



CITY OF SEATTLE

City Council

Agenda

Special Meeting - The Council may participate remotely

Thursday, March 19, 2020

2:00 PM

**Council Chamber, City Hall
600 Fourth Avenue
Seattle, WA 98104**

**M. Lorena González, President
Lisa Herbold, Member
Debora Juarez, Member
Andrew J. Lewis, Member
Tammy J. Morales, Member
Teresa Mosqueda, Member
Alex Pedersen, Member
Kshama Sawant, Member
Dan Strauss, Member**

Chair Info: 206-684-8809; Lorena.González@seattle.gov

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CITY OF SEATTLE

City Council

Agenda

Special Meeting - The Council may participate remotely

March 19, 2020 - 2:00 PM

Meeting Location:

Council Chamber, City Hall, 600 Fourth Avenue, Seattle, WA 98104

Committee Website:

<http://www.seattle.gov/council>

A. CALL TO ORDER

B. ROLL CALL

C. ADOPTION OF INTRODUCTION AND REFERRAL CALENDAR

Introduction and referral to Council committees of Council Bills (CB), Resolutions (Res), Appointments (Appt), and Clerk Files (CF) for committee recommendation.

[IRC 246](#)

March 19, 2020

Attachments: [Introduction and Referral Calendar](#)

D. APPROVAL OF THE AGENDA

E. COMMITTEE REPORTS

Discussion and vote on Council Bills (CB), Resolutions (Res), Appointments (Appt), and Clerk Files (CF).

CITY COUNCIL:

1. [CB 119757](#) AN ORDINANCE amending Ordinance 126000, which adopted the 2020 Budget; changing appropriations to the Human Services Department, the Executive Department's Office of Economic Development, and budget control levels, and from various funds in the Budget, for the purpose of providing financial assistance to small businesses; and ratifying and confirming certain prior acts.

**Supporting
Documents:**

[Summary and Fiscal Note](#)
[Central Staff Memo](#)
[Proposed Amendment 1](#)

2. [CB 119758](#) AN ORDINANCE relating to the City Light and Seattle Public Utilities Departments; temporarily removing the charge of interest on delinquent utility consumption and utilization accounts; superseding several sections under Title 21 that authorize and require the collection of interest on delinquent utility consumption and utilization accounts; declaring an emergency; and establishing an immediate effective date; all by a 3/4 vote of the City Council.

**Supporting
Documents:**

[Summary and Fiscal Note](#)
[Central Staff Memo](#)
[Proposed Substitute](#)
[Proposed Amendment 1](#)

F. ADJOURNMENT



Legislation Text

File #: IRC 246, **Version:** 1

March 19, 2020



Introduction and Referral Calendar

List of proposed Council Bills (CB), Resolutions (Res), Appointments (Appt) and Clerk Files (CF) to be introduced and referred to a City Council committee

Record No.	Title	Committee Referral
------------	-------	--------------------

By: Morales

- | | | |
|------------------------------|---|--------------|
| 1. CB 119760 | AN ORDINANCE amending Ordinance 126000, which adopted the 2020 Budget; changing appropriations to the Executive Department's Office of Housing, the Executive Department's Office of Economic Development, and budget control levels, and from various funds in the Budget, for the purpose of providing financial assistance to small businesses; and ratifying and confirming certain prior acts. | City Council |
|------------------------------|---|--------------|



Legislation Text

File #: CB 119757, **Version:** 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE amending Ordinance 126000, which adopted the 2020 Budget; changing appropriations to the Human Services Department, the Executive Department's Office of Economic Development, and budget control levels, and from various funds in the Budget, for the purpose of providing financial assistance to small businesses; and ratifying and confirming certain prior acts.

WHEREAS, on March 3, 2020, Mayor Durkan proclaimed the existence of a civil emergency in the City of Seattle due to confirmed cases and deaths from COVID-19 in the Seattle area; and

WHEREAS, Public Health - Seattle & King County issued guidance recommending that people at higher risk of severe illness should stay home and away from large groups of people as much as possible, including public places; and

WHEREAS, this guidance is appropriate for public health reasons, but it has economic impacts on small businesses and workers in Seattle; and

WHEREAS, local companies have recently reported laying off employees, experiencing 50 percent revenue losses, dealing with lost business due to fear and stigma, and seeing major declines in foot traffic as tens of thousands of employees are being asked to work from home; and

WHEREAS, these impacts are being felt across all industry sectors, including retail, restaurant, hospitality, transportation, logistics, arts and culture, and many more; and

WHEREAS, the economic impact may have long-term, dynamic, and unpredictable local and regional consequences, necessitating the City to act and plan accordingly; and

WHEREAS, a number of City departments have convened meetings with partners to strategize immediate

interventions for affected local small businesses and displaced workers; and

WHEREAS, the Mayor and City Council wish to redirect City resources to aid small businesses; NOW,

THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The appropriations for the following items in the 2020 Budget are modified as follows:

Item	Fund	Department	Budget Summary Level	Amount
1.1	Human Services Fund (16200)	Human Services Department	Supporting Affordability & Livability (BO-HS-H1000)	(\$1,416,298)
	General Fund (00100)	Executive (Office of Economic Development)	Business Services (BO-ED-X1D00)	\$1,416,298
Total				\$0

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

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

Passed by the City Council the _____ day of _____, 2020, and signed by me in open session in authentication of its passage this _____ day of _____, 2020.

President _____ of the City Council

Approved by me this _____ day of _____, 2020.

Jenny A. Durkan, Mayor

Filed by me this _____ day of _____, 2020.

Monica Martinez Simmons, City Clerk

(Seal)

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
City Budget Office	Ben Noble/4-8160	Adam Schaefer/4-8358

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

1. BILL SUMMARY

Legislation Title: AN ORDINANCE amending Ordinance 126000, which adopted the 2020 Budget; changing appropriations to the Human Services Department, the Executive Department's Office of Economic Development, and budget control levels, and from various funds in the Budget, for the purpose of providing financial assistance to small businesses; and ratifying and confirming certain prior acts.

Summary and background of the Legislation: This legislation amends the 2020 Adopted Budget by transferring appropriations from the Human Services Department (HSD) to the Executive Department's Office of Economic Development. These funds will be used to support vulnerable small businesses in Seattle that are facing financial uncertainty due to the public's economic response to COVID-19. This funding is available through 2019 underspend of Community Block Development Grant funds in HSD and a deferral of a project. Service levels will not be impacted.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ☐ Yes ☒ No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ☒ Yes ☐ No

Appropriation change (\$):	General Fund \$		Other \$	
	2020	2021	2020	2021
	\$1,416,298		(\$1,416,298)	
Estimated revenue change (\$):	Revenue to General Fund		Revenue to Other Funds	
	2020	2021	2020	2021
Positions affected:	No. of Positions		Total FTE Change	
	2020	2021	2020	2021

Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

No.

Is there financial cost or other impacts of *not* implementing the legislation?

This legislation is designed to support small businesses during a time of economic uncertainty. Without this legislation these businesses would not receive expanded support.

3.a. Appropriations

☒ This legislation adds, changes, or deletes appropriations.

Fund Name and number	Dept	Budget Control Level Name/##	2020 Appropriation Change	2021 Estimated Appropriation Change
Human Services Fund (16200)	HSD	Supporting Affordability & Livability (BO-HS-H1000)	(\$1,416,298)	\$0
General Fund (00100)	Executive (OED)	Business Services (BO-ED-X1D00)	\$1,416,298	\$0
TOTAL			\$0	\$0

**See budget book to obtain the appropriate Budget Control Level for your department.*

Is this change one-time or ongoing?

One time.

3.b. Revenues/Reimbursements

☐ This legislation adds, changes, or deletes revenues or reimbursements.

3.c. Positions

☐ This legislation adds, changes, or deletes positions.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

This legislation impacts the budgets of the Human Services Department and Executive Department's Office of Economic Development.

b. Is a public hearing required for this legislation?

No.

- c. **Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?**

No.

- d. **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No.

- e. **Does this legislation affect a piece of property?**

No.

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

This legislation will prioritize funding for low-income owned small businesses located in high displacement risk neighborhoods who already face cost pressures and lack access to capital. These business owners are often people of color. As well OED staff will prioritize outreach and engagement to POC owned businesses so that, those most vulnerable and historically disadvantaged will be prioritized to receive support at this difficult time.

Documents, FAQs, program applications materials and other information related to services supportive of businesses dealing with the impacts of COVID-19 will be translated into the most common languages spoken in Seattle. OED staff will continue to use the Language Line real-time phone/online translation resource as needed.

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

This legislation increases funding to an existing financing program, benefitting low-income owned microenterprises to help support short-term business stabilization. The recent COVID-19 pandemic has exacerbated the challenges faced by these small businesses and necessitates an expansion of the program to serve an urgent need. OED currently anticipates that awards of *up to* \$10,000 will be granted per eligible business, creating at a minimum 150 businesses served.

List attachments/exhibits below:

March 17, 2020

MEMORANDUM

To: City Council
From: Amy Gore and Yolanda Ho, Analysts
Subject: Council Bill 119757 – Small Business Stabilization Fund Expansion

Overview

On or before Monday, March 23, 2020, the City Council (Council) will consider and may vote on [Council Bill \(CB\) 119757](#), which would increase the Office of Economic Development's (OED) existing Small Business Stabilization Fund by about \$1.4 million to provide grants to Seattle's small businesses suffering economic hardship because of COVID-19.

This memorandum describes: (1) the background of the Small Business Stabilization Fund; (2) CB 119757; (3) potential amendments; (4) next steps the Council will need to take if it adopts this legislation; and (5) forthcoming legislation that will dedicate more resources to the fund.

Small Business Stabilization Fund

The Council's 2020 Adopted Budget includes two new funds in OED to support small businesses – a [Small Business Stabilization Fund](#) and [Tenant Improvement Fund](#). The Small Business Stabilization Fund serves as a resource for small businesses facing “short-term emergencies, such as theft, vandalism, or emergency repairs, with a focus on those in high-risk displacement neighborhoods.” The Tenant Improvement Fund encourages “the development of affordable commercial tenant improvements for businesses in high displacement risk areas.”¹ The 2020 Adopted Budget includes \$300,000 of Community Development Block Grant (CDBG) funds for both initiatives.

The Small Business Stabilization Fund awards grants up to \$10,000 to cover operating expenses for qualifying businesses. In response to the sudden loss of revenues for Seattle's small businesses due to the COVID-19 pandemic, the Mayor has proposed an emergency expansion of this fund. To be eligible, business owners must meet the following criteria:

- Have income at or below 80 percent of Area Median Income;
- Employ five or fewer people;
- Be physically located within City limits (i.e. brick-and-mortar location);
- Experienced a loss of income due to impacts related to the COVID-19 emergency; and
- Be willing to share applicable financial information, per federal requirements.

¹ Seattle Office of Economic Development, 2020 Adopted Budget, <https://www.seattle.gov/Documents/Departments/FinanceDepartment/20adoptedbudget/OED.pdf>

OED will prioritize outreach to small businesses located in neighborhoods at high risk of displacement. Franchises, chains, or businesses restricted to patrons above the age of 18 are ineligible for this program.

CB 119757

CB 119757 would transfer \$1,416,298 of one-time CDBG funds to the Small Business Stabilization Fund from two sources:

1. \$416,298 of 2019 underspend of CDBG funds for program administration in the Human Services Department (HSD); and
2. \$1.0 million in the 2020 Adopted Budget appropriated for HSD's Community Facilities Program for a senior care facility in the ground floor of an affordable housing project on the north parking lot of the Pacific Medical Center in Beacon Hill. The current project timeline does not require this funding in 2020, and the City Budget Office (CBO) believes that there will be sufficient CDBG funds in 2021 or 2022 to recommit to the project.

The legislation also includes a provision allowing OED to distribute the funds following Council adoption, prior to the effective date.

Additionally, \$125,384 of unspent 2019 CDBG funds will be transferred administratively to OED by CBO. The amount that will be transferred includes:

- \$51,019 from the Office of Housing (OH) of 2019 CDBG underspend from staffing, administration and planning;
- \$24,365 from OH of 2019 CDBG underspend from the Home Repair Program and staffing; and
- \$50,000 from OED of 2019 CDBG underspend for small business support.

The total funding amount, \$1,541,682, is estimated to assist at least 150 businesses.

Amendments

Currently, there are two amendments for consideration:

- Amendment 1 (Councilmember Morales) would request that OED prioritize racial equity in evaluating applications and add a reporting requirement regarding applications received, awardees, and the process for selecting awardees.
- Amendment 2 (Councilmember Herbold) would request that OED expand eligibility of grants to businesses with 10 or fewer employees and certain businesses that do not have a brick-and-mortar location.

These amendments are currently in draft form and will be distributed in advance of the next City Council meeting when finalized.

Next Steps

If Council passes CB 119757, it will also need to adopt changes when the updated Annual Action Plan (AAP) is considered later this spring. The AAP is required by the U.S. Department of Housing and Urban Development (HUD) for the City to receive funds from four federal grant programs: CDBG, HOPWA (Housing Opportunities for Persons with AIDS), ESG (Emergency Solutions Grant), and Home Investment Partnerships. The AAP should be consistent with both the *5-Year Consolidated Plan for Housing and Community Development* and the City's adopted budget.

In accordance with the HUD process, following its adoption of the 2020 budget, Council held a public hearing and discussed the [Draft 2020 AAP](#) on December 11, 2019 at the Finance and Neighborhoods Committee. A revised AAP reflecting the final federal appropriations amounts and the changes in planned program spending (associated with the emergency expansion of the Small Business Stabilization Fund) will be posted to the HSD website, initiating a 30-day public comment period. The AAP will be available for a public hearing and Council consideration after the 30-day period is completed, which will likely be in April.

Additional Legislation

Due to overwhelming demand from the business community, the Mayor has identified an additional \$980,556 of unspent 2019 CDBG funds from OH's Rental Housing Preservation and Development Revolving Loan Program that can be shifted to the Small Business Stabilization Fund. Added to the funds transferred by CB 119757 and administratively by CBO, this will bring the total amount to \$2,522,238 of one-time 2019 CDBG funds, which will provide assistance to at least 250 businesses.

OH will still retain \$2 million in program-generated revenue for this program in 2020. The transfer of these funds will be effectuated in forthcoming legislation.

cc: Kirstan Arestad, Executive Director
Aly Pennucci, Supervising Analyst

Amendment 1 to CB 119757: Racial Equity and Grant Reporting

Sponsor: Councilmember Morales

Meeting: City Council

Date: March 19, 2020

Description:

This would amend CB 119757 to request that the Office of Economic Development use a racial equity approach to awarding Small Businesses Stabilization Fund grants and report to Council on the results of the grant award process.

Notes:

Double underlines indicate new language to be added.

~~Double strikethroughs~~ indicate language proposed to be removed.

Amendments

1. Add a new Section 3 to Council Bill 119757, as follows, and renumber subsequent sections:

Section 3. The Council requests that the Office of Economic Development (OED) prioritize racial equity as OED develops a process to award grants from the Small Business Stabilization Fund. Additionally, the Council requests that OED provide a report regarding the distribution of grants from the Small Business Stabilization Fund to the Chair of the Community Economic Development Committee by July 31, 2020. The report should include, but not be limited to: the total number of applicants and, of those applicants, the number that were eligible; the number of eligible applicants and total grant award amounts by City Council district; the number of applications received from and total grant amounts awarded to business owners with limited English proficiency; a description of OED's outreach efforts to businesses owned by immigrants and refugees, including any translated materials; and a description of the process OED used to determine which businesses received grant awards.



Legislation Text

File #: CB 119758, **Version:** 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to the City Light and Seattle Public Utilities Departments; temporarily removing the charge of interest on delinquent utility consumption and utilization accounts; superseding several sections under Title 21 that authorize and require the collection of interest on delinquent utility consumption and utilization accounts; declaring an emergency; and establishing an immediate effective date; all by a 3/4 vote of the City Council.

WHEREAS, the World Health Organization has announced novel coronavirus (COVID-19) is officially a global pandemic; and

WHEREAS, on January 31, 2020, the United States Department of Health and Human Services Secretary Alex Azar declared a public health emergency for COVID-19, beginning on January 27, 2020; and

WHEREAS, the Washington Governor has declared a state of emergency in response to new cases of COVID-19, and on Wednesday March 11, 2020 announced a ban on gatherings and events of more than 250 people in King, Snohomish, and Pierce Counties in an effort to contain the coronavirus outbreak; and

WHEREAS, the COVID-19 outbreak presents an extreme risk of person-to-person transmission of the virus and public health experts worldwide advise the best way to prevent a calamitous explosion of cases is to prevent infected people from coming in close contact with healthy ones; and

WHEREAS, while this practice of social distancing is critical in mitigating the rate of spread of the COVID-19 virus, it is having significant negative economic effects on the national and regional economy, in particular small businesses and workers in large sectors of the Seattle-area economy who cannot work remotely; and

WHEREAS, Seattle Public Utilities and Seattle City Light have a long history of providing assistance to low-

income customers; and

WHEREAS, Seattle Public Utilities has several Seattle Municipal Code provisions requiring collection of interest on delinquent utility consumption and utilization charges; and

WHEREAS, Seattle Municipal Code (“SMC”) 21.49.130 authorizes the City Light Department to charge interest on delinquent utility consumption and utilization accounts, but requires compliance with SMC Chapter 3.02 procedures for any changes; and

WHEREAS, a consistent temporary policy towards relief from the collection of interest on delinquent utility consumption and utilization policy is intended for utility ratepayers; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The City Council finds and declares that:

A. Pursuant to chapter 38.52 RCW, Article V, Section 2 of the City Charter, and Seattle Municipal Code subsection 10.02.010.A, the Mayor proclaimed a Civil Emergency on March 3, 2020 due to the novel coronavirus (COVID-19).

B. Delinquency rates on consumer loans in the United States have been trending upward, which tends to correlate with increases in unemployment.

C. Utility bills combined with the public health emergency for novel COVID-19 will inherently have a disproportionate negative impact on low-wage workers, individuals on fixed incomes, non-profit organizations and small businesses, inhibiting their ability to pay utility bills before their due date.

D. Several sections of the Seattle Municipal Code allow the City Light Department and Seattle Public Utilities to charge interest on delinquent bill balances.

E. Temporarily waiving the charging of interest on delinquent bill balances as soon as possible is necessary both to help ease the negative impact on low-wage workers, individuals on fixed incomes, non-profit organizations and small businesses and to reduce the frequency of in-person bill payment during the emergency.

Section 2. No new interest charges shall be added to utility consumption and utilization accounts for

residential customers or commercial customers with taxable gross receipts of less than \$5 million annually on bills issued from the time this ordinance takes effect until the earlier of:

- A. Termination of the civil emergency proclaimed by the Mayor on March 3, 2020; or
- B. August 1, 2020.

Section 3. To the extent the following sections or subsections of the Seattle Municipal Code that authorize or require the collection of interest on delinquent utility customer consumption and utilization charges are inconsistent with Section 2 of this ordinance, they are superseded during the time period stated in Section 2:

- 21.04.470.D (Bills for water used - Delinquency);
- 21.28.260 (Billing and collection of wastewater charges);
- 21.33.110 (Delinquent payments - Enforcement procedures);
- 21.40.070 (Commercial collection rates and charges);
- 21.40.080 (Recycling and disposal station rates);
- 21.40.120.C (Payment of charges - delinquency and lien); and
- 21.49.130.E (Authority).

Section 4. Based on the findings of fact set forth in Section 1 of this ordinance, the Council finds and declares that this ordinance is a public emergency ordinance, which shall take effect immediately and is necessary for the protection of the public health, safety, and welfare.

Section 5. By reason of the findings set out in this ordinance, and the emergency that is declared to exist, this ordinance shall become effective immediately upon a passage by a 3/4 vote of the Council, and its approval by the Mayor, as provided in Article IV, subsection 1.I of the Charter of the City.

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

President _____ of the City Council

Approved by me this _____ day of _____, 2020.

Jenny A. Durkan, Mayor

Filed by me this _____ day of _____, 2020.

Monica Martinez Simmons, City Clerk

(Seal)

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
City Light	Kirsty Grainger 684-3713	Greg Shiring 386-4085
Public Utilities	Paula Laschober 684-0958	Akshay Iyengar 684-0716

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

1. BILL SUMMARY

Legislation Title:

AN ORDINANCE relating to the City Light and Seattle Public Utilities Departments; temporarily removing the charge of interest on delinquent utility consumption and utilization accounts; superseding several sections under Title 21 that authorize and require the collection of interest on delinquent utility consumption and utilization accounts; declaring an emergency; and establishing an immediate effective date; all by a 3/4 vote of the City Council.

Summary and background of the Legislation:

The COVID-19 outbreak presents risk of severe negative economic effects on the national and regional economy, particularly for small businesses and workers in sectors of the Seattle-area economy who cannot work remotely. As a result both the state and the City have declared an emergency and are implementing a variety of measures to help people and business during the period of public response and mitigation. One measure is providing utility bill relief to vulnerable populations and businesses.

This ordinance temporarily suspends requirements for interest charges and late payment fees for all residential customers and businesses with taxable gross receipts of less than \$5 million. This approach will provide a consistent temporary policy towards relief from the collection of interest on delinquent utility consumption and utilization policy and is intended to help residential and small business customers of the utilities. The financial threshold for small businesses is consistent with City's B&O tax deferral program. FAS, City Light and SPU will work together to maintain a database of qualifying businesses.

Per the ordinance, the suspension of interest charges and late payment fees will remain in effect until either the termination of the civil emergency proclaimed by the Mayor, or August 1, 2020, whichever is earlier.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ☐ Yes ☒ No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ☐ Yes ☒ No

Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

Yes. Both utilities pay City Taxes on revenues, and so this legislation will also proportionately reduce revenue for the City General Fund by an estimated \$96,000(SCL) + \$50,000 (SPU) = \$146,000.

Is there financial cost or other impacts of *not* implementing the legislation?

None that aren't described elsewhere in this fiscal note.

3.a. Appropriations

☐ This legislation adds, changes, or deletes appropriations.

3.b. Revenues/Reimbursements

☒ This legislation adds, changes, or deletes revenues or reimbursements.
Anticipated Revenue/Reimbursement Resulting from this Legislation:

This table shows the anticipated reduction to revenue as a result of this legislation:

Fund Name and Number	Dept	Revenue Source	2020 Revenue	2021 Estimated Revenue
Light - 41000	SCL	Interest and Late Fees	-\$1,600,000	na
SPU – Water 43000	SPU	Interest and Late Fees	-\$130,000	na
SPU – Drainage & Wastewater 45000	SPU	Interest and Late Fees	-\$125,000	na
SPU – Solid Waste 45010	SPU	Interest and Late Fees	-\$167,000	na
TOTAL			-\$2,022,000	na

Is this change one-time or ongoing?

This change is temporary and will sunset either upon termination of the civil emergency proclaimed by the Mayor or on August 1, 2020, whichever is soonest.

Revenue/Reimbursement Notes:

In addition to the revenue reduction directly attributable to interest charges and late fees, this policy change in conjunction with suspending shut offs and offering payment deferrals will increase revenue risk for both utilities and the general fund through tax revenue. Both utilities will monitor to assess risk and fiscal impacts.

3.c. Positions

_____ This legislation adds, changes, or deletes positions.

4. OTHER IMPLICATIONS

- a. **Does this legislation affect any departments besides the originating department?**
Both utilities pay City Taxes on revenues, and this legislation will also proportionately reduce revenue for the City General Fund.
- b. **Is a public hearing required for this legislation?**
No.
- c. **Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?**
No.
- d. **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**
No.
- e. **Does this legislation affect a piece of property?**
No.
- f. **Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?**
This legislation should have a positive impact on locally owned businesses and on disadvantaged communities. Language access provision can be developed to lower barriers to access for non-English speakers.
- g. **If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).**
NA

List attachments/exhibits below: None.

March 17, 2020

MEMORANDUM

To: Seattle City Councilmembers
From: Brian Goodnight and Eric McConaghy, Analysts
Subject: Council Bill 119758, Temporary suspension of interest charges on delinquent utility accounts

On March 19, 2020, the Council will discuss and possibly vote on [Council Bill \(CB\) 119758](#), proposed legislation sponsored by Councilmember Pedersen. This memo provides an overview of the bill, estimates the impact of the bill, and identifies a potential amendment for Councilmembers' consideration.

Background

On March 4, the Council modified the Mayor's proclamation of civil emergency due to novel coronavirus (COVID-19) by adopting [Resolution 31937](#). Novel coronavirus (COVID-19) is a new virus strain spreading worldwide from person-to-person with the potential to cause severe illness and death. On March 11, the World Health Organization characterized COVID-19 as a global pandemic.

On March 10, the Mayor issued [Executive Order 2020-03](#) to provide relief to small businesses as part of the civil emergency. Among other provisions, the executive order called for legislation to be transmitted to Council waiving SPU and SCL late charges on past due balances. The Executive composed legislation to accomplish the waiver and transmitted the bill, CB 119758, to Council on March 13. The legislation is necessary to temporarily supersede regulations in the Seattle Municipal Code (SMC) that authorize or require the collection of interest on delinquent utility customer consumption and utilization charges.

Passing CB 119758 would temporarily suspend Seattle Public Utilities' (SPU's) and Seattle City Light's (SCL's) charging of interest on delinquent utility bill balances for customers during the COVID-19 emergency. CB 119758 declares Council's finding that suspending the interest charges is necessary both to ease the negative impact on low-wage workers, individuals on fixed incomes, non-profit organizations and small businesses and to reduce the frequency of in-person bill payment during the emergency.

On March 16, Governor Inslee issued an emergency proclamation to limit the spread of COVID-19 that mandated the immediate two-week closure of all restaurants, bars, and entertainment and recreational facilities, as well as additional limits on large gatherings through March 31. While social distancing, the Governor's mandated closure, and other public health guidelines are critical in mitigating the rate of spread of the COVID-19 virus, they are already negatively impacting Seattle's economy, especially small businesses and workers who cannot work remotely.

Summary

Because CB 119758 is emergency legislation, it would require a three-quarter vote by the Council and then become effective immediately upon approval by the Mayor. From that effective date until the earlier of either (a) termination of the civil emergency due to COVID-19 proclaimed by the Mayor on March 3, 2020 or (b) August 1, 2020, SCL and SPU would not add new interest charges to utility consumption and utilization accounts.

The bill would suspend interest charges for all residential customers and for those commercial customers with taxable gross annual receipts of less than \$5 million. CB 119758 would also supersede sections or subsections of the SMC, described below, that authorize or require the collection of interest on delinquent utility customer consumption and utilization charges during the same time period.

Interest provisions for delinquent charges on SCL accounts are defined in policy as authorized by [SMC 21.49.130](#). SCL charges a late payment charge of one percent per billing period (two months for residential and one month for commercial) on any delinquent balances more than fifteen calendar days past due.

Interest provisions for delinquent charges for SPU accounts are handled in four different chapters of [SMC Title 21](#), one chapter for each of the department's lines of business: water ([SMC 21.04](#)), wastewater ([SMC 21.28](#)), drainage ([SMC 21.33](#)), and solid waste ([SMC 21.40](#)). Account charges that are 30 days or more overdue begin to bear interest and continue to do so until the charges are paid. Delinquent charges for the water and solid waste lines of business incur interest at a rate of 12 percent per year. The interest rate for delinquent charges for the drainage and wastewater lines of business is capped by the state at eight percent per year.

Impact

As described above, the bill's primary change would be to suspend interest charges on delinquent utility bill balances. This suspension would impact revenue for all four of the enterprise funds operated by SCL and SPU, and it would also impact the General Fund because of the utility taxes that are imposed on SCL and SPU revenues. According to the Executive, the estimated revenue decrease to the utilities between the effective date of the ordinance and August 1, 2020 (the latest date that the bill provisions would apply) could total approximately \$2 million, with \$1.6 million or 79 percent of this total decrease accruing to SCL's Light Fund. Table 1 shows the impact to each of the utilities' enterprise funds.

Table 1: Estimated Utility Revenue Impacts

Department & Fund	Estimated 2020 Revenue Impact
Seattle City Light	
Light Fund	(\$1,600,000)
Seattle Public Utilities	
Drainage & Wastewater Fund	(\$125,000)
Solid Waste Fund	(\$167,000)
Water Fund	(\$130,000)
Total:	(\$2,022,000)

Based on these estimates, the General Fund would also experience a revenue reduction of approximately \$146,000 due to reduced utility taxes. If the Council were to take future action to extend the provisions of this bill beyond August 1, the departments estimate that each additional month of effectiveness would reduce utility revenues by approximately \$350,000.

In terms of the impact on the utility departments' overall budgets, the revenue impact is relatively modest. SCL and SPU each have 2020 Adopted budgets totaling approximately \$1.4 billion, and the budget assumes interest charge revenues of approximately \$3 million for SCL and \$1 million for SPU. However, it is possible that the utilities may also experience an increase in expenditures related to collection activities if the number of delinquent accounts increases significantly. The delinquency rate for the utilities is between three and five percent of all customer accounts, but given the economic impacts of the current emergency, this rate may rise.

Potential Amendment: Councilmember Pedersen

1. Clarification of Covered Commercial Customers

As currently drafted, Section 2 of the bill states that no new interest charges will be added to utility accounts for residential customers or "commercial customers with taxable gross receipts of less than \$5 million annually." This language does not specify which time period is applicable when evaluating the taxable gross receipts of a commercial customer. To provide additional clarity to this section, we have prepared a substitute bill (Version D2) that modifies Section 2 as follows:

"No new interest charges shall be added to utility consumption and utilization accounts for residential customers or commercial customers with taxable gross annual receipts of less than \$5 million ~~annually~~ in 2019..."

Additionally, the substitute bill modifies the recitals on the first page to recognize events that have happened since the legislation was transmitted.

Options:

- A. Consider the originally transmitted version of the bill, Version D1.
- B. Consider the substitute version of the bill, Version D2, that clarifies which commercial customers are covered by the provisions of the bill.

Please contact Brian Goodnight or Eric McConaghy if you have questions about this legislation or the identified amendment.

cc: Kirstan Arestad, Executive Director
Dan Eder, Deputy Director

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

..title

AN ORDINANCE relating to the City Light and Seattle Public Utilities Departments; temporarily removing the charge of interest on delinquent utility consumption and utilization accounts; superseding several sections under Title 21 that authorize and require the collection of interest on delinquent utility consumption and utilization accounts; declaring an emergency; and establishing an immediate effective date; all by a 3/4 vote of the City Council.

..body

WHEREAS, the World Health Organization has announced novel coronavirus (COVID-19) is officially a global pandemic; and

WHEREAS, on January 31, 2020, the United States Department of Health and Human Services Secretary Alex Azar declared a public health emergency for COVID-19, beginning on January 27, 2020; and

WHEREAS, on March 3, 2020, Seattle Mayor Jenny Durkan proclaimed a civil emergency exists in the City of Seattle; and

WHEREAS, the Washington Governor has declared a state of emergency in response to new cases of COVID-19, and on ~~Wednesday~~ March 11, 2020 announced a ban on gatherings and events of more than 250 people in King, Snohomish, and Pierce Counties, and on March 16, 2020 tightened the ban to no more than 50 people among other ~~in an efforts~~ to contain the coronavirus outbreak; and

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

WHEREAS, the COVID-19 outbreak presents an extreme risk of person-to-person transmission of the virus and public health experts worldwide advise the best way to prevent a

1 calamitous explosion of cases is to prevent infected people from coming in close contact
2 with healthy ones; and

3 WHEREAS, while this practice of social distancing is critical in mitigating the rate of spread of
4 the COVID-19 virus, it is having significant negative economic effects on the national
5 and regional economy, in particular small businesses and workers in large sectors of the
6 Seattle-area economy who cannot work remotely; and

7 WHEREAS, Seattle Public Utilities and Seattle City Light have a long history of providing
8 assistance to low-income customers; and

9 WHEREAS, Seattle Public Utilities has several Seattle Municipal Code provisions requiring
10 collection of interest on delinquent utility consumption and utilization charges; and

11 WHEREAS, Seattle Municipal Code (“SMC”) 21.49.130 authorizes the City Light Department
12 to charge interest on delinquent utility consumption and utilization accounts, but requires
13 compliance with SMC Chapter 3.02 procedures for any changes; and

14 WHEREAS, a consistent temporary policy towards relief from the collection of interest on
15 delinquent utility consumption and utilization policy is intended for utility ratepayers;

16 NOW, THEREFORE,

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

18 Section 1. The City Council finds and declares that:

19 A. Pursuant to chapter 38.52 RCW, Article V, Section 2 of the City Charter, and Seattle
20 Municipal Code subsection 10.02.010.A, the Mayor proclaimed a Civil Emergency on March 3,
21 2020 due to the novel coronavirus (COVID-19).

22 B. Delinquency rates on consumer loans in the United States have been trending upward,
23 which tends to correlate with increases in unemployment.

1 C. Utility bills combined with the public health emergency for novel COVID-19 will
2 inherently have a disproportionate negative impact on low-wage workers, individuals on fixed
3 incomes, non-profit organizations and small businesses, inhibiting their ability to pay utility bills
4 before their due date.

5 D. Several sections of the Seattle Municipal Code allow the City Light Department and
6 Seattle Public Utilities to charge interest on delinquent bill balances.

7 E. Temporarily waiving the charging of interest on delinquent bill balances as soon as
8 possible is necessary both to help ease the negative impact on low-wage workers, individuals on
9 fixed incomes, non-profit organizations and small businesses and to reduce the frequency of in-
10 person bill payment during the emergency.

11 Section 2. No new interest charges shall be added to utility consumption and utilization
12 accounts for residential customers or commercial customers with taxable gross annual receipts of
13 less than \$5 million ~~annually~~ in 2019 on bills issued from the time this ordinance takes effect
14 until the earlier of:

15 A. Termination of the civil emergency proclaimed by the Mayor on March 3, 2020; or

16 B. August 1, 2020.

17 Section 3. To the extent the following sections or subsections of the Seattle Municipal
18 Code that authorize or require the collection of interest on delinquent utility customer
19 consumption and utilization charges are inconsistent with Section 2 of this ordinance, they are
20 superseded during the time period stated in Section 2:

21 21.04.470.D (Bills for water used – Delinquency);

22 21.28.260 (Billing and collection of wastewater charges);

23 21.33.110 (Delinquent payments – Enforcement procedures);

21.40.070 (Commercial collection rates and charges);

21.40.080 (Recycling and disposal station rates);

21.40.120.C (Payment of charges – delinquency and lien); and

21.49.130.E (Authority).

Section 4. Based on the findings of fact set forth in Section 1 of this ordinance, the Council finds and declares that this ordinance is a public emergency ordinance, which shall take effect immediately and is necessary for the protection of the public health, safety, and welfare.

Section 5. By reason of the findings set out in this ordinance, and the emergency that is declared to exist, this ordinance shall become effective immediately upon a passage by a 3/4 vote of the Council, and its approval by the Mayor, as provided in Article IV, subsection 1.I of the Charter of the City.

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

President _____ of the City Council

Approved by me this _____ day of _____, 2020.

Jenny A. Durkan, Mayor

Filed by me this _____ day of _____, 2020.

Monica Martinez Simmons, City Clerk

(Seal)

PROPOSED AMENDMENT 1

Council Bill 119758: Temporary suspension of interest charges on delinquent utility accounts

Sponsors: Councilmember Lewis and Councilmember Pedersen

Brief Description: This amendment would clarify that non-profit organizations, as they are defined in Seattle Municipal Code subsection 5.30.040.C, are eligible to receive the temporary suspension of interest charges on delinquent utility accounts authorized in the legislation.

Proposed Amendment:

If the Council accepts the proposed substitute bill, then Section 2 of Version D2 of CB 119758 is modified as follows:

Section 2. No new interest charges shall be added to utility consumption and utilization accounts for residential customers, customers that are non-profit organizations as defined under Seattle Municipal Code subsection 5.30.040.C, or commercial customers with taxable gross annual receipts of less than \$5 million in 2019 on bills issued from the time this ordinance takes effect until the earlier of:

- A. Termination of the civil emergency proclaimed by the Mayor on March 3, 2020; or
- B. August 1, 2020.

If the Council does not accept the proposed substitute bill, then Section 2 of Version D1 of CB 119758 is modified as follows:

Section 2. No new interest charges shall be added to utility consumption and utilization accounts for residential customers, customers that are non-profit organizations as defined under Seattle Municipal Code subsection 5.30.040.C, or commercial customers with taxable gross receipts of less than \$5 million annually on bills issued from the time this ordinance takes effect until the earlier of:

- A. Termination of the civil emergency proclaimed by the Mayor on March 3, 2020; or
- B. August 1, 2020.