bet, albeit a small one, that actual underspend trends will continue.

Figure 2 converts the financial plan into a format that removes the use of fund balance and annualizes the planning reserves, to show the gap.

Figure 2. 2027-2028 Proposed Budget GF financial plan future funding gap



As shown in Figure 2, the GF financial plan included with the 2027-2028 Proposed Budget includes a structural deficit of $23 million in 2027 and $18 million in 2028, which is funded with a multi-year use of 2026 ending unreserved fund balance. This use of balance continues through 2029, at which point structural revenues exceed expenditures by $9 million.

It is important to note that, to balance the JSF, the GF financial plan includes adjustments in future year expenditures, beginning in 2029. As noted in Section IV.3, in 2027 and 2028 a total of $47 million per year is reprogrammed from the GF budget to the JSF budget to support homelessness programs. In 2029 and 2030, $24.4 million and $30 million of this programming is transferred back to the GF to balance the JSF. A potentially more efficient approach would be to simply adjust the existing transfer between funds.

VI. JumpStart Payroll Expense Tax Fund

1. 2026 Adopted JSF Budget

Passed by the City Council on July 30, 2021, ORD 126393 created the JSF to control the allocation of payroll expense taxes collected pursuant to ORD 126108. Passed by City Council on November 21, 2024, ORD 127155 modified the allocation methodology in ORD 126393 in some key ways, as follows:

- Replaced strict spending percentages for specified service categories with guidance metrics;
- Added GF programs and services as an allowable use of JSF monies to the extent they were needed to sustain critical services (previously, though backfill support to the GF had been a consistent part of the budget since passage of the payroll expense tax, the support was codified as temporary); and,
- Provided for consideration GF funding of JSF-supported programs and services in the event of unanticipated payroll expense tax revenues.
- Created a Payroll Expense Tax Revenue Stabilization Account (PETRSA), to serve as a cushion against unanticipated payroll expense tax revenue shortfalls, to be funded in a four-year timeline to 10 percent of payroll expense tax revenues.

ORD 127362 which approved the 2026 Adopted City budget, included $429 million for programs and services funded by the JSF. Table 16 shows the fiscal parameters of the JSF budget plan, including the 2025 beginning balance, operating revenues, operating expenditures, reserves, and ending unreserved fund balance. Put another way, this table represents the parameters of the balanced 2026 Adopted JSF Budget.

Table 16. 2026 Adopted JSF Budget *(amounts in $000s)*

	2025 Revised Budget	2026 Adopted Budget
Beginning Budgetary Fund Balance	$403,259	$35,834
Revenues	$395,547	$402,375
Expenditures [1/]	$762,972	$428,509
Ending Budgetary Fund Balance	$35,834	$9,700
Revenue Stabilization Account		($9,700)
Ending Unreserved Fund Balance		$0

As shown in the table, starting from a $403 million beginning fund balance in 2025, revised, budgeted and adopted revenues, expenditures and reserves combined to arrive at a $0 ending unreserved fund balance at the end of 2026, representing a balanced budget. The 'Revenue Stabilization Account' row includes amounts that are unprogrammed as part of a four-year plan, per ORD 127155, to build a hedge against future declines in the payroll expense tax in the PETRSA, which due to its high concentration on a small number of taxpayers and dependence on stock market gains, has the potential to experience severe and sudden drops in the future. Since this account is not appropriated in ORD 127362, in Table 16 it is shown 'below the line' (i.e., not part of expenditures).

2. 2026 Adopted JSF Financial Plan

The 2026 Adopted Budget book includes, on page 771, a financial plan for the JSF, covering revenues and expenditures from 2025 revised budget through 2029 projected. This information is summarized in Table 17.

Table 17. 2026 Adopted JSF Budget Financial Plan *(amounts in $000s)*

	2025 Revised	2026 Adopted	2027 Projected	2028 Projected	2029 Projected
Starting Budgetary Fund Balance	$403,259	$35,834	$9,700	$23,725	$37,471
Revenues	$395,547	$402,375	$412,572	$426,975	$442,629
Expenditures	$762,972	$428,509	$398,547	$413,229	$428,789
Ending Budgetary Fund Balance	$35,834	$9,700	$23,725	$37,471	$51,311
Revenue Stabilization Account		($9,700)	($20,153)	($31,396)	($43,504)
Ending Unreserved Fund Balance		**$0**	**$3,572**	**$6,075**	**$7,807**

Unlike the GF, the 2026 Adopted JSF financial plan was consistently balanced through 2029, while also incrementally building the PETRSA to its policy level by 2029. Further, consistently improving unreserved ending fund balances demonstrates structural balance and fiscal sustainability. Like the GF, it is important to note that these figures are based on CBO's calculations, and do not represent an independent projection by Central Staff.

VII. 2026 JSF Budget Adjustments

1. 2025 Year-end Reconciliation

As shown in Table 18, the net impact of higher-than-anticipated revenues, lower-than-budgeted expenditures, and a $130 thousand balance sheet adjustment to account for the final pay period of 2025 crossing fiscal years resulted in an actual 2025 year-end JSF fund balance that was $337.7 million higher than what was expected when the 2026 Budget was adopted. This one-time increase in cash was carried forward into the 2026 Revised budget, and a portion is used to perform unfinished work in 2026, which is discussed in the next subsection.

Table 18. 2025 Year End JSF Reconciliation *(amounts in $000s)*

	2025 Revised	2025 Actual[1]	Variance
Revenues	$395,547	$416,992	$21,445
Expenditures	($762,972)	($446,573)	$316,339
		Increase to 2026 starting balance	**$337,714**

1/Actual expenditures total includes $130,000 associated with a 2025 balance sheet adjustment for payroll splitting fiscal years.

2. Approved 2026 JSF Adjustments and Carryforwards

Since November 2025, the 2026 Budget has increased by $304.4 million due to a series of Council-approved and automatic updates, as shown in Table 19. After accounting for $72 million of revenue associated with these changes, and the drawdown of $90 million of balance held in planning reserves, the net balance impacts is $85.5 million.

Table 19. Adopted Current Year Budget Legislation and Automatic Carryforwards[6] *(amounts in $000s)*

	Revenues	Expenditures	JSF Balance Impact
Automatic Carryforwards	$0	$223,093	($223,093)
ORD 127457 - 2025 Budget Carryforward	$0	$79,966	($79,966)
ORD 127496 - 2026 Mid-Year Supplemental	$0	$1,356	($1,356)
Total - Revised Budget Changes	**$0**	**$304,414**	**($304,414)**

3. August Revenue Forecast Update

On August 7th, staff from the Forecast Office and CBO presented to the Forecast Council the second of three planned forecast updates for 2026. Relying on a baseline economic scenario, this forecast projected 2026 JSF revenue levels that were $2 million higher than the amount originally projected in the 2026 Adopted Budget.

4. 2026 JSF Balancing Status After Approved Changes

After adjusting for the impact of the revenue forecast, and automatic and legislated changes, and reduction to planning reserves described above, the JSF's 2026 unreserved ending fund balance increased from $0 to $35.3 million as detailed in Table 20. This represents an equivalent increase in one-time resources before applying the proposed year-end changes assumed in the Mayor's 2027-2028 Proposed budget.

Table 20. 2026 JSF Ending Fund Balance After Approved Adjustments *(amounts in $000s)*

	Balance
2026 Adopted Ending Unreserved Balance	$0
Approved/Automatic Adjustments:	
2025 Year-End Reconciliation	$337,714
2025 Adjustments and Carryforwards	($304,414)
August Revenue Forecast Update	$2,044
2026 Ending Balance After Approved Adjustments	$35,344
Total Increase (One-time Resources)	**$35,344**

The next subsection discusses new legislative budget proposals for the remainder of 2026 that the Mayor has included with the 2027-2028 Proposed Budget.

5. 2026 JSF Proposed Budget Legislation

The proposed year-end final comprehensive supplemental budget adjustments for 2026 would decrease JSF appropriations by $66.1 million, due primarily to a $65 million abandonment of appropriations to the Office of Housing for multi-family housing capital construction. This reduction marks the first step, as the Executive makes the transition to basing OH's annual JumpStart appropriation largely on its annual cash expenditure needs. This means that in 2027 and after, OH will make JumpStart funding awards based on future year appropriations, not current year appropriations. This has policy implications, as discussed in more depth in the Office of Housing Overview & Policy Considerations paper.

[6] As of September 24, 2026.

6. 2026 Revised Ending JSF Balance/2027 Proposed Beginning JSF Balance

As shown in Table 21, bringing together the totals from each of the prior subsections, the JSF's 2026 ending unreserved fund balance would increase by $101.4 million. This represents one-time resources that are deployed as part of the approach to balance the JSF, while also managing program shifts from the GF as described earlier, in 2027 through 2030.

Table 21. Impact on 2026 JSF Ending Balance from Approved and Proposed 2026 Adjustments. *(amounts in $000s)*

	2026 Impact
2026 Adopted Ending Unreserved Fund Balance	$0
1. 2025 Year End Reconciliation	$337,714
2. Approved & Automatic Carryforwards/Supplementals	
Revenues	$0
Expenditures	($304,414)
Subtotal - Approved Supplementals/Carryforwards	($304,414)
3. August Revenue Forecast	$2,044
4. Proposed Budget Legislation	
Revenues	$0
Expenditures	$66,100
Subtotal - Proposed Budget Legislation	$66,100
2026 Revised Unreserved Ending Fund Balance	$101,444
Increase in 2026 ending balance compared to Adopted Budget	**$101,444**

7. Mayor's 2027-2028 JSF Operating Proposals

As discussed in SubsectionVI.1, unlike the GF budget, the JSF financial plan published with the 2026 Adopted Budget was structurally balanced. In fact, projections indicated a steadily increasing level of unreserved fund balance. However, given the requirement in ORD 127259 to demonstrate a balanced financial plan and to trace the fiscal interaction with the GF, a review of the 2027-2028 Proposed JSF Budget adjustments is included in the next section.

VIII. 2027-2028 Proposed JSF Budget

This section includes an overview of the 2027-2028 Proposed JSF Budget, which totals $454 billion in 2027, and $463 billion in 2028, representing a $25.1 million (6 percent), and $34 million (8 percent) increase, from the 2026 Adopted Budget, respectively. Building from the 2026 Adopted Budget, the analysis will add the proposed baseline and technical expenditures, reserves, and the August forecast information, and proposed policy expenditures to provide an assessment of the fund balancing status.

1. 2027-2028 Baseline/Technical, Revenue and Reserve Changes

As discussed above, the 2026 Adopted JSF Budget totaled $429 million. Consistent with the City's incremental budgeting approach, the 2026 Adopted Budget is the starting point for both the 2027 and 2028 proposed budgets. Like with the GF, starting from the prior adopted budget, the Executive adjusts department budgets for one-time appropriations, inflation, wage increases, and existing policy or legal requirements, essentially determining the cost to continue 2026 service levels in the new biennium. These changes include the following:

- **Baseline /Technical Adjustments:** A decrease of $43 million in 2027 and $33 million in 2028 to reflect adjustment for one-time items in 2026, and for cost increases charged to departments by internal services departments, and wage increases in settled labor contracts. The most notable item in this category, and key to the analysis of the GF/JSF fiscal relationship includes the adjustment of the transfer from the JSF to the GF to align with the 2026 Adopted financial plan amounts, reducing the transfer to $173 million in 2027 and $182.3 million in 2028.
- **August Revenue Forecast:** As described at the August 7, 2026 revenue forecast update, JSF revenues are projected to increase by $30.6 million in 2027 and $30.9 million in 2028 compared to 2026 Adopted levels.
- **PETRSA Changes:** As described in subsection VI.7, above, ORD 127155 requires a four-year plan to build the PETRSA to 10% of projected payroll expense tax revenues. Compared to the 2026 Adopted Budget, the 2027-2028 Proposed Budget provides an increase of $10.5 million in 2027, and $21.7 million in 2028 to build the PETRSA to a $31.4 million ending balance at the end of 2028 (7.3 percent of revenue).

2. Mayor's 2027-20282028-2028 Proposed JSF Revenue Changes

As adopted in ORD 126108, the payroll expense tax includes a deduction for payroll expense to employees receiving annual compensation between $150,000 and $399,999.99 (currently $194,452 to $518,538 with inflation provisions) at non-profit healthcare entities. Under current law, this exemption ends on December 31,2026. Legislation submitted with the 2027-2028 Proposed Budget would extend the deduction's sunset date to December 31, 2040, resulting in a $5.5 million, and $5.7 million reduction to revenues in 2027 and 2028, respectively.

3. Mayor's 2027-2028 Proposed JSF Policy Proposals

The 2027-2028 Proposed Budget includes net new policy appropriations above the 2026 Adopted Budget totaling $68 million in 2027, and $67.1 million in 2028. Notable items from the perspective of the GF/JSF balancing analysis include:

- **Homelessness Fund Swap:** As described in the GF discussion, a $47 million increase in both 2027 and 2028 to shift support for homelessness programs from the GF to the JSF.
- **Shelter Expansion:** An $18.3 Million increase in 2027, and an $18.5 million increase in 2028 to build and operate shelter for people experiencing homelessness. As described in Section IV.2, planning allocations for similar funding had been reserved in 2027 and 2028 in the 2026 Adopted GF financial plan planning reserves.

Detailed descriptions of the other increases, decreases and transfers can be found in individual department's policy considerations papers. Table 22 shows the parameters of the 2027-2028 Proposed JSF Budget.

Table 22. 2027-2028 Proposed JSF Budget. *(amounts in $000s)*

Amounts in $1,000s	2026 Revised	2027 Proposed	2028 Proposed
Starting Fund Balance	$373,648	$111,274	$68,458
Revenues	$404,419	$410,772	$
Subtotal – Resources	**$778,097**	**$522,046**	**$495,942**
Expenditures	$666,823	$453,588	$462,912
Ending Budgetary Fund Balance	$111,274	$68,458	$33,030
Revenue Stabilization Account	($9,700)	($20,153)	($31,396)
Ending Unreserved Balance	**$101,573**	**$48,304**	**$1,634**

As shown in the row at the bottom of the table, the $101.5 million ending unreserved fund balance declines to 1.6M at the end of 2028. This represents a balanced budget over the biennium, however, the phase out of available fund balance combined with a future increase in the transfer to the GF based will require additional balancing measures beginning in 2029, which will be reviewed in Section IX below.

IX. 2027-2030 Projected JSF Sustainability

The final step in the JSF analysis is analyzing the projected JSF revenues and expenditures into the future, to assess sustainability of the 2027-2028 Proposed Budget, particularly in the context of ORD 127259. Table 23 shows the JSF financial plan provided by CBO with the 2027-2028 Proposed Budget.

Table 23. 2027-2028 Proposed JSF Financial Plan. *(amounts in $000s)*

	2026 Revised	2027 Proposed	2028 Proposed	2029 Projected	2030 Projected
Starting Budgetary Fund Balance	$373,678	$111,274	$68,458	$33,030	$44,210
Revenues	$404,419	$410,772	$427,484	$447,157	$467,978
Expenditures	$666,823	$453,588	$462,912	$435,977	$465,330
Ending Budgetary Fund Balance	$111,274	$68,458	$33,030	$44,210	$46,858
Revenue Stabilization Account	($9,700)	($20,153)	($31,396)	($44,203)	(46,283
Ending Unreserved Fund Balance	**$101,573**	**$48,304**	**$1,634**	**$7**	**$576**

One trend in Table 23 bears mention, as it may not be readily apparent. Specifically, total expenditures drop between 2028 and 2029 and then increase slightly above 2030 levels. This occurs due to the drawdown of one-time balance that supports expenditures in 2027 through 2028, as well as an increase in the revenue support transfer to the GF consistent to the level in the 2026 Adopted JSF financial plan. One component of the decrease is the transfer of $24.4 million and $30 million of homelessness programs back to HSD in 2029 and 2030, as described in Section V, as well as a reduction, and then partial add-back, of funding for several departments, as shown in Table 24.

Table 24. Future year potential department adjustments in the 2027-2028 Proposed JSF Financial Plan.
(amounts in $000s)

	2028 Proposed	2029 Projected	2030 Projected
Office of Housing	$139,188	$142,562	$145,605
Reduction/Add Back		*($9,880)*	*$7,191*
Office of Economic Development	$18,281	$18,659	$19,001
Reduction/Add Back		*($3,800)*	*$941*
Office of Planning and Community Development	$22,990	$23,541	$24,038
Reduction/Add Back		*($2,470)*	*$1,187*
Office of Sustainability and Environment	$13,272	$13,483	$13,674
Reduction/Add Back		*($2,850)*	*$680*
Total Reductions/Add Backs		**($19,000)**	**$10,000**

As shown in Table 24, based on current projections, $19 million of cuts would be required to balance the JSF in 2029. This highlights the difficult future decisions that would be required under current projections shown in the financial plan.

As a final contextual observation, ORD 127155, which modified the JumpStart Fund policy, includes several policy categories as guidelines for funding, including:

- Affordable Housing;
- Equitable Development Initiative;
- Economic Development; and,
- Green New Deal.

These were the general spending categories embodied in the original JumpStart Fund policy, and ORD 127259 required the balanced JSF financial plan show how projected spending fits into those categories, however the financial plan submitted with the 2027-2028 Proposed Budget shows spending by department in lieu of a presentation consistent with the policy categories. As such, it is impossible to determine how the 2027-2028 Proposed Budget, as well as future projections, align according to policy guidelines.

X. Policy Consideration

The 2027-2028 Proposed Budget GF financial plan demonstrates clear sustainability improvements above the plan published with the 2026 Adopted Budget. In contrast to prior years' plans, significant ending balances are used as a bridge to sustainability, rather than a jumping-off point to an uncertain future. One-time reductions are not used to balance ongoing increases. Reserves are left intact and funded to policy levels, including in the JSF. However, the 'glide path' suggests some turbulence, particularly in the JSF, where future reductions will be necessary to balance if current projections are accurate.

Since the JSF was created, the spending policy constraints have evolved from fixed percentages to guidelines. While in past years the balancing relationship with the GF was managed by adjusting the interfund transfer up and down, the 2027-2028 Proposed Budget takes the step of moving programs that had typically been funded in the GF into the JSF. Given changes in ORD 127155, either fund can be used for any governmental purpose: there is no inherent constraint. In that regard the program shifts are consistent with policy. The implied question is whether that approach meets Council's goals with regards to managing the JSF.

Attachments:

A. 2027-2028 Proposed Operating Changes

Appropriation Decreases				
Department	**Ongoing**	**One-time**	**Ongoing**	**One-time**
City Budget Office				
CBO-101 - Remove Vacant Executive Position	(237,228)		(237,228)	
CBO-103 - Reduce Budget for Transferred Position	(187,500)		(187,500)	
Subtotal - City Budget Office	**(424,728)**		**(424,728)**	
Civil Service Department				
CIV-100 - CIV- Rental Cost Alignment	(20,000)		(20,000)	
CIV-101 - CIV- Reduce Overtime Budget	(10,000)		(10,000)	
Subtotal - Civil Service Department	**(30,000)**		**(30,000)**	
Community Assisted Response and Engagement				
CARE-01 - 2027 9-1-1 Reductions	(1,104,072)		(1,104,072)	
CARE-02 - 2027 Dual Dispatch Reductions	(2,261,049)		(2,261,049)	
Subtotal - Community Assisted Response and Engagement	**(3,365,121)**		**(3,365,121)**	
Office of City Finance				
OCF-2027-103 - Moving Systems to ITD	(1,747,445)		(1,747,445)	
Department of Neighborhoods				
DON-101 - Eliminate One Seattle Day of Service Funding	(250,000)		(250,000)	
DON-103 - Abrogate 1 FTE Public Relations Specialist Sr.	(167,153)		(169,075)	
DON-104 - Abrogate 1 FTE Strategic Advisor 1	(199,659)		(201,619)	
DON-108 - Eliminate Funding for Government 101 in NMF	(100,000)		(100,000)	
Subtotal - Department of Neighborhoods	**(716,812)**		**(720,694)**	
Finance General				
FG-102 - Align General Fund Transfer for Public Safety Pension Departments	(5,400,000)		(5,400,000)	
FG-104 - Align General Fund Transfer for Office of Labor Standards for Revenue and Spending Changes	(795,769)		(797,495)	
FG-106 - Align General Fund Support for Unified Care Team Technology Needs to Expected Costs	(120,000)		(120,000)	
Subtotal - Finance General	**(6,315,769)**		**(6,317,495)**	
Seattle Information Technology Department				
ITD-159a - Setting Direction on Permitting and Customer Trust	(428,000)		(428,000)	

Department	Ongoing	One-time	Ongoing	One-time
Human Services Department				
HSD-100 - Shift Utility Discount Program Budget to Utility Funders	(393,082)		(393,082)	
HSD-103 - Shelter Lease Budget Alignment	(134,671)		(134,671)	
HSD-105 - Unified Care Team MSA Reduction	(148,092)		(148,092)	
HSD-106 - Unified Care Team Strategic Advisor Reduction	(190,778)		(190,778)	
HSD-116 - Increase CDBG Budget for Minor Home Repair (swap with GF)	(153,070)		(153,070)	
HSD-118 - Shift Community Living Connections Budget to Grant Funding	(328,644)		(328,644)	
HSD-125 - KCRHA Contract Budget Alignment	(4,906,000)		(4,906,000)	
HSD-141 - Transfer Unallocated Funds to CARE for GVRS	(1,200,000)		(1,075,000)	
HSD-142 - Transfer CVI-related Contracts to CARE	(5,081,435)		(5,081,435)	
HSD-144 - Homelessness Fund Swap	(46,690,000)		(46,627,000)	
HSD-146 - Food Banks	4,000,000		4,000,000	
Subtotal - Human Services Department	**(55,225,772)**		**(55,037,772)**	
Office for Civil Rights				
OCR-103 - SOCR Collective Network Grants Program	(285,000)		(285,000)	
OCR-105 - Commissions Support	(26,500)		(26,500)	
OCR-CBO-500 - Abrogate Communications Vacancy	(191,634)		(193,592)	
Subtotal - Office for Civil Rights	**(503,134)**		**(505,092)**	
Office of Economic and Revenue Forecasts				
ERF-100 - Eliminate position funding	(155,047)		(155,047)	
Office of Economic Development				
OED-27-110 - Abrogate Major Events & Venues Operations Manager	(206,545)		(208,507)	
OED-27-111 - Abrogate Vacant Community Development Specialist	(157,248)		(159,194)	
OED-27-900 - Restore Professional Development and Office OH	(42,475)		(42,475)	
Subtotal - Office of Economic Development	**(406,268)**		**(410,176)**	
Office of Emergency Management				
OEM-003 - Reduce Staff Professional Development	(150,000)		(150,000)	
Office of Immigrant and Refugee Affairs				
OIRA-CBO-2 - Transfer Immigration Support Funding to OLS via FG transfer	(125,000)		(125,000)	

Attachment A: 2027-2028 Proposed Operating Changes

Department	Ongoing	One-time	Ongoing	One-time
Office of Inspector General for Public Safety				
OIG-102 - Non-labor Reduction - B	(130,227)		(130,227)	
Office of Planning and Community Development				
OPCD-105 - Eliminate Community Development Specialist Position	(187,737)		(187,737)	
OPCD-107 - Eliminate Planning Commission's Printing Budget	(4,000)		(4,000)	
OPCD-108 - Funding Swap of GF Staff to JS/PET with Corresponding EDI Reduction	(338,403)		(338,403)	
OPCD-110 - Eliminate Office Support Position	(75,920)		(75,920)	
Subtotal - Office of Planning and Community Development	**(606,060)**		**(606,060)**	
Office of Sustainability and Environment				
OSE-101 - Shift funding for staff from GF to PET	(640,183)		(640,183)	
OSE-113 - Continue Fresh Bucks Increased Service Levels	6,275,495		6,277,430	
Subtotal - Office of Sustainability and Environment	**5,635,312**		**5,637,247**	
Seattle Center				
CEN-2027-011 - Folklife Ongoing Admissions Tax	(400,797)		(400,797)	
CEN-2027-013 - Temporary and Intermittent Staffing Budget Reduction	(233,524)		(233,524)	
CEN-2027-015 - McCaw Hall Programming Budget Reduction	(85,668)		(85,668)	
Subtotal - Seattle Center	**(719,989)**		**(719,989)**	
Seattle Department of Construction and Inspections				
SDCI-103 - Shift Tenant Services Funding from GF to JumpStart PET	(900,000)		(900,000)	
Seattle Department of Human Resources				
SDHR-101 - Eliminate Administrative Staff Analyst SAS	(155,888)		(155,888)	
SDHR-102 - Reduce Learning & Development Temporary Labor	(65,000)		(65,000)	
SDHR-110 - Eliminate Policy & Legislation Lead	(207,716)		(207,716)	
SDHR-113 - Eliminate Position Authority for Executive 2 Position	-		-	
Subtotal - Seattle Department of Human Resources	**(428,604)**		**(428,604)**	
Seattle Department of Transportation				
SDOT-150 - O&M 10% General Fund Reductions	(6,133,420)		(6,324,450)	
Seattle Fire Department				
SFD-2027-016 - Reduce Overtime with Increased Unit Outages	(7,060,283)		(7,060,283)	

Attachment A: 2027-2028 Proposed Operating Changes

Department	Ongoing	One-time	Ongoing	One-time
Seattle Municipal Court				
SMC-104 - Reduce Accountable Governance and Innovation	(630,105)		(637,888)	
SMC-105 - Automated Traffic Safety Camera (ATSC) Net Zero Transfer from General Fund to ATSC Fund	(1,255,410)		(1,272,871)	
Subtotal - Seattle Municipal Court	**(1,885,515)**		**(1,910,759)**	
Seattle Parks and Recreation				
SPR-102 - Graffiti Program Non Labor Reduction	(500,000)		(500,000)	
SPR-103 - Rightsize UCT Program	(900,000)		(900,000)	
SPR-104 - Reduce Portion of Cycle 2 Recreation Position Reclassification Funding	(300,000)		(300,000)	
SPR-104A - Reinvest Remaining Cycle 2 Workforce Equity Funding in Late Night	0		(0)	
SPR-105 - Eliminate Vacant MSA Sr. Position	(185,402)		(187,357)	
SPR-106 - Eliminate Vacant SA1 Position	(183,626)		(185,580)	
SPR-107 - Make One Time Transfer of MPD to GF Ongoing	(4,100,000)		(4,100,000)	
SPR-108 - Realign MPD Capital Funds with Grounds Maintenance to Offset GF	(3,000,000)		(3,000,000)	
SPR-109 - Shift Teen Summer Musical from GF to Ad Tax	(209,958)		(209,958)	
SPR-110 - Shift Arts in Parks Program from GF to Ad Tax	(444,459)		(444,459)	
SPR-113 - Abandon General Fund No Longer Needed for Magnuson Debt Service	(831,322)		(831,322)	
SPR-114 - Shift Downtown Buskers Program from GF to Ad Tax	(224,000)		(224,000)	
SPR-115 - Reduce Seattle Conservation Corps Non-Labor to Reinvest in Program	0		(0)	
SPR-904 - Shift Portion of Elliott Bay Office Park Rent to CIP	(600,000)		(600,000)	
Subtotal - Seattle Parks and Recreation	**(11,478,767)**		**(11,482,676)**	
Seattle Police Department				
SPD-101 - SPD General Fund Reduction: Parking Enforcement Officers	(3,140,236)		(3,140,236)	
SPD-102 - SPD General Fund Reduction: Civilian Investigative Support	(1,115,276)		(1,115,276)	
SPD-104 - SPD General Fund Reduction: RTCC	(511,353)		(517,204)	
SPD-105 - SPD General Fund Reduction: Separation Pay	(500,000)		(500,000)	

Department	Ongoing	One-time	Ongoing	One-time
SPD-106 - SPD General Fund Reduction: Recruitment Marketing & Hiring Incentives	(2,417,500)		(3,525,000)	
SPD-107 - SPD General Fund Reduction: Temporary/Term-Limited Position Funding	(105,102)		(105,102)	
SPD-109 - SPD General Fund Reduction: DEI Officer & 30x30 Workgroup Support	(207,055)		(207,055)	
SPD-110 - Automated Traffic Safety Camera Expansion	(274,153)		(274,153)	
SPD-128 - SPD General Fund Reduction: Warehouser-BU	(125,954)		(127,890)	
SPD-129b - SPD General Fund Reduction: Administrative Specialist I-BU	(117,636)		(119,569)	
SPD-131 - SPD General Fund Reduction: Strategic Advisor 2, Courts Legal & Public Safety	(206,545)		(208,507)	
SPD-135 - OPA General Fund Reduction: Executive 1	(217,401)		(219,366)	
SPD-137 - SPD General Fund Reduction: Long-Term Position Vacancies	(835,425)		(843,278)	
Subtotal - Seattle Police Department	**(9,773,636)**		**(10,902,636)**	
Seattle Public Utilities				
SPU-108 - Aligning Public Hygiene Program Funding to Actuals	(360,000)		(360,000)	
SPU-109 - Align Clean City Budget to Actuals - Reduce Steep Slopes Contract Funding	(1,597,744)		(1,661,654)	
SPU-110 - Align RV Wastewater Pump-out Budget to Actuals	(607,757)		(632,067)	
Subtotal - Seattle Public Utilities	**(2,565,501)**		**(2,653,721)**	
Total - Appropriation Decreases	**(105,639,785)**		**(106,898,729)**	

Increases				
Department	**Ongoing**	**One-time**	**Ongoing**	**One-time**
Community Assisted Response and Engagement				
CARE-04 - Increase $1.6 million ongoing funding in Co-LEAD contract	1,585,632		1,585,632	
CARE-05 - Transfer Unallocated Funds from HSD for GVRS	1,200,000		1,075,000	
CARE-06 - Transfer CVI-related Contracts from HSD	5,081,435		5,081,435	
Subtotal - Community Assisted Response and Engagement	**7,867,067**		**7,742,067**	
Department of Finance and Administrative Services				
FAS-2027-120 - Jail Services Increase for Inflation	1,200,000		2,200,000	
FAS-2027-122 - Expanding Access to Public Restrooms	1,422,000		1,402,000	

Attachment A: 2027-2028 Proposed Operating Changes

Department	Ongoing	One-time	Ongoing	One-time
FAS-2027-150 - SLIM Debt Service	297,583		1,364,962	
Subtotal - Department of Finance and Administrative Services	**2,919,583**		**4,966,962**	
Offic of City Finance				
OCF-2027-105 - Seattle Chinese Garden Improvements		2,500,000		
Finance General				
FG-100 - Appropriate Reserve for Ranked Choice Voting	1,000,000		1,000,000	
FG-101 - Align Finance General Reserves for Citywide Bills	2,141,414		5,988,522	
FG-105 - Use Bond Proceeds for Public Safety Information Technology Replacements				1,941,556
FG-107 - Fund Reserve to Backfill Potential Federal Funding Loss		22,510,000		
FG-108 - Appropriate Reserve for Central Cost Allocation Reconciliation		2,000,000		2,000,000
FG-CEN-2027-021 - Transfer General Fund to Seattle Center Fund for Interfund Loan Payments		2,000,000		1,000,000
Subtotal - Finance General	**3,141,414**	**26,510,000**	**6,988,522**	**4,941,556**
Office of Immigrant and Refugee Affairs				
OIRA-CBO-2 - Transfer Immigration Support Funding to OLS via FG transfer	125,000		125,000	
Office of Intergovernmental Relations				
OIR-107 - Increase funding for Tribal Nations Summit		55,000		
Human Services Department				
HSD-139 - Queer and Trans Stabilization Funding	500,000		500,000	
Department of Neighborhoods				
DON-110 - Reduce Funding for Food Equity Fund				1,800,000
Seattle Fire Department				
SFD-2027-003b - Increase Baseline Utility Budget	450,000		540,000	
SFD-2027-004b - Increase Baseline Maintenance Budget	570,000		570,000	
Subtotal - Seattle Fire Department	**1,020,000**		**1,110,000**	

Attachment A: 2027-2028 Proposed Operating Changes

Department	Ongoing	One-time	Ongoing	One-time
Seattle Retirement				
RET-102 - Deferred Comp Baseline to Budget Adjustments 2027-2028	95,509		120,856	
Total - Appropriation Increases	**15,668,573**	**29,065,000**	**21,553,407**	**6,741,556**
Total	(89,971,212)	29,065,000	(85,345,322)	6,741,556

SEATTLE CITY COUNCIL
CENTRAL STAFF

GENERAL FUND BALANCING ANALYSIS

2027–2028 Proposed Budget
Policy Considerations

Select Budget Committee | October 13, 2026

Tom Mikesell, Analyst

Objectives

1. Review budget sustainability requirements and resources

2. Revisit 2026 Adopted Budget and the long-term $149M and $129M deficit projected for 2027 and 2028, respectively

3. Review 2026 revised General Fund (GF) revenue and appropriation changes, actual and proposed

4. Review 2027-2028 Proposed GF revenue, appropriation, and planning reserve changes relative to the November 2026 projections, and their impact on the projected deficit

5. Review the 2027-208 Proposed Budget's projected GF deficit and fund balancing strategy

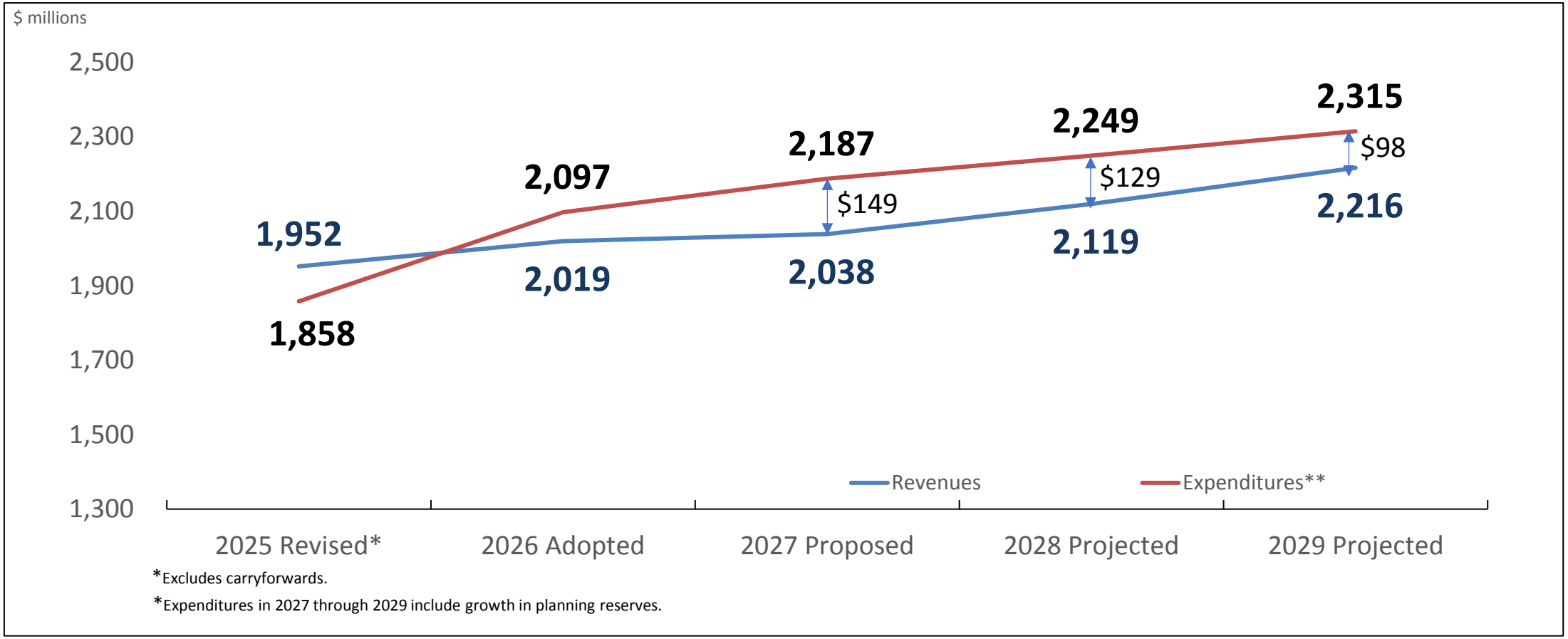
6. Review the JumpStart Fund balancing status given intersection with GF

Budget Sustainability

- **Proposition 2 (November 2025):** ORD 127259 Business and Occupation Tax Restructure
  - Generates over $80 million of annual net GF revenue through 2032
  - If new revenue used in 2027 Proposed Budget, required balanced financial plans for General Fund (GF) and JumpStart Fund(JSF)

- **Statement of Legislative Intent - CBO-100S-A:** Financial Sustainability Framework (November 2025)
  - CBO/Central Staff report on shared and easily understood definitions of the variables and factors that contribute to the structural budget deficit, and to provide a clear road map to fiscal sustainability.
  - Key terms: ”financial plan”, “one-time”, “ongoing”, and “planning reserves”

November 2025: Projected 2027-2028 GF Deficit



Key takeaway: Due to measures in 2027-2028 Proposed Budget, ed Budget projected a $149 million deficit in 2027 and a $129 million deficit in 2028.

SEATTLE CITY COUNCIL
CENTRAL STAFF

Summary of Changes to 2026 GF Budget

Amounts in $000s	2026 Impact
2026 Adopted Ending Unreserved Fund Balance	$7
1. 2025 Year End Reconciliation	$109,641
2. Approved & Automatic Carryforwards/Supplementals	
Revenues	$61,616
Expenditures	($237,187)
Use of Planning Reserves	$92,082
Subtotal - Approved Supplementals/Carryforwards	($85,489)
3. August Revenue Forecast (excluding double-counts)	$10,577
4. Proposed Budget Legislation	
Revenues	$7,851
Expenditures	($40,615)
Use of Planning Reserves	$24,282
Subtotal - Proposed Budget Legislation	($2,502)
5. Additional Reduction to Planning Reserves	$24,284
2026 Revised Unreserved Ending Fund Balance	$56,518
Increase in 2026 ending balance compared to Adopted Budget	**$56,511**

Key takeaway: Approved and proposed GF changes would increase 2026 ending/2027 beginning fund balance by $56.5 million, which represents one-time resources used in the Mayor's 2027-2028 Proposed Budget and financial plan.

2027-2028 Proposed GF Budget Balancing Analysis Framework

- Start from 2027-2028 projected deficit: $148M in 2027, and $129M in 2028
- **Step 1:** From this starting point, add the increase to deficit from Executive's update to GF planning assumptions and April Revenue Forecast
- **Step 2:** Next, include the difference between baseline and technical changes and the November 2025 projections
- **Step 3:** Factor in the Mayor's net spending proposals (reductions above increases)
- **Step 4:** Identify remaining structural deficit, and use of one-time fund balance.

Step 1. Executive's Updated Planning Assumptions

- In April the Executive communicated that increasing cost pressures and identified risks would potentially increase the deficit in 2027 and 2028.
- These increasing costs, including but not limited to higher projected labor costs, net of a moderate increase in forecasted revenues provided in the April forecast update, were projected to increase the deficit by $26.3M in 2027 and $34.7M in 2028.
- Including the impacts of these higher projected costs above higher projected revenues increased the projected deficit to $175M in 2027, and $164M in 2028.

Key takeaway: Executive's updated April planning assumptions increased projected deficit to $175 million in 2027 and $164 million in 2028.

Step 2. Baseline and Technical Changes from Projections

- Inflated ongoing costs $88 million and $109 million higher than projection in 2027 and 2028, respectively.
- Planning reserves reduced by $148M in 2027 and $140M in 2028
  - Shelter costs: $13.8M in 2027 and $18M in 2028, funded in JumpStart Fund
  - Seattle Shield placeholder: $20.7M in 2027 and 2028, $19.6M funding added in GF appropriation
- Transfers to fully fund Revenue Stabilization Fund and Emergency Fund $0.9 M lower in 2027 and $2.8M higher in 2028, meet policy levels
- Revenues $31.3M and $39.8M higher in 2028 and 2028, respectively, primarily from higher August forecast.

Key takeaway: Inflationary changes to ongoing costs, lower planning reserves, transfer adjustments, and higher forecasts decreases deficit by $90.9M in 2027 and $67.2M in 2028.

Step 3. Mayor's 2027-2028 Operating Proposals

(Slide 4/5)

- Net operating proposals would decrease appropriations by $61M in 2027 and $78M in 2028
  - Appropriation increases of $44.7M in 2027 and $28.3M in 2028; of the 2028 increases, $21.5M would be ongoing
  - Appropriation decreases of $105.6M in 2027 and $107M in 2028; the entire 2028 decrease is ongoing
    - Largest single decrease reflects a shift of $47 million of homelessness programming in the Human Services Department in both 2027 and 2028 from the GF to the JSF;
    - This shift to JSF could have been managed with existing fund transfer
- Ongoing nature of the net decrease improves sustainability and reduces structural deficit

Key takeaway: Mayor's Net Operating Proposals decrease deficit by $70M in 2027 and $78M in 2028. Nearly half of the ongoing decrease is a shift in homelessness funding to the JSF. Net ongoing decrease improves sustainability and decreases the structural deficit.

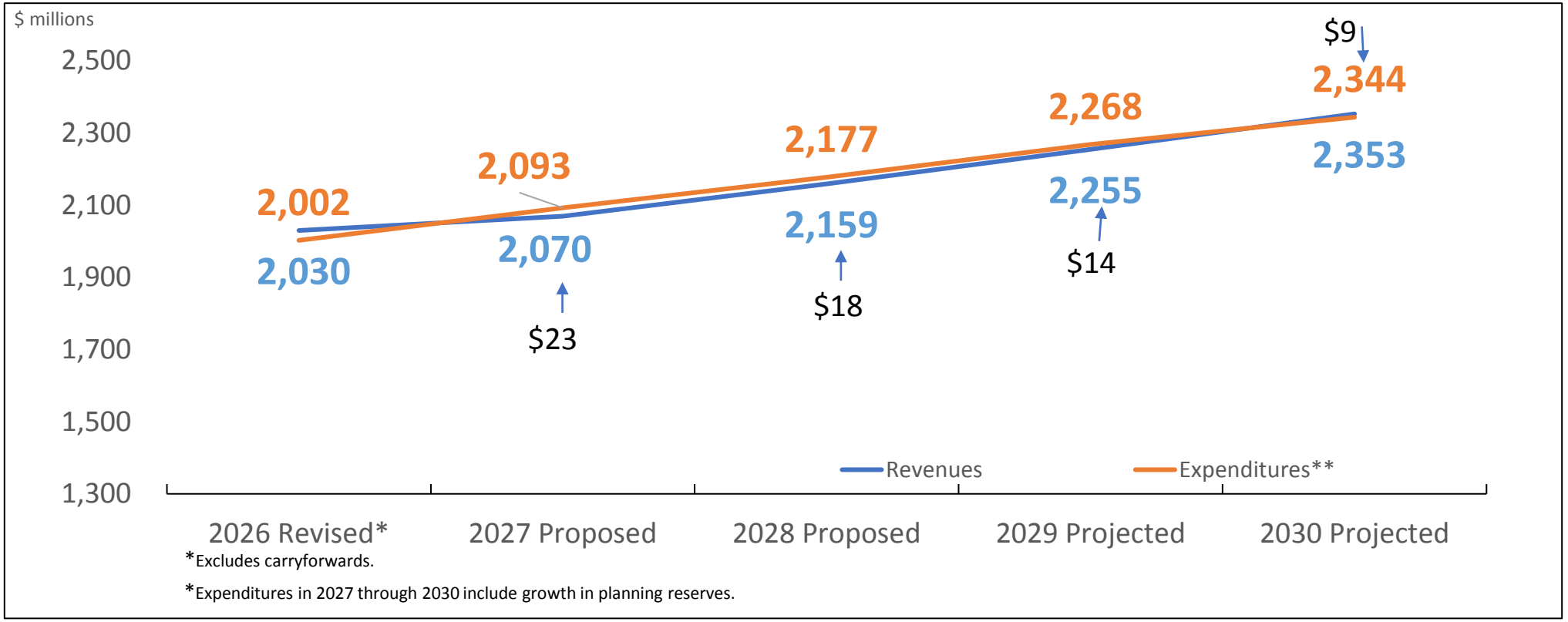
(Slide 5/5)

Step 4. 2027-2028 Proposed Deficit Balancing Adjustments

Amounts in $000s	2027	2028
0. 2027-2028 Projected Deficit (November 2025)	($148,666)	($129,270)
1. Executive Update to GF Planning Assumptions/April Forecast	($26,334)	($34,730)
2. GF Baseline and Technical Changes Below Projections	$90,850	$67,811
3. Mayor's 2027-2028 Operating Proposals	$60,906	$78,004
2027-2028 Gap Before Use of Fund Balance	($23,244)	($18,185)
Use of Fund Balance	**$23,244**	**$18,185**

Key takeaway: After all budget changes, remaining structural deficit of $23M in 2027, and $18M in 2028, which is covered by use of one-time 2026 ending unreserved balance generated by approved and proposed 2026 adjustments.

October 2026: Projected 2027-2030 Deficit



Key takeaway: 2027-2028 Proposed GF measures reduce structural deficit to $14M in 2029, which is backed by remaining fund balance, with a $9M projected surplus in 2030.

2027-2030 GF Sustainability

- Higher $55.6M ending fund balance from 2026 is used to bridge smaller deficits through 2029, as follows:
  - $23.2M in 2027; $18.2M in 2028; $14.2M in 2029
- To help balance the JSF in 2029 and 2030, $24.4M and $30M of homelessness programs are shifted back to GF in 2029 and 2030
- JSF transfer to GF is unchanged from 2026 Adopted assumption, though might be a more efficient way to manage these types of year-to-year balancing adjustments.

Key takeaway: GF financial plan uses available fund balance as a bridge to surplus by 2030. To balance the JSF, a portion of homelessness programs shifted to JSF in 2027-208 would be shifted back to GF, though adjusting interfund transfer is an alternative mechanism that could be used.

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CENTRAL STAFF

Summary of Changes to 2026 JSF Budget

Amounts in $000s	2026 Impact
2026 Adopted Ending Unreserved Fund Balance	$0
1. 2025 Year End Reconciliation	$337,714
2. Approved & Automatic Carryforwards/Supplementals	
Revenues	$0
Expenditures	($304,414)
Subtotal - Approved Supplementals/Carryforwards	($304,414)
3. August Revenue Forecast	$2,044
4. Proposed Budget Legislation	
Revenues	$0
Expenditures	$66,100
Subtotal - Proposed Budget Legislation	$66,100
2026 Revised Unreserved Ending Fund Balance	$101,444
Increase in 2026 ending balance compared to Adopted Budget	**$101,444**

Key takeaway: Approved and proposed JSF changes would increase 2026 ending/2027 beginning fund balance by $104 million, which represents one-time resources used in the Mayor's 2027-2028 Proposed Budget and financial plan.

Summary of Baseline & Technical Changes to 2027-2028 JSF Budget

(Slide 1/2)

- Baseline /Technical Adjustments: A decrease of $43M decrease in 2027 and $33M in 2028 to reflect adjustment for one-time items and internal costs, as well as adjustment of revenue backfill transfer to match the financial plan
- August revenue forecast: payroll expense tax and interest revenues projected to be $30.6M higher in 2027 and $30.9M higher in 2028.
- Payroll Expense Tax Reserve funded to $20.2M in 2027, and $31.4M in 2028, and meets 10 percent of revenues requirement by 2029.

Key takeaway: Baseline and technical changes to JSF budget would increase standard costs, align revenue backfill transfer to GF with 2026 adopted financial plan, increase forecasted revenues, and adjust reserves to 10 percent of payroll expense tax revenues by 2029.

(Slide 2/2)

Summary of Proposed Policy Changes to 2027-2028 JSF Budget

- Renew and Extend Non-profit Healthcare deduction: deduction for payroll expense to between $150,000 and $399,999.99 (currently $194,452 to $518,538 with inflation provisions) at non-profit healthcare entities sunsets 12/31/2026
  - Proposed legislation would extend deduction to 12/31/2040. Revenue impact of $5M per year is assumed in budget
- Homelessness Fund Swap: $47 million increase in 2027 and 2028 to shift support for homelessness programs from the GF to the JSF.
- Shelter Expansion: $18.3 Million increase 2027, and $18.5 million increase in 2028 to build and operate shelter for people experiencing homelessness.

Key takeaway: Significant JSF operating proposals include extension of non-profit healthcare entity deduction, shift of homelessness funding from GF, and additional shelter funding.

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2027-2030 Projected JSF Sustainability

(Slide 1/2)

Amounts in $000s	2026 Revised	2027 Proposed	2028 Proposed	2029 Projected	2030 Projected
Starting Budgetary Fund Balance	$373,678	$111,274	$68,458	$33,030	$44,210
Revenues	$404,419	$410,772	$427,484	$447,157	$467,978
Expenditures	$666,823	$453,588	$462,912	$435,977	$465,330
Ending Budgetary Fund Balance	$111,274	$68,458	$33,030	$44,210	$46,858
Revenue Stabilization Account	($9,700)	($20,153)	($31,396)	($44,203)	(46,283)
Ending Unreserved Fund Balance	**$101,573**	**$48,304**	**$1,634**	**$7**	**$576**

Key takeaway: Approved and proposed JSF changes are balancing using draw on 2026 ending fund balance, but additional spending reductions and shift necessary in 2029

2029-2030 Projected Additional JSF Measures

(Slide 2/2)

Amounts in $000s	2028 Proposed	2029 Projected	2030 Projected
Office of Housing	$139,188	$142,562	$145,605
Reduction/Add Back		*($9,880)*	*$7,191*
Office of Economic Development	$18,281	$18,659	$19,001
Reduction/Add Back		*($3,800)*	*$941*
Office of Planning and Community Development	$22,990	$23,541	$24,038
Reduction/Add Back		*($2,470)*	*$1,187*
Office of Sustainability and Environment	$13,272	$13,483	$13,674
Reduction/Add Back		*($2,850)*	*$680*
Total Reductions/Add Backs		**($19,000)**	**$10,000**

- $24.4M in 2027, and $30M in 2028 of homelessness funding shifted back to GF.

Key takeaway: To accommodate phasing out of fund balance and higher GF revenue transfer, $19 M of cuts would be necessary in 2029, and a portion of homelessness funding would be shifted back to GF based on projections.

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Policy Considerations

- 2027-2028 Proposed Budget GF financial plan demonstrates clear sustainability improvements above the plan published with the 2026 Adopted Budget.
- Significant ending balances are used as a bridge to sustainability, rather than a jumping-off point to an uncertain future.
- One-time reductions are not used to balance ongoing increases. Reserves are left intact and funded to policy levels, including in the JSF.

Policy Considerations

- However, the 'glide path' suggests some turbulence, particularly in the JSF, where future reductions will be necessary to balance if current projections are accurate
- Since the JSF was created, the spending policy constraints have evolved from fixed percentages to guidelines.
- 2027-2028 Proposed Budget takes the step of moving programs that had typically been funded in the GF into the JSF
- The implied question is whether that approach meets Council's goals with regards to managing the JSF.

Questions?

Legislation Text

File #: Inf 2976, **Version:** 1

Voluntary Separation

SEATTLE CITY COUNCIL
CENTRAL STAFF

10/11/2026

To: Select Budget Committee
From: Karina Bull, Analyst
Subject: Voluntary Early Separations Ordinance

Introduction and Overview

On October 13, 2026, the Select Budget Committee (Committee) will discuss the Voluntary Early Separations Ordinance, that would amend Seattle Municipal Code (SMC) 4.36[1] to authorize the Director of the Seattle Department of Human Resources (SDHR) to offer eligible employees a voluntary early separation program.

This memorandum provides background information, a summary of the proposed legislation, description of possible fiscal impacts, several policy considerations, and next steps.

Background

The City may offer voluntary early separation programs (i.e., early retirement incentives) to allow employees more flexibility in choosing when to retire and to reduce long term labor costs. The City offered voluntary early separation programs in 2002 and 1996 to mitigate layoffs on the City's workforce in anticipation of significant revenue shortfalls and reductions in the following year.[2]

The 2002 voluntary early separation program offered eight weeks of pay at the employee's regular rate of pay as an incentive. Participating employees could receive the payment in a lump sum and/or apply it toward the purchase of up to four years of retirement credit, contributions to a deferred compensation account, or the purchase of up to 18 months of health care benefits at the City's COBRA rate. There was a 12-day window to apply to the program; 45 days to decide whether to formally enroll in it upon acceptance; and a two-year prohibition from re-employment with the City following the termination date.

The 1996 voluntary early separation program offered payment of one week's salary multiplied by years of service not to exceed $30,000 and established similar protocols for pay-out, enrollment, prohibitions on re-employment. The program also established a seniority system for considering applications within a given classification and department if more employees requested early separation than could be accommodated.

Council approved both voluntary early separation programs *before* the initial application periods (specifically about a month before the application period for the 2002 program).[3]

[1] SMC 4.36 governs the Seattle City Employees' Retirement System (SCERS) with the purpose of maintaining a retirement and pension system, and a system of death benefits, for retired and disabled officers and employees of the city and the Seattle Public Library.
[2] In 2002, ORD 120880 authorized execution of a Memorandum of Understanding (MOU) with the Coalition of City Unions (Coalition) to implement a separation incentive program for represented employees and ORD 120881 authorized a similar program for non-represented employees. In 1996, ORD 118163 authorized execution of a MOU with the Coalition to implement separation incentive, retraining, and severance pay programs for represented employees and ORD 118164 authorized similar programs for non-represented employees.
[3] For the 1996 program, Central Staff could not discern the amount of time that transpired between Council's approval of the voluntary early separation program and the subsequent application period.

Central Staff does not have information on how many eligible employees participated in these programs.

Summary

This legislation would amend SMC 4.36 to authorize the SDHR Director to offer eligible employees[4] a voluntary early separation program subject to certain parameters. The SDHR Director would be required to coordinate with certain City Officials (i.e., the Director of SCERS, Director of Finance, Director of Finance and Administrative Services, and City Budget Director) and make certain program information available to eligible employees for at least 30 days before program enrollment ends. At minimum, the program information would need to include:

- Which City employees would be eligible for the program;
- When and how City employees could opt into the program;
- What benefit (e.g., incentive) would be provided to participants;
- How participants' health insurance and other City benefits would be impacted; and
- How participants' rights to potential unemployment benefits might be impacted, consistent with RCW 50.20.055(3).

If Council does not approve this legislation, the SDHR Director could still develop a voluntary early separation program within its current delegated authority but would be required to transmit legislation to Council for approval to offer and implement it.

Fiscal Impacts

There would not be direct financial impacts from this legislation as it authorizes, but does not require, the SDHR Director to offer a voluntary early separation program. The legislation also does not establish the substantive details of a voluntary early separation program.

However, the implementation of this type of program could both incur administrative costs and potentially result in long-term savings.

While the Executive has not shared substantive details of a possible voluntary early separation program for 2027, the City Budget Office (CBO) estimates the total cost of incentive payments would be around $6.5 million ($2.5 million GF), in addition to $2.3 million ($1 million GF) of sick/vacation cashouts above normal. CBO believes that departments would have sufficient vacancy savings to afford such payouts and would send instructions to departments soon after the application window closes to alert them to the need to maintain sufficient savings based on their likely participant list. CBO believes that no additional appropriation authority would be needed.

After accounting for administrative costs, savings could result from vacated positions that remain open or are filled by new employees at a lower cost; or vacated positions that are unfunded or removed by Council.

CBO reports that creating vacancies among staff who are close to retirement and willing to separate voluntarily could allow departments to have more options for finding savings in future budgets than they would have otherwise, either by eliminating some positions vacated by voluntary early separation

[4] Department heads and temporary employees would not be eligible for the program.

participants or by eliminating more junior positions after promotions. Such programs could produce ongoing savings similar to layoffs, but without the need for involuntary separations and could also allow for advancement of less tenured employees.

CBO does not anticipate savings from a voluntary early separations program in 2027 due to the cost of paying the incentive. In 2028 and beyond, CBO aims to save around $8 million GF per year ongoing.

Policy Considerations

1. Council Notice

In the proposed legislation, the scope of the SDHR Director's authority to "offer" a voluntary early separation program would include the ability to develop substantive details and parameters, bargain relevant aspects with unions, and implement the program. Unlike the City's voluntary early separation programs in 2002 and 1996, Council approval would *not* be required to offer the program or implement it. The extent of Council's role would be limited to considering department requests for additional appropriations if necessary for implementation.

The benefit of delegating authority to the SDHR Director is that the Executive could potentially develop and implement a program on a faster timeline and could have more latitude/flexibility in meeting bargaining requirements for represented employees. The tradeoff is that Council would not be involved in the development of the program (i.e., through the Select Labor Committee, if applicable) and might not have notice of the program until the SDHR Director formally announces it.

Council may wish to consider amending the legislation to require some level of notice to Council before the SDHR Director implements a voluntary early separation program (e.g., require the SDHR Director to consult with the Budget Chair prior to implementation of the program; require the SDHR Director to provide a public briefing on the draft program to the appropriate Council committee). The tradeoff of these amendments, to varying degrees, could be a slower process that delays the Executive's intended timeline.

Options:

A. Amend the legislation to require notice to Council prior to implementation.
B. Pass this legislation as amended.
C. Pass this legislation as transmitted.
D. Do not pass this legislation.

2. Proviso

Separate from this legislation, the Council could impose a proviso to restrict the Executive's spending on a voluntary early separation program. Council could impose the proviso on the entire budget to limit spending for this purpose (e.g., "of the appropriations in the 2027 Adopted Budget, no more than $XX million may be spent to implement a voluntary early separation program").

Options:

A. Pass this legislation and impose a separate proviso on the 2027 Adopted Budget.
B. Pass this legislation and do not impose a separate proviso.
C. Do not pass this legislation.

Next Steps

The Committee may discuss budget legislation at the meetings scheduled for Council Budget Proposals on October 27-29. If Committee members would like to propose amendments for consideration at one of these meetings, please contact me by October 20. There also will be another opportunity for discussion of amendments after the Budget Chair's Balancing Package is published on November 3.

Attachments:

1. DRAFT - MO Voluntary Early Separations ORD
2. DRAFT - MO Voluntary Early Separations SUM

cc: Lish Whitson, Director
Calvin Chow, Deputy Director

The City of Seattle

Ordinance _____

Council Bill _____

..title
An ordinance relating to City employment; establishing authority to offer a voluntary early separation program for eligible City employees; adding a new Section 4.36.400 to the Seattle Municipal Code; and ratifying and confirming certain prior acts.

..body
Be it ordained by The City of Seattle as follows:

Section 1. A new Section 4.36.400 is added to the Seattle Municipal Code as follows:

4.36.400 Voluntary Early Retirement/Separation Program

The Seattle Human Resources Director, in coordination with the Executive Director of the Seattle City Employees' Retirement System, Director of Finance, Director of Finance and Administrative Services, and City Budget Director, is authorized to offer a voluntary early retirement/separation program. Details of the program must be available to eligible City employees a minimum of 30 days before program enrollment ends. At a minimum, the program details shall include:

A. Which City employees are eligible for the program;

B. When and how City employees can opt in to the program;

C. What benefit is offered to participants;

D. How participants' health insurance and other City benefits will be impacted; and

E. How participants' rights to potential unemployment benefits might be impacted, consistent with RCW 50.20.055(3).

No department head, or person employed by the City on a temporary basis, shall be eligible for such a program.

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

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This ordinance shall take effect as provided by Seattle Municipal Code Sections 1.04.020 and 1.04.070.

Passed by the City Council and signed in open session in authentication of its passage on _____.

_____

President _____ of the City Council

_____ on _____.

_____

Katie B. Wilson, Mayor

Attested on _____.

_____

Lenné Dedman, City Clerk

Seal

DRAFT

Summary and Fiscal Note

1. Legislation Summary

Department: City Budget Office

Title: An ordinance relating to City employment; establishing a voluntary early separation program for eligible City employees; adding a new Section 4.36.400 to the Seattle Municipal Code; and ratifying and confirming certain prior acts.

Background: Many public and private entities have offered early retirement/separation programs to their employees to allow flexibility for eligible employees and reducing long-term costs to the employer.

This legislation authorizes the Seattle Human Resources Director, in collaboration with the Executive Director of the Seattle City Employees' Retirement System, Director of Finance, Director of Finance and Administrative Services, and City Budget Director, to design and offer an early retirement/separation program to City employees that are not temporary employees or City department heads.

The legislation requires that details of any program be made available to potential eligible employees at least 30 days before the end of enrollment and contains the following information:

- Which City employees are eligible for the program;

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- When and how City employees can opt in to the program;
- What benefit is offered to participants;
- How participants' health insurance and other City benefits will be impacted; and
- How participants' rights to potential unemployment benefits might be impacted pursuant to RCW 50.20.055(3).

Summary Attachments:

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2. Capital Improvement Program (CIP)

Does this legislation create, fund, or amend a CIP Project?

☐ Yes

☒ No

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3. Summary of Financial Implications

Does this legislation have financial impacts to the City?

☐ Yes

☒ No

This legislation does not have direct financial impacts to the City as it authorizes, but does not require, the City to offer some employees an early separation/retirement benefit.

If the City moves forward with offering an early separation/retirement program, there will be costs associated with offering and administering the program, as well as potential

DRAFT

reductions in long-term costs to the City if positions vacated by early separated employees remain vacant.

3d. Other Financial Impacts

a. Does this legislation create any other financial impacts for The City of Seattle, such as direct or indirect costs, one-time or ongoing, that aren't mentioned above? If yes, please explain these impacts.

As mentioned above, if the City moves forward with offering an early separation/retirement program, there will be one-time costs associated with offering and administering the program, as well as potential reductions in long-term costs to the City if positions vacated by early separated employees remain vacant.

b. If the legislation has costs that can be covered within the current budget, explain how. Does the department have extra resources in its budget to handle these costs? Or does the department need to shift resources away from other work to handle these costs?

N/A

c. What financial costs or other impacts might happen if this legislation is not implemented?

N/A

d. How might this legislation affect other City departments besides the one that proposed it?

In addition to the work required of the Seattle City Employees' Retirement System, Office of City Finance, Seattle Department of Human Resources, Department of Finance and Administrative Services and City Budget Office, a voluntary separation program could be offered to City employees of other or all City departments.

4. Other Impacts

a. Does this legislation require a public hearing?

☐ Yes

☒ No

b. Does this legislation require a notice to be published in The Daily Journal of Commerce and/or The Seattle Times?

☐ Yes

☒ No

c. Does this legislation affect a piece of property?

No.

d. Race and Social Justice Initiative impacts:

1. How does this legislation affect vulnerable or historically disadvantaged communities? How did you come to this conclusion? Please consider both impacts within City government (like employees and internal programs) and in the broader community.

Retirement-eligible City employees trend to be more white and more male than the average City employee. A voluntary separation program would likely make most sense to retirement-eligible employees and may result in a more diverse workforce. Additionally, to the extent that a voluntary separation program can avoid future layoffs, it may preserve employment for newer City employees, who tend to be more diverse.

2. Please attach any Racial Equity Toolkits or other racial equity analyses used to develop or assess this legislation.

N/A

3. What is the Language Access Plan for communicating with the public about this legislation?

The City will use established communication pathways to contact eligible employees if a voluntary separation program is instituted.

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e. Climate change impacts:

1. Emissions: Will this legislation significantly increase or decrease carbon emissions? Attach any studies or materials that inform your answer.

No.

2. Resiliency: Will this legislation make Seattle more or less able to adapt to climate change? If it reduces resiliency, explain what can be done to lessen the impact.

No.

f. If this legislation creates a new program or expands an existing one, what are the long-term, measurable goals? How will this legislation help achieve those goals? What methods will be used to track progress?

N/A

g. Does this legislation create a non-utility CIP that involves shared funding with a non-City partner or organization?

No.

DRAFT

SEATTLE CITY COUNCIL
CENTRAL STAFF

Voluntary Early Separations Ordinance

Select Budget Committee | October 13, 2026

Karina Bull, Analyst

Background

- The City may offer voluntary early separation programs (i.e., early retirement incentives) to allow employees more flexibility in choosing when to retire and to reduce long-term labor costs.

- The City previously offered voluntary early separation programs in 2002 and 1996:
  - 2002 – Incentive of eight weeks of pay at the employee's regular rate of pay
  - 1996 – Incentive of one week's salary multiplied by years of service not to exceed $30,000

- Council approved both voluntary early separation programs *before* the initial application period.

Summary

- The legislation would amend SMC 4.36 to authorize the Seattle Department of Human Resources (SDHR) Director to offer eligible employees a voluntary early separation program.

- The SDHR Director would coordinate the program with the Director of the Seattle Employees' Retirement System, Director of Finance, Director of Finance and Administrative Services, and City Budget Director.

- The SDHR Director would make certain information available to employees for at least 30 days before enrollment ends (i.e., eligibility criteria; opt-in instructions; description of the incentive; and explanation of impacts on health insurance, other City benefits, and state unemployment benefits).

- If Council does not approve this legislation, the SDHR Director could still develop a voluntary early separation program within its current delegated authority but would be required to transmit legislation to Council for approval to offer and implement it.

Fiscal Impacts

- There would not be direct financial impacts from this legislation as it authorizes, but does not require, the SDHR Director to offer a voluntary early separation program. Nor does the legislation establish substantive program details.

- However, implementation could both incur administrative costs and potentially result in long-term savings.
    - **Administrative costs** – $6.5 million ($2.5 million General Fund) plus $2.3 million ($1 million General Fund) of sick/vacation cashouts above normal. The City Budget Office believes that no additional appropriation authority would be needed.
    - **Potential savings** – Vacated positions that remain open or are filled by new employees at a lower cost; or vacated positions that are unfunded or removed by Council.

- CBO does not anticipate savings from a voluntary early separations program in 2027 due to the cost of paying the incentive. In 2028 and beyond, CBO aims to save around $8 million GF per year ongoing.

Policy Consideration – Council Notice

- The benefit of authorizing the SDHR Director to offer a voluntary early separation program is that the Executive could potentially develop and implement the program on a faster timeline and would have more flexibility in meeting bargaining requirements for represented employees.
- The tradeoff is that Council would not be involved in the development of the program (i.e., through the Select Labor Committee, if applicable) and might not have notice of the program until the SDHR Director's formal announcement.
- The legislation could be amended to require notice to Council before the SDHR Director implements the program (e.g., require the SDHR Director to consult with the Budget Chair prior to implementation, require a public briefing on the draft program to the appropriate Council committee). The tradeoff of these requirements could be a slower process that delays the SDHR Director's intended timeline.

Options:

A. Amend the legislation to require notice to Council prior to implementation.

B. Pass this legislation as amended.

C. Pass this legislation as transmitted.

D. Do not pass this legislation.

Policy Consideration – Proviso

Separate from this legislation, the Council could impose a proviso to restrict the Executive's spending on a voluntary early separation program. Council could impose the proviso on the entire budget to limit spending for this purpose (e.g., "of the appropriations in the 2027 Adopted Budget, no more than $XX million may be spent to implement a voluntary early separation program").

Options:

A. Pass this legislation and impose a separate proviso on the 2027 Adopted Budget.

B. Pass this legislation and do not impose a separate proviso.

C. Do not pass this legislation.

Questions?

Screen Reader Users: Make sure settings include reading strikethrough and underline font attributes.

The City of Seattle

Ordinance _____

Council Bill _____

..title
An ordinance relating to City employment; establishing authority to offer a voluntary early separation program for eligible City employees; adding a new Section 4.36.400 to the Seattle Municipal Code; and ratifying and confirming certain prior acts.

..body
Be it ordained by The City of Seattle as follows:

Section 1. A new Section 4.36.400 is added to the Seattle Municipal Code as follows:

4.36.400 Voluntary Early Retirement/Separation Program

The Seattle Human Resources Director, in coordination with the Executive Director of the Seattle City Employees' Retirement System, Director of Finance, Director of Finance and Administrative Services, and City Budget Director, is authorized to offer a voluntary early retirement/separation program. Details of the program must be available to eligible City employees a minimum of 30 days before program enrollment ends. At a minimum, the program details shall include:

A. Which City employees are eligible for the program;

B. When and how City employees can opt in to the program;

C. What benefit is offered to participants;

D. How participants' health insurance and other City benefits will be impacted; and

E. How participants' rights to potential unemployment benefits might be impacted, consistent with RCW 50.20.055(3).

No department head, or person employed by the City on a temporary basis, shall be eligible for such a program.

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

DRAFT

This ordinance shall take effect as provided by Seattle Municipal Code Sections 1.04.020 and 1.04.070.

Passed by the City Council and signed in open session in authentication of its passage on _____.

_____

President _____ of the City Council

_____ on _____.

_____

Katie B. Wilson, Mayor

Attested on _____.

_____

Lenné Dedman, City Clerk

Seal

DRAFT

Summary and Fiscal Note

1. Legislation Summary

Department: City Budget Office

Title: An ordinance relating to City employment; establishing a voluntary early separation program for eligible City employees; adding a new Section 4.36.400 to the Seattle Municipal Code; and ratifying and confirming certain prior acts.

Background: Many public and private entities have offered early retirement/separation programs to their employees to allow flexibility for eligible employees and reducing long-term costs to the employer.

This legislation authorizes the Seattle Human Resources Director, in collaboration with the Executive Director of the Seattle City Employees' Retirement System, Director of Finance, Director of Finance and Administrative Services, and City Budget Director, to design and offer an early retirement/separation program to City employees that are not temporary employees or City department heads.

The legislation requires that details of any program be made available to potential eligible employees at least 30 days before the end of enrollment and contains the following information:

- Which City employees are eligible for the program;

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- When and how City employees can opt in to the program;
- What benefit is offered to participants;
- How participants' health insurance and other City benefits will be impacted; and
- How participants' rights to potential unemployment benefits might be impacted pursuant to RCW 50.20.055(3).

Summary Attachments:

---

2. Capital Improvement Program (CIP)

Does this legislation create, fund, or amend a CIP Project?

☐ Yes

☒ No

---

3. Summary of Financial Implications

Does this legislation have financial impacts to the City?

☐ Yes

☒ No

This legislation does not have direct financial impacts to the City as it authorizes, but does not require, the City to offer some employees an early separation/retirement benefit.

If the City moves forward with offering an early separation/retirement program, there will be costs associated with offering and administering the program, as well as potential

DRAFT

reductions in long-term costs to the City if positions vacated by early separated employees remain vacant.

3d. Other Financial Impacts

a. Does this legislation create any other financial impacts for The City of Seattle, such as direct or indirect costs, one-time or ongoing, that aren't mentioned above? If yes, please explain these impacts.

As mentioned above, if the City moves forward with offering an early separation/retirement program, there will be one-time costs associated with offering and administering the program, as well as potential reductions in long-term costs to the City if positions vacated by early separated employees remain vacant.

b. If the legislation has costs that can be covered within the current budget, explain how. Does the department have extra resources in its budget to handle these costs? Or does the department need to shift resources away from other work to handle these costs?

N/A

c. What financial costs or other impacts might happen if this legislation is not implemented?

N/A

d. How might this legislation affect other City departments besides the one that proposed it?

In addition to the work required of the Seattle City Employees' Retirement System, Office of City Finance, Seattle Department of Human Resources, Department of Finance and Administrative Services and City Budget Office, a voluntary separation program could be offered to City employees of other or all City departments.

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4. Other Impacts

a. Does this legislation require a public hearing?

☐ Yes

☒ No

b. Does this legislation require a notice to be published in The Daily Journal of Commerce and/or The Seattle Times?

☐ Yes

☒ No

c. Does this legislation affect a piece of property?

No.

d. Race and Social Justice Initiative impacts:

1. How does this legislation affect vulnerable or historically disadvantaged communities? How did you come to this conclusion? Please consider both impacts within City government (like employees and internal programs) and in the broader community.

Retirement-eligible City employees trend to be more white and more male than the average City employee. A voluntary separation program would likely make most sense to retirement-eligible employees and may result in a more diverse workforce. Additionally, to the extent that a voluntary separation program can avoid future layoffs, it may preserve employment for newer City employees, who tend to be more diverse.

2. Please attach any Racial Equity Toolkits or other racial equity analyses used to develop or assess this legislation.

N/A

3. What is the Language Access Plan for communicating with the public about this legislation?

The City will use established communication pathways to contact eligible employees if a voluntary separation program is instituted.

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e. Climate change impacts:

1. Emissions: Will this legislation significantly increase or decrease carbon emissions? Attach any studies or materials that inform your answer.

No.

2. Resiliency: Will this legislation make Seattle more or less able to adapt to climate change? If it reduces resiliency, explain what can be done to lessen the impact.

No.

f. If this legislation creates a new program or expands an existing one, what are the long-term, measurable goals? How will this legislation help achieve those goals? What methods will be used to track progress?

N/A

g. Does this legislation create a non-utility CIP that involves shared funding with a non-City partner or organization?

No.

DRAFT

Legislation Text

File #: Inf 2977, **Version:** 1

Office of Planning and Community Development (OPCD)

OFFICE OF PLANNING AND COMMUNITY DEVELOPMENT (OPCD)

2027–2028 PROPOSED BUDGET

OVERVIEW & POLICY CONSIDERATIONS PAPER

CENTRAL STAFF ANALYST: HB HARPER

Table 1. Department Budget Summary

Budget Summary Level	2026 Adopted	2027 Proposed	% Change	2028 Proposed	% Change
Operating Budget					
Design Commission	$1.0M	$1.0M	(0.8%)	$1.0M	1.5%
Equitable Development Initiative	$30.5M	$26.8M	(11.9%)	$26.8M	0.0%
Planning & Community Development	$11.7M	$10.6M	(9.2%)	$10.8M	1.3%
Total	**$43.2M**	**$38.4M**	**(10.9%)**	**$38.6M**	**0.4%**
FTE	**51**	**49.5**	**(3%)**	**49.5**	**0%**

I. OVERVIEW AND SUMMARY

The Office of Planning and Community Development (OPCD) supports citywide and community planning efforts and manages the Equitable Development Initiative (EDI) grant program. Two commissions, the Seattle Design Commission and the Seattle Planning Commission, are staffed by OPCD. OPCD's 2027-2028 Proposed Budget is $38.4 million, which is a decrease of 11% compared to the 2026 Adopted Budget. The $4.7 million in reductions is primarily attributable to the removal of one-time items from the last biennium. Most changes in the 2027-2028 Proposed Budget are technical adjustments. The Department's work program is stable, with a continued focus on Comprehensive Plan implementation, regional center planning, and station area planning, as well as continued implementation and refinement of the EDI program. Staff have identified one issue for the Council's consideration that is discussed in more detail below.

A. Operating Budget

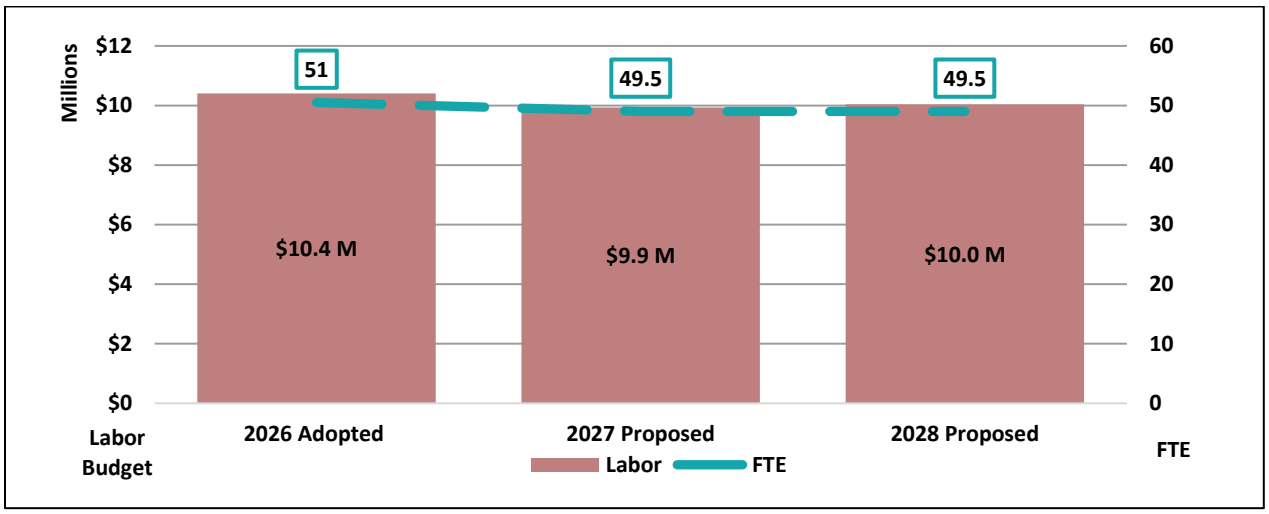
The 2027-2028 Proposed Budget includes several minor changes to the Department's work. One notable shift is a $338,000 GF reduction to shift overhead and administrative costs to JumpStart Payroll Expense Tax funds (JumpStart), see section II.1.

The Proposed Budget includes removing vacant positions, described in section I.B, below, and also extends the sunset date for a Regional Centers Planner position based on the anticipated timeline for Council adoption of Centers plans.

One-time items removed from this budget include $3,100,000 GF for EDI grantees (added by Council in the 2026 Adopted Budget), $500,000 GF for North Aurora planning work, and $200,000 JumpStart fund for planning activities related to housing reparations.

B. FTE & Labor Changes

Figure 1. FTE & Labor Budget Summary



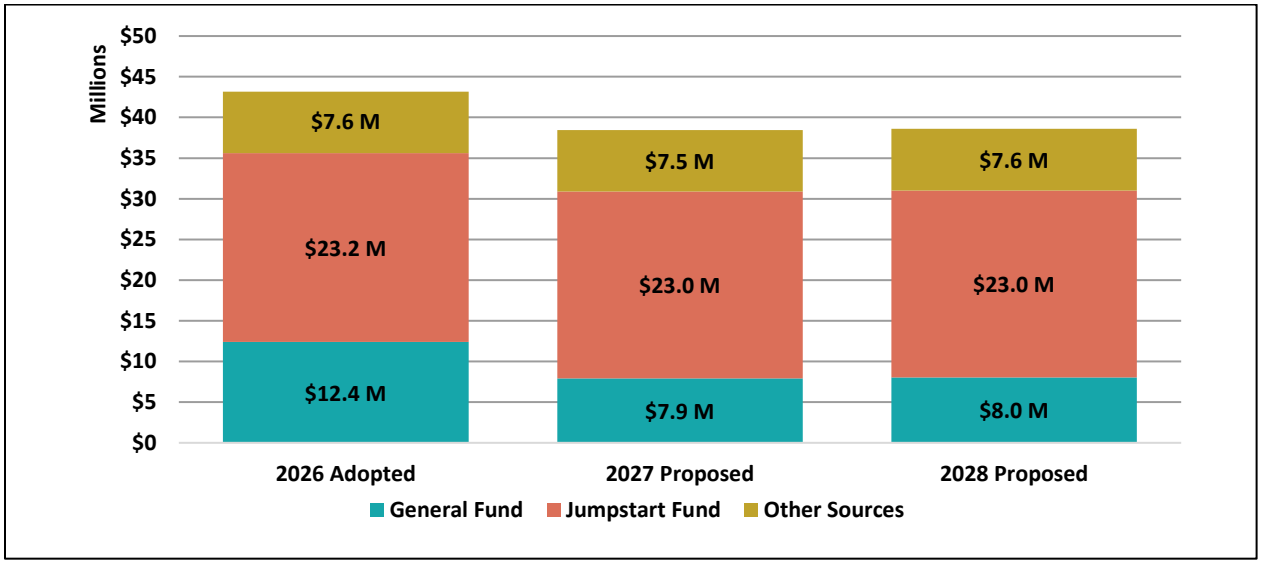
OPCD's 2027-2028 Proposed Budget includes the reduction of 1.5 FTE:

1. $188,000 GF and 1.0 FTE reduction to remove sunsetting vacant Senior Community Development Specialist position focused on supporting the Downtown Activation Plan, and
2. $76,000 GF and 0.5 FTE reduction to remove vacant Administrative Specialist 2 position that previously provided reception and office support.

Generally, the department's FTE count and personnel budget remain stable.

C. Fund Appropriations Summary

Figure 2. Fund Appropriations Summary



OPCD's budget is proposed to decrease between the 2026 Adopted and 2027-2028 Proposed budgets by $4.7M, the vast majority of which ($4.5M) is in the General Fund. General Fund decreases in OPCD are attributable to the removal of one-time items as well as reductions in FTE and shifting department overhead to JumpStart (see below). Short Term Rental Tax proceeds to EDI remain relatively stable, while JumpStart funds for the department overall are reduced by about $200,000 one time.

Other funds OPCD receives include Real Estate Excise Tax (REET) funding, which supports the Seattle Design Commission's review of public projects, and which remains relatively stable.

II. ISSUES FOR COUNCIL CONSIDERATION DURING BUDGET DELIBERATIONS

1. EDI Funding Impact

The 2027-2028 Proposed Budget includes a reduction of $338,000 GF to shift a portion of department overhead costs to Jumpstart funding. While the shift reduces reliance on the GF, which has insufficient revenue forecast, it also reduces EDI funds available to grant recipients by one percent for future EDI grant cycles. It is unclear the extent to which the shift accurately reflects overhead costs attributable to the EDI program.

Options:

No options identified. Issue provided for context only.

2. BUDGET LEGISLATION

1. Increase to hourly fee for Major Institutions – part of SDCI's budget legislation

OPCD is proposing an update of the fee charged to major institutions (i.e., hospitals and universities) for OPCD staff support of the Major Institution Citizen Advisory Committees from $139/hour to $181/hour. Oversight of this program was transferred from DON to OPCD in early 2026, including 1.0 FTE. That position is not able to directly bill for many of the hours spent on supporting the Major Institutions program, and the fee is significantly lower than other permit review fees despite the position having a similar salary as permit reviewers. The fee increase is proposed as part of SDCI's fee legislation.

SEATTLE CITY COUNCIL
CENTRAL STAFF

Office of Planning and Community Development

2027–2028 Proposed Budget
Policy Considerations

Select Budget Committee | October 13, 2026

HB Harper, Analyst

Budget Summary

	2026 Adopted	2027 Proposed	% Change	2028 Proposed	% Change
Operating Appropriations by BSL					
Design Commission	$1.0M	$0.99M	(0.8%)	$1.0M	1.5%
Equitable Development Initiative	$30.5M	$26.8M	(11.9%)	$26.8M	0.0%
Planning & Community Development	$11.7M	$10.6M	(9.2%)	$10.7M	1.3%
Operating Subtotal	**$43.2M**	**$38.4M**	**(10.9%)**	**$38.6M**	**0.4%**

Budget Summary

	2026 Adopted	2027 Proposed	% Change	2028 Proposed	% Change
Appropriation Totals (Operating + Capital)					
Total Appropriations	**$43.2M**	**$38.4M**	**(11%)**	**$38.6M**	**0.4%**
Total FTE	**51**	**49.5**	**(3%)**	**49.5**	**-**
Revenues					
General Fund	$12.5M	$7.9M	(36%)	$8M	1.5%
Short-Term Rental Tax Fund	$6.8M	$6.7M	(0.2%)	$6.8M	0.2%
JumpStart Payroll Expense Tax Fund	$23M	$23M	(0.9%)	$23M	-
Reet I Capital Fund	$0.8M	$0.8M	(1%)	$0.8M	2%
Total Revenues	**$43.2M**	**$38.4M**	**(11%)**	**$38.6M**	**0.4%**

Policy Consideration

1. **EDI Funding Impact**

   The 2027-2028 Proposed Budget includes a reduction of $338,000 GF to shift a portion of department overhead costs to Jumpstart funding.

   While the shift reduces reliance on the GF, which has insufficient revenue forecast, it also reduces EDI funds available to grant recipients by one percent for future EDI grant cycles.

   It is unclear the extent to which the shift accurately reflects overhead costs attributable to the EDI program.

Questions?

Legislation Text

File #: Inf 2978, **Version:** 1

Seattle Department of Construction and Inspections (SDCI)

SEATTLE DEPARTMENT OF CONSTRUCTION AND INSPECTIONS (SDCI)

2027–2028 PROPOSED BUDGET

OVERVIEW & POLICY CONSIDERATIONS PAPER

CENTRAL STAFF ANALYST: KETIL FREEMAN

Table 1. Department Budget Summary

Budget Summary Level	2026 Adopted	2027 Proposed	% Change	2028 Proposed	% Change
Operating Budget					
Compliance	$16.7M	$18.0M	8.2%	$17.9M	(0.6%)
Customer Success	$12.6M	$11.5M	(9.1%)	$11.5M	0.0%
Govt. Policy, Safety & Support	$3.0M	$3.0M	1.5%	$3.0M	0.0%
Inspections	$34.7M	$34.0M	(2.2%)	$34.0M	0.0%
Land Use & Engineering Services	$45.6M	$41.5M	(8.9%)	$41.2M	(0.7%)
Leadership and Administration	$0.0M	$0.0M	0%	$1.1M	n/a
Process Improvements	$3.7M	$2.8M	(23.5%)	$2.8M	0.0%
Technology Investments	$10.6M	$9.5M	(10.9%)	$8.8M	(6.9%)
Total	**$126.9M**	**$120.3M**	**(5.2%)**	**$120.4M**	**0.0%**
FTE	**452**	**422**	**(7%)**	**422**	**0%**

I. OVERVIEW AND SUMMARY

The Seattle Department of Construction and Inspections (SDCI) is the primary City department with regulatory authority over the use and physical development of private property. SDCI:

- Administers City ordinances that regulate rental housing, building construction, and the use of land;
- Enforces compliance with those regulations; and
- Issues land use and construction permits, including Master Use Permits, shoreline development permits, mechanical and electrical system permits, site development permits, and permits related to energy standards.

SDCI's 2027-2028 Proposed Budget would decrease by approximately seven percent, relative to the 2026 Adopted Budget, and then increase by less than one percent in 2028, relative to the 2027 Proposed Budget.

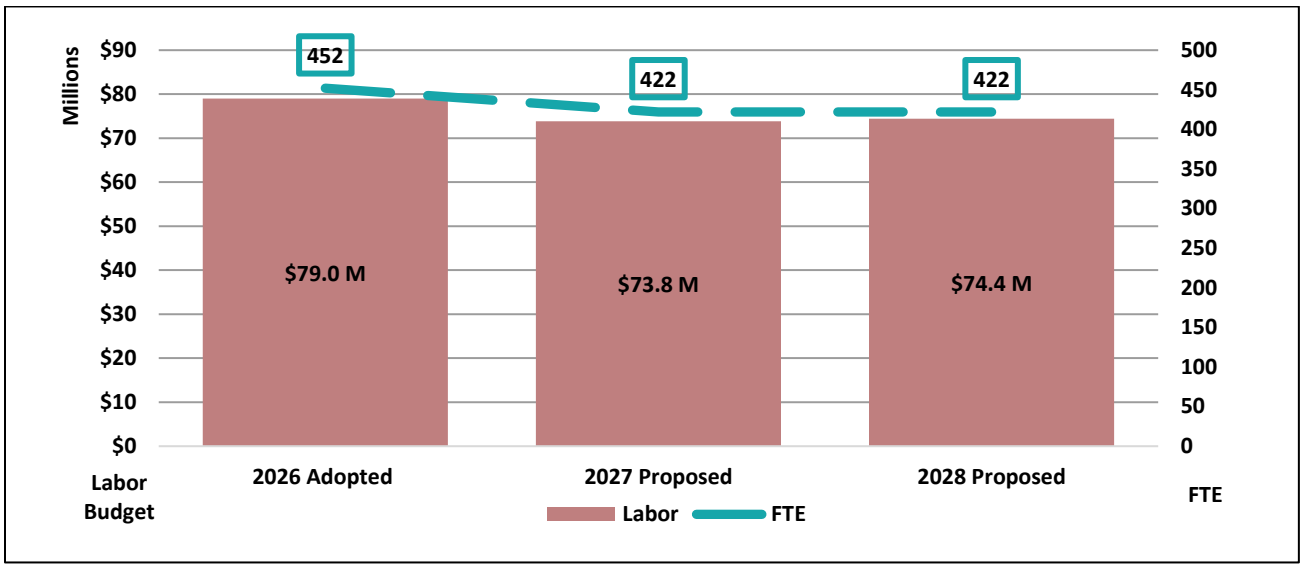
A. Operating Budget

The 2027-2028 Proposed Budget for SDCI includes technical adjustments such as baseline reductions to reflect lower than anticipated labor costs, which are tied to inflation by approved labor contracts; extensions, reclassifications, defundings, and revenue shifts for positions and tenant services contracts; and adjustments to reflect the lower 2027 revenue forecast. Non-technical changes in the 2027 Proposed Budget include:

1. Adding appropriations of $915,203 in 2027 and $795,697 in 2028 in fee-based revenue and three FTE to support implementation and enforcement of rental regulations including new regulations approved by Ordinance 127497 related to disclosure of fees in rental agreements.
2. Adding appropriations of $293,625 in 2027 and $293,625 in 2028 in JumpStart Fund (JumpStart) and one FTE for a housing ombud to assist applicants developing low-income housing.

B. FTE & Labor Changes

Figure 1. FTE & Labor Budget Summary

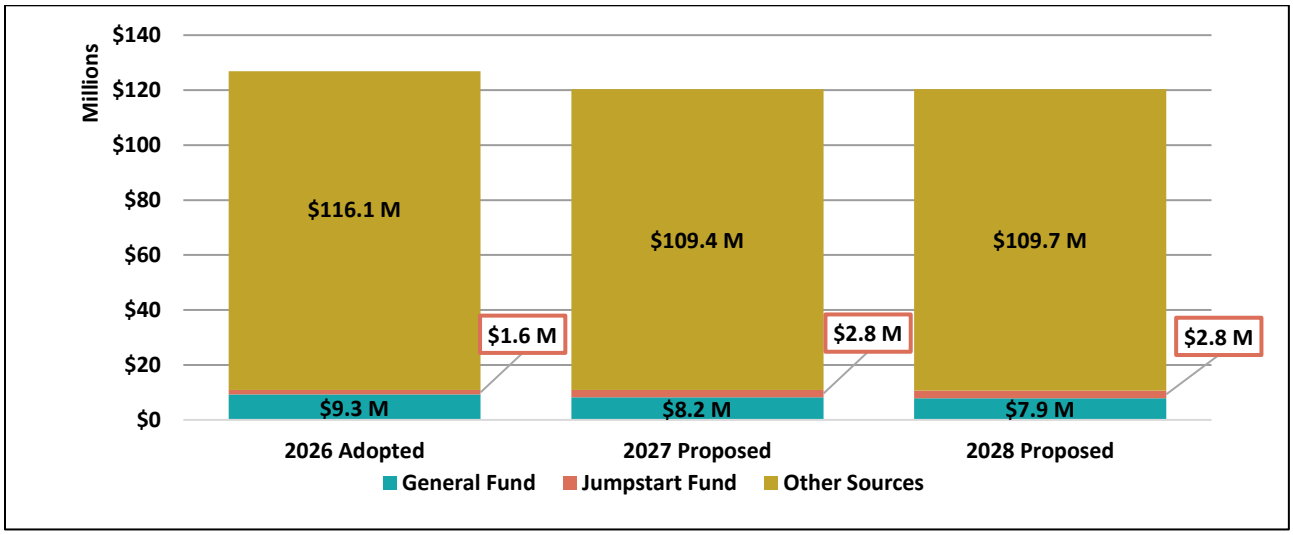


SDCI's labor budget would decrease from the 2026 Adopted Budget to the 2027-2028 Proposed Budget by approximately seven percent in 2027, relative to the 2026 Adopted Budget, then increase by less than one percent in 2028, relative to the 2027 Proposed Budget.

The overall FTE count would be reduced by 30. This includes abrogation of 34 positions, seven of which are filled; the addition of three positions for implementation and enforcement of tenant protection regulations, and the addition of a housing ombud position. Abrogated positions are primarily funded, in whole or in part, by building permit and land use review fees.

C. Fund Appropriations Summary

Figure 2. Fund Appropriations Summary



SDCI is an operating fund department. Most department activities are funded through fees for regulatory services, which are deposited into the Construction and Inspections Fund. A small portion of SDCI's activities, less than 10 percent, are supported by the GF and other funds, such as the JumpStart Fund.

GF support primarily funds activities that cannot be supported by fee revenue, such as initial investigations related to complaints of code violations and development of some new regulations. In the last several years GF support has also funded tenant services grants and contracts, which similarly cannot be funded through fee revenue. The 2027-2028 Proposed Budget would shift GF support for tenant services grants and contracts entirely to JumpStart.

II. ISSUES FOR COUNCIL CONSIDERATION DURING BUDGET DELIBERATIONS

1. Health of the Construction and Inspections Fund and SDCI Core Staffing

SDCI's 2027 - 2028 Proposed Budget relies on fee increases and layoffs. The proposed permit fee increases are estimated to generate approximately $6.3 million in additional revenue to the Construction and Inspections Fund in each year of the biennium. In addition, the new Rental Regulation Enforcement Fee is estimated to generate approximately $1.3 million in 2027 and $0.8 million in 2028. The layoffs would result in approximately $6 million in salary savings in each year of the biennium. Fee increases and salary savings are intended to maintain core staffing levels to provide timely permit review and maintenance of regulatory services.

SDCI's budget for permitting services relies almost exclusively on revenue from fees charged for those services. To address construction volatility, SDCI relies on two structural budgetary mechanisms: (1) Contingent Budget Authority, which allows the department to increase staffing without first getting Council authorization, up to an approved limit, when permit application volumes increase; and (2) a core staffing reserve to maintain trained staff and institutional knowledge when permit application volumes and values decrease. Last year through SLI SDCI-004S-A the Council requested and received quarterly reporting on the health of the Construction and Inspections Fund.

The financial plan for the Construction and Inspections Fund indicates that SDCI has a core staffing reserve of $12 million in 2026. That reserve, even with the proposed fee increases and layoffs, would be drawn down to $8 million in 2027 and $1 million in 2028. Absent significant changes in permitting volumes and values, after 2028 the core staffing reserve would be depleted.

Options:

A. Continue requiring that SDCI provide quarterly reporting on the health of the Construction and Inspections Fund.

B. Request that SDCI develop legislation establishing fund policies for the Construction and Inspections Fund that address core staffing levels by function, levels for reserves, and thresholds for seeking fund supplementation through fee increases or General Fund support.

C. Both A and B.

D. No change.

2. Code Development Resources and Non-compliance with State Mandates

The Office of Planning and Community Development (OPCD) and SDCI share responsibility for developing changes to land use regulations to respond to state and federal mandates. Generally, SDCI develops regulations related to regulatory programs administered by the department, such as Design Review; technical code changes that facilitate administration, such as changes contained in the biannual land use code omnibus bill; and changes to environmental regulations, such as the Shoreline Code and Environmentally Critical Areas Ordinance. OPCD, generally, develops regulations related to area-wide planning efforts and broad Growth Management Act-based mandates, such as implementation of the middle housing requirements.

In recent years, both departments have failed to meet statutorily imposed deadlines for state and federal mandates. Some delays have been caused by factors outside of either department's control, such as SEPA appeals to the City Hearing Examiner. Others appear to reflect prioritization decisions by the Executive that ignore state-mandated deadlines. Last year the Council requested, through SLI SDCI-003S-A, reporting on a plan by OPCD and SDCI to address outstanding mandates. That SLI response has not been provided.

Failure to meet deadlines for mandatory changes to regulations can create confusion for applicants and the public, who may detrimentally rely on the current requirements in the City's Land Use Code without knowing that some may have been statutorily preempted. Additionally, the State Legislature has increasingly included provisions in its legislation that include penalties for jurisdictions that do not meet the legislated timeline. Not meeting these deadlines may carry legal or financial risks to the City. For example, the City has not met deadlines to update the Critical Areas Ordinance (SMC Chapter 25.09) and Shoreline Master Program (SMC Chapter 23.60A). Compliance with those updates can be a scoring factor in competing for state and federal grants and loans, such as from the Department of Commerce's Public Works Board and the Department of Ecology's Clean Water State Revolving Fund. SDCI has initiated work on the Critical Areas Ordinance update. This includes updates to the best available science, upon which the update must be based, and outreach. Those contracts were executed in early August 2026.

Options:

A. Renew the SLI requesting reporting by SDCI and OPCD on a plan to address outstanding state mandates.

B. Move appropriation and position authority for developing state-mandated regulations, the timely completion of which are factors in competing for state grants and loans, from SDCI to other departments, such as SPU, that are regular applicants for those grants and loans.

C. Both A and B.

D. No change.

III. BUDGET LEGISLATION

1. SDCI Fee Ordinance

SDCI's 2027 - 2028 Proposed Budget relies on fee increases. This includes a 3.7 percent inflationary adjustment for all fees and targeted increases to improve cost recovery for cost centers with shortfalls, including the land use and building cost centers. Fee associated with those cost centers would have a 10.7 percent fee increase.

The proposed permit fee increase is estimated to generate approximately $6.3 million in revenue to the Construction and Inspections Fund in each year of the biennium. The proposed SDCI fee ordinance would also establish a new fee of $11/rental unit, which would be paid every other year, to fund implementation and enforcement of regulations approved by Ordinance 127497 related to disclosure of fees in rental agreements. The new rental regulations fee is estimated to generate approximately $1.3 million in 2027 and $0.8 million in 2028.

Last year, the Council passed Ordinance 127360 as part of the 2026 Adopted Budget. Among other things, that ordinance increased land use and building permit fees by about 18 percent.

SEATTLE CITY COUNCIL
CENTRAL STAFF

Seattle Department of Construction and Inspections

2027–2028 Proposed Budget
Policy Considerations

Select Budget Committee | October 13, 2026

Ketil Freeman, Analyst

Budget Summary

	2026 Adopted	2027 Proposed	% Change	2028 Proposed	% Change
Operating Appropriations by BSL					
Compliance	$16.7M	$18.0M	8.2%	$17.9M	(0.6%)
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Inspections	$34.7M	$34.0M	(2.2%)	$34.0M	0.0%
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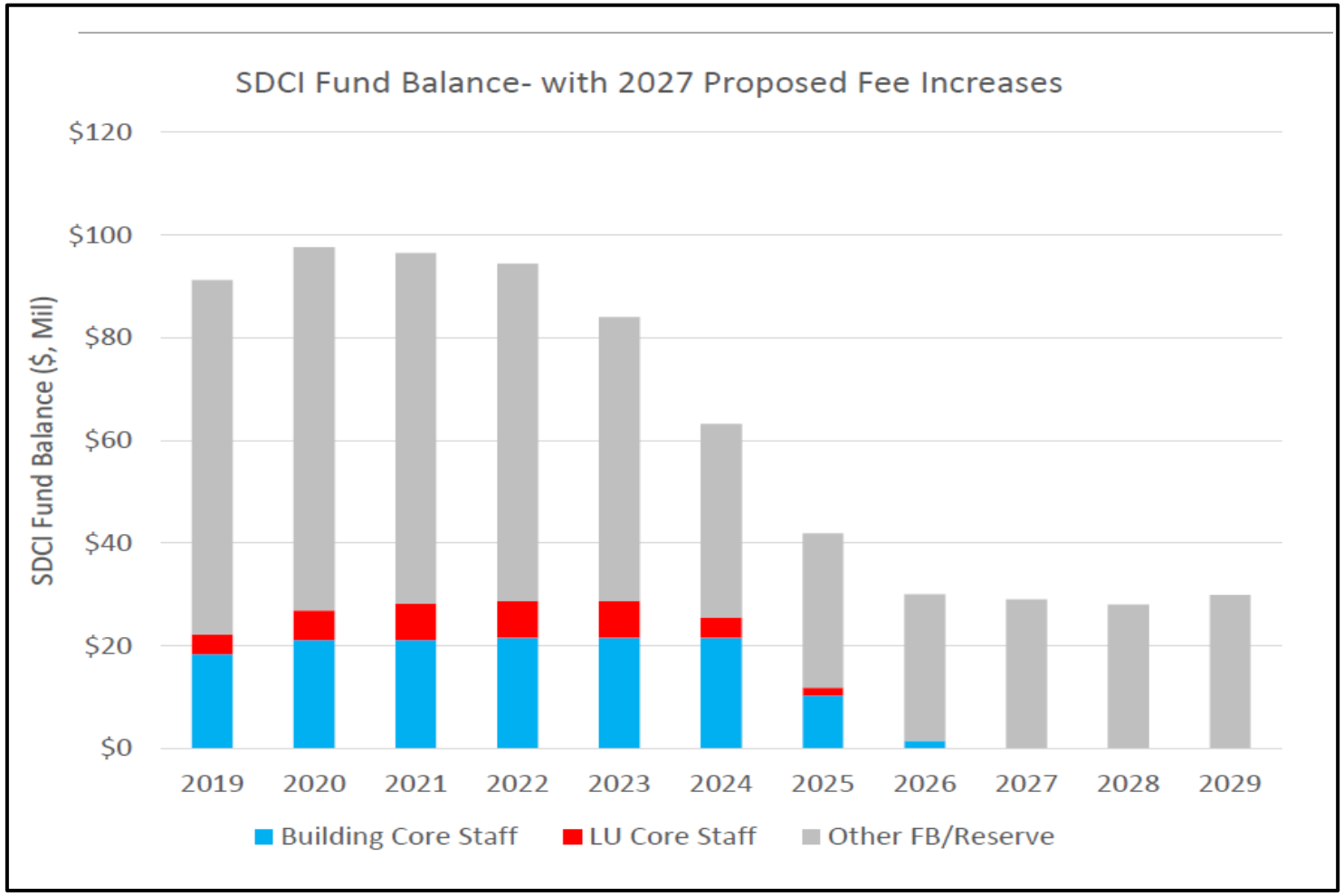
Leadership and Administration	$0.0M	$0.0M	0%	$1.1M	n/a
Process Improvements	$3.7M	$2.8M	(23.5%)	$2.8M	0.0%
Technology Investments	$10.6M	$9.5M	(10.9%)	$8.8M	(6.9%)
Operating Subtotal	**$126.9M**	**$120.3M**	**(5.2%)**	**$120.4M**	**0.0%**

Budget Summary

	2026 Adopted	2027 Proposed	% Change	2028 Proposed	% Change
Appropriation Totals (Operating + Capital)					
Total Appropriations	**$126.9M**	**$120.3M**	**(5.2%)**	**$120.4M**	**0.0%**
Total FTE	**452**	**422**	**(7%)**	**422**	**0%**
Revenues					
General Fund	$9.2M	$8.2M	(11.70%)	$7.9M	(3.4%)
JumpStart Fund	$1.6M	$2.8M	75.30%	$2.8M	(0.0%)
Other Source(s)	$116.0M	$109.0M	(5.80%)	$109.7M	0.3%
Total Revenues	**$126.9M**	**$120.3M**	**(5.2%)**	**$120.4M**	**0%**

Construction and Inspections Fund – Use of Fund Balance and Reserves



Policy Consideration

1. **Health of the Construction and Inspections Fund**

   SDCI's 2027 - 2028 Proposed Budget relies on fee increases and layoffs. The financial plan for the Construction and Inspections Fund indicates that SDCI has a core staffing reserve of $12 million in 2026. That reserve, even with the proposed fee increases and layoffs, would be drawn down to $8 million in 2027 and $1 million in 2028. Absent significant changes in permitting volumes and values, after 2028 the core staffing reserve would be depleted.

   Options:

   A. Continue requiring that SDCI provide quarterly reporting on the health of the Construction and Inspections Fund.

   B. Request that SDCI develop legislation establishing fund policies for the Construction and Inspections Fund that address core staffing levels by function, levels for reserves, and thresholds for seeking fund supplementation through fee increases or General Fund support.

   C. Both A and B.

   D. No change.

Policy Consideration

2. Code Development Resources and Non-compliance with State Mandates

The Office of Planning and Community Development (OPCD) and SDCI share responsibility for developing changes to land use regulations to respond to state and federal mandates. In recent years, both departments have failed to meet statutorily imposed deadlines for state and federal mandates. Last year the Council requested through SLI SDCI-003S-A reporting on a plan by OPCD and SDCI to address outstanding mandates. That SLI response has not been provided. Compliance with those updates can be a scoring factor in competing for state and federal grants and loans.

Options:

A. Renew the SLI requesting reporting by SDCI and OPCD on a plan to address outstanding state mandates.

B. Move appropriation and position authority for developing state-mandated regulations, the timely completion of which are factors in competing for state grants and loans, from SDCI to other departments, such as SPU, that are regular applicants for those grants and loans.

C. Both A and B.

D. No change.

Questions?