



SEATTLE CITY COUNCIL

Select Budget Committee

Agenda

Wednesday, September 28, 2022

9:30 AM

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

Teresa Mosqueda, Chair
Lisa Herbold, Vice-Chair
Debora Juarez, Member
Andrew J. Lewis, Member
Tammy J. Morales, Member
Sara Nelson, Member
Alex Pedersen, Member
Kshama Sawant, Member
Dan Strauss, Member

Chair Info: 206-684-8808; Teresa.Mosqueda@seattle.gov

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SEATTLE CITY COUNCIL
Select Budget Committee
Agenda
September 28, 2022 - 9:30 AM

Meeting Location:

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

Committee Website:

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

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. Details on how to provide Public Comment are listed below:

Remote Public Comment - Register online to speak during the Public Comment period at the meeting at <http://www.seattle.gov/council/committees/public-comment>. Online registration to speak will begin two hours before the meeting start time, and registration will end at the conclusion of the Public Comment period during the meeting. Speakers must be registered in order to be recognized by the Chair.

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. Speakers must be registered in order to be recognized by the Chair.

Submit written comments to Councilmembers at council@seattle.gov.

Please Note: Times listed are estimated

City Budget Office (CBO) Overview of the Proposed Budget

CBO will present and discuss the Mayor's 2023 and 2024 Proposed Budgets and will be asked to describe any significant program or staffing additions, changes or reductions, relative to the 2022 budget.

A. Call To Order**B. Approval of the Agenda****C. Chair's Report****D. Public Comment****E. Items of Business****1. Introduction and Budget Process Overview**

Attachments: [Presentation](#)

Briefing and Discussion

Presenters: Esther Handy, Director, and Aly Pennucci, Deputy Director,
Council Central Staff

2. City Budget Office (CBO) Overview of the 2023 and 2024 Proposed Budgets

Attachments: [Presentation](#)

Briefing and Discussion

Presenter: Julie Dingely, Director, CBO

F. Adjournment



Legislation Text

File #: Inf 2136, **Version:** 1

Introduction and Budget Process Overview

Seattle City Council 2022 Budget Process

Select Budget Committee | September 28, 2022

Esther Handy, Director

Aly Pennucci, Deputy Director



**City Budget Office Overview
of Proposed Budget**

STEP 1 SEPT 28



**Budget Hearings (Budget
Discussions & Issue ID)**

STEP 2 OCT 11 - OCT 14



**Budget Deliberations (Discussion
of Member Proposals)**

STEP 3 OCT 25 - OCT 27



**Balancing
Package**

STEP 4 NOV 7



**Vote on Balancing
Package**

STEP 5 NOV 16



**Final Action, City
Council Vote**

STEP 6 NOV 21

Budget Roles

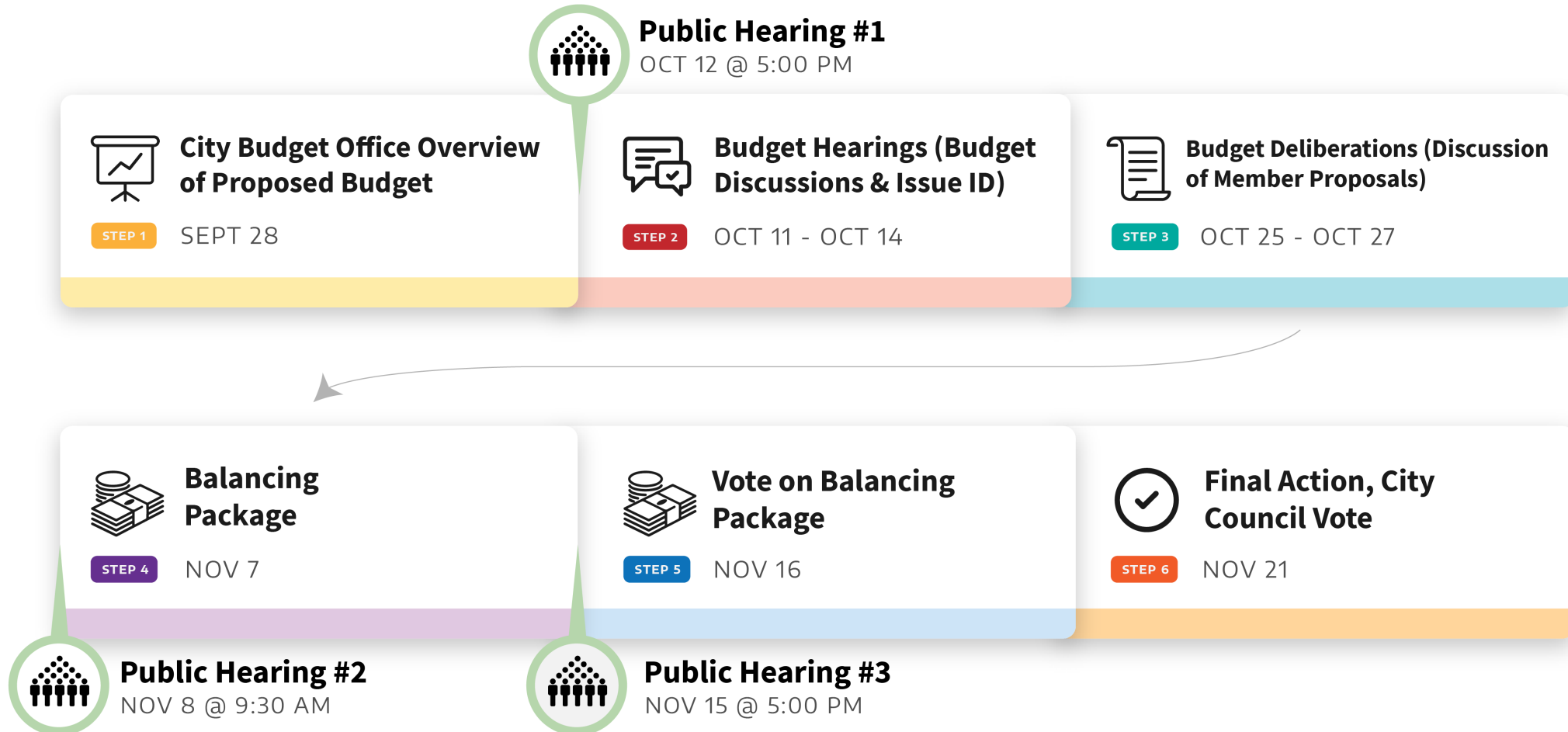
The Mayor:

- Pursuant to RCW 35.32A.030, the Mayor prepares and submits to the Council a proposed annual budget 90 days prior to the next fiscal year.
- The proposed budget must be balanced – that is, proposed spending cannot exceed estimated resources.

The Council:

- Reviews and modifies the Mayor's proposed budget
- Prepares a final City budget that reflects legislative priorities, informed by the Council's public process.
- Must adopt a balanced budget no later than 30 days prior to the next fiscal year.

Budget Timeline | FALL 2022





City Budget Office Overview of Proposed Budget

STEP 1

SEPT 28

City Budget Office – Overview of the Proposed Budget

The City Budget Office will discuss the Mayor’s proposals and will be asked to describe any significant program or staffing additions, changes or reductions, relative to the 2022 budget.

	Wednesday – September 28
	<i>Public Comment (90 min)</i>
9:30 am – 1:00 pm	<ul style="list-style-type: none">• Central Staff - Budget Process Overview• City Budget Office - Proposed Budget Overview



Budget Hearings (Budget Discussions & Issue ID)

STEP 2

OCT 11 - OCT 14

Up Next: Budget Hearings & Public Hearing #1

Public Hearing #1: **October 11 at 5:00 p.m.**

Public Hearing #2: November 8 at 9:30 a.m.

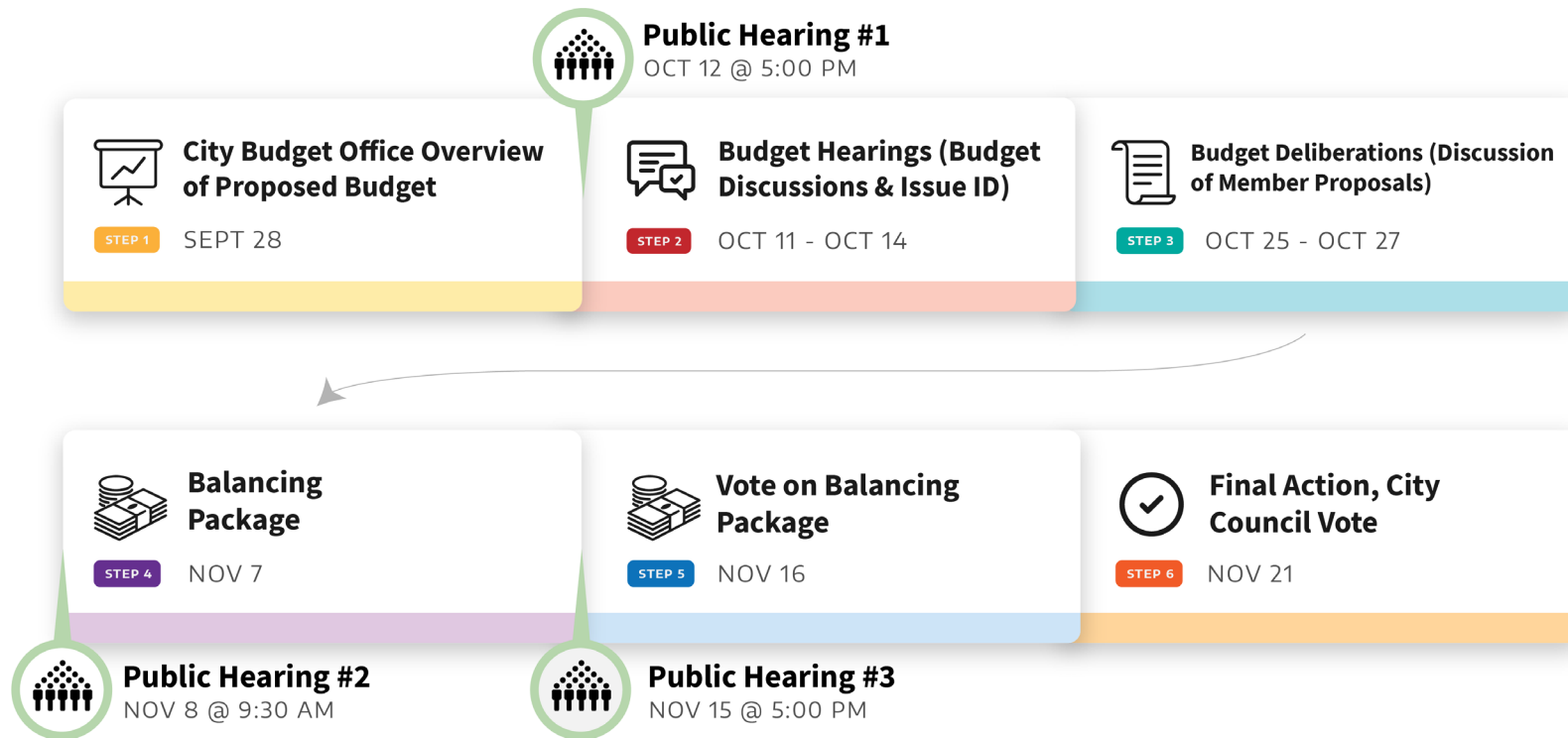
Public Hearing #3: November 15 at 5:00 p.m.

BUDGET HEARINGS:

- A joint presentation where select departments discuss and answer questions about the Mayor's proposals, focusing on any significant changes or reductions relative to the 2022 budget, and Central Staff will identify potential budget issues and policy options associated with the Proposed Budget.
- Opportunity for the committee to review, discuss, and ask questions about the proposed budget, and provide direction to staff on policy options councilmembers may want to pursue through budget amendment
- Councilmembers may also share amendment ideas they are considering bringing forward during these discussions

Questions?

Budget Timeline | FALL 2022





Legislation Text

File #: Inf 2137, **Version:** 1

City Budget Office (CBO) Overview of the 2023 and 2024 Proposed Budgets

2023-2024 Proposed Budget Overview

Julie Dingley, Director, City Budget Office



Agenda

Overall Budget Totals

Economy and Revenue Context

Developing the budget

- Budget Process
- General Fund Deficit
- Closing the Deficit
- Changes to JumpStart Payroll Expense Tax
- Unanticipated or Undefined Cost Pressures

Areas of Reduction and Investment

Budget Priority Highlights

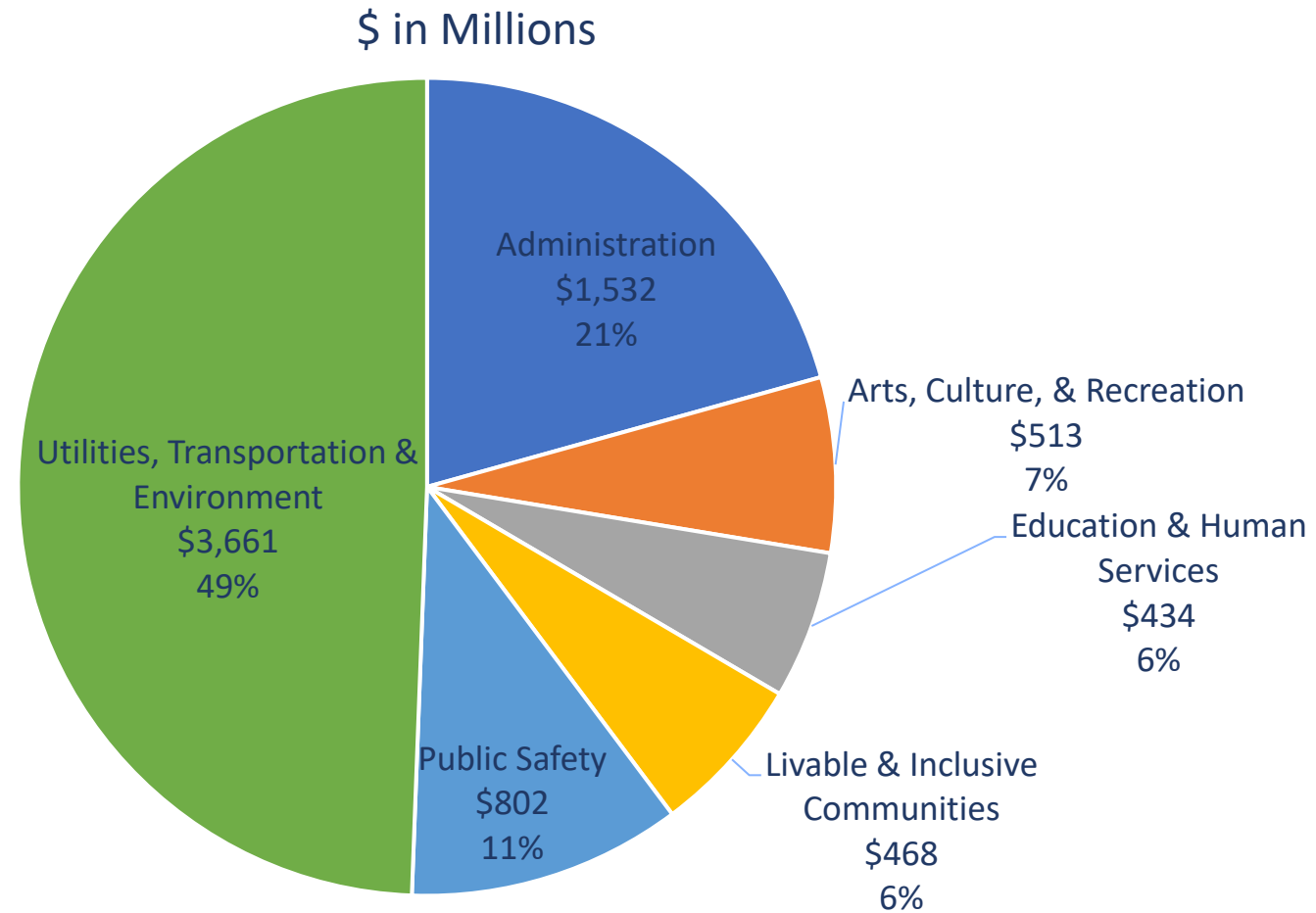
- Public Safety
- Housing and Homelessness
- Access to Opportunity
- Healthy Communities
- Climate and Environment
- Safe and Reliable Transportation
- Good Government

Fiscal Reserves

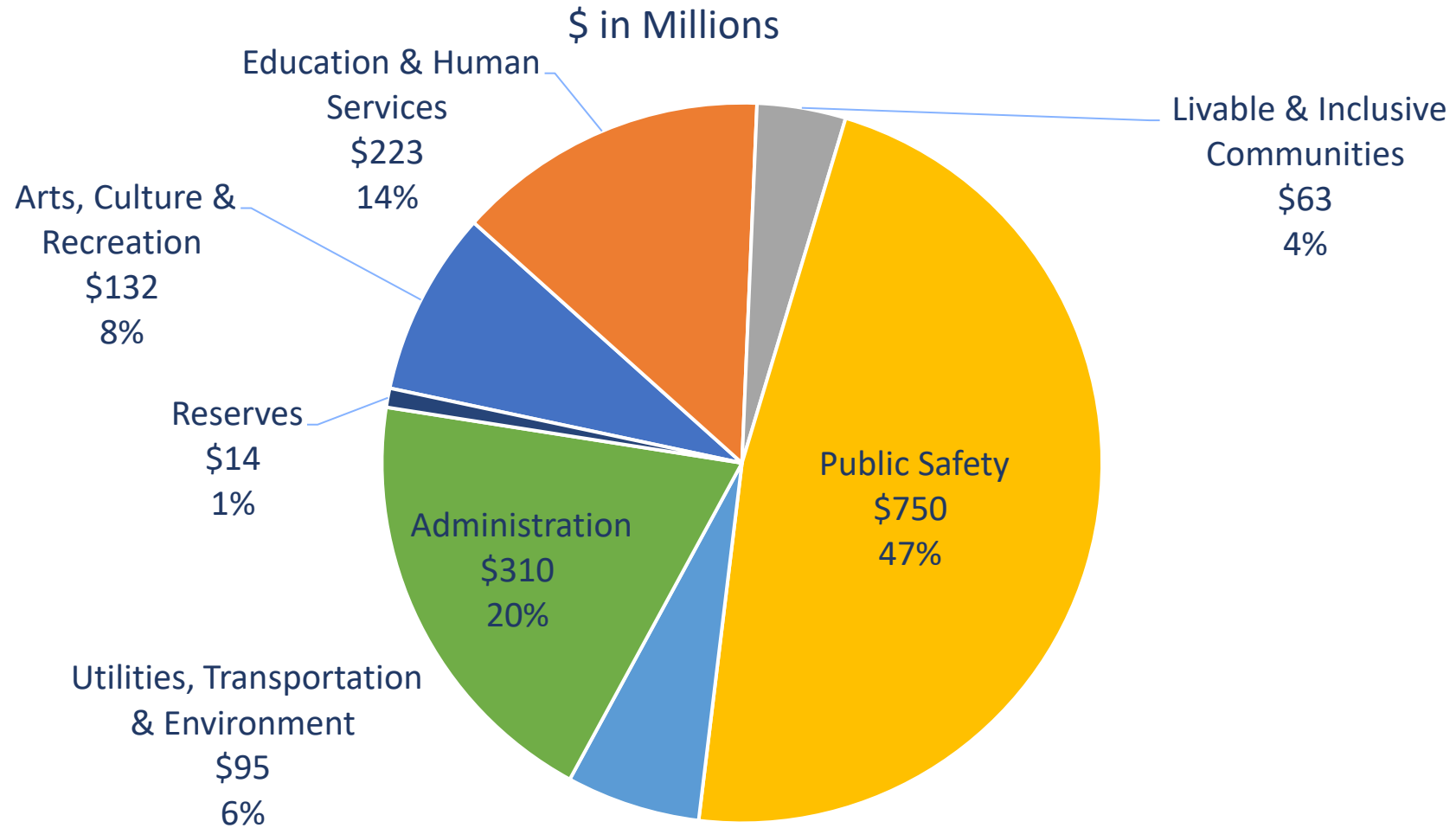
City Utilities



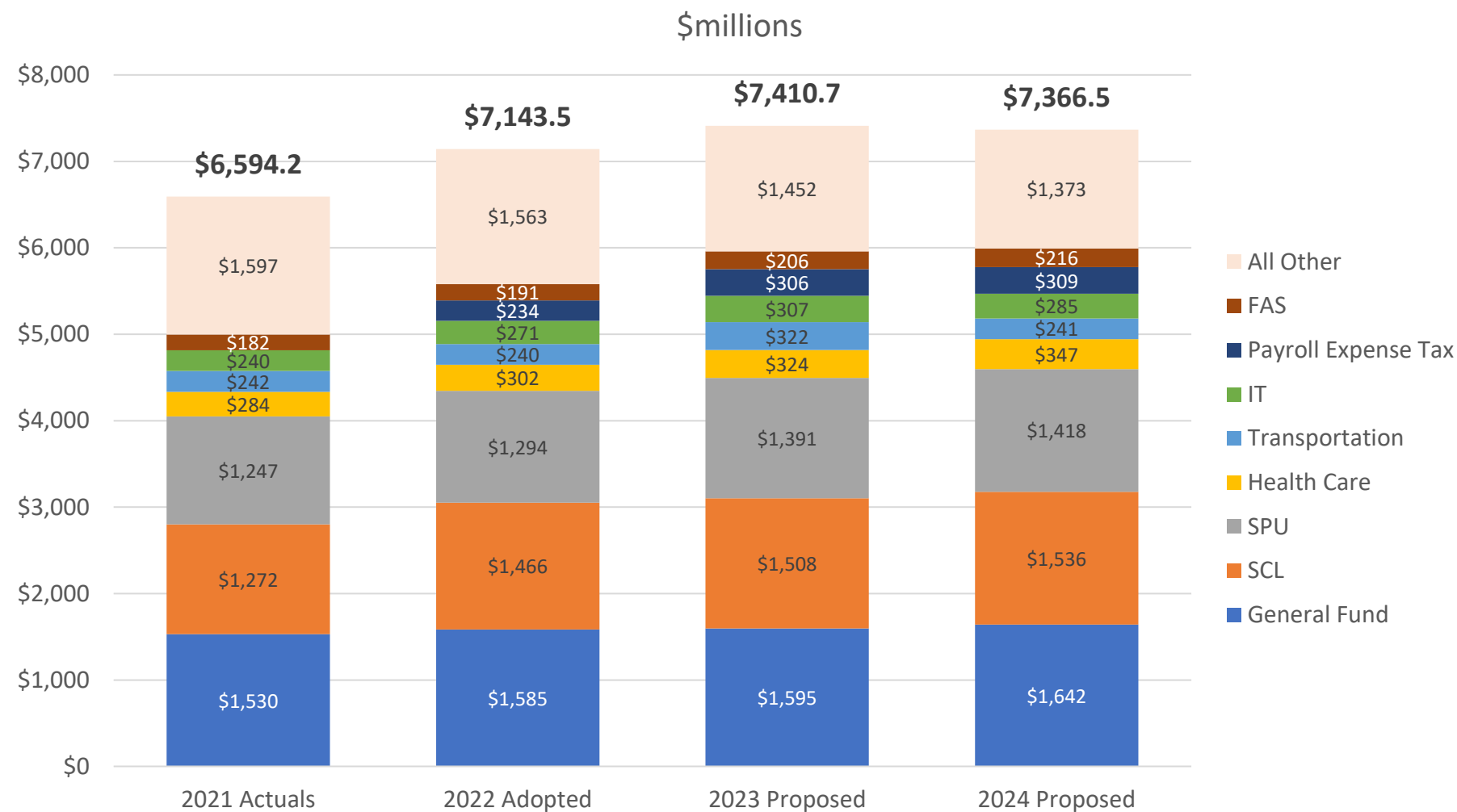
2023 Proposed All Funds Budget by Area-\$7.4 Billion



2023 Proposed General Fund Budget by Area-\$1.59B



2023-2024 Proposed All Funds Budget

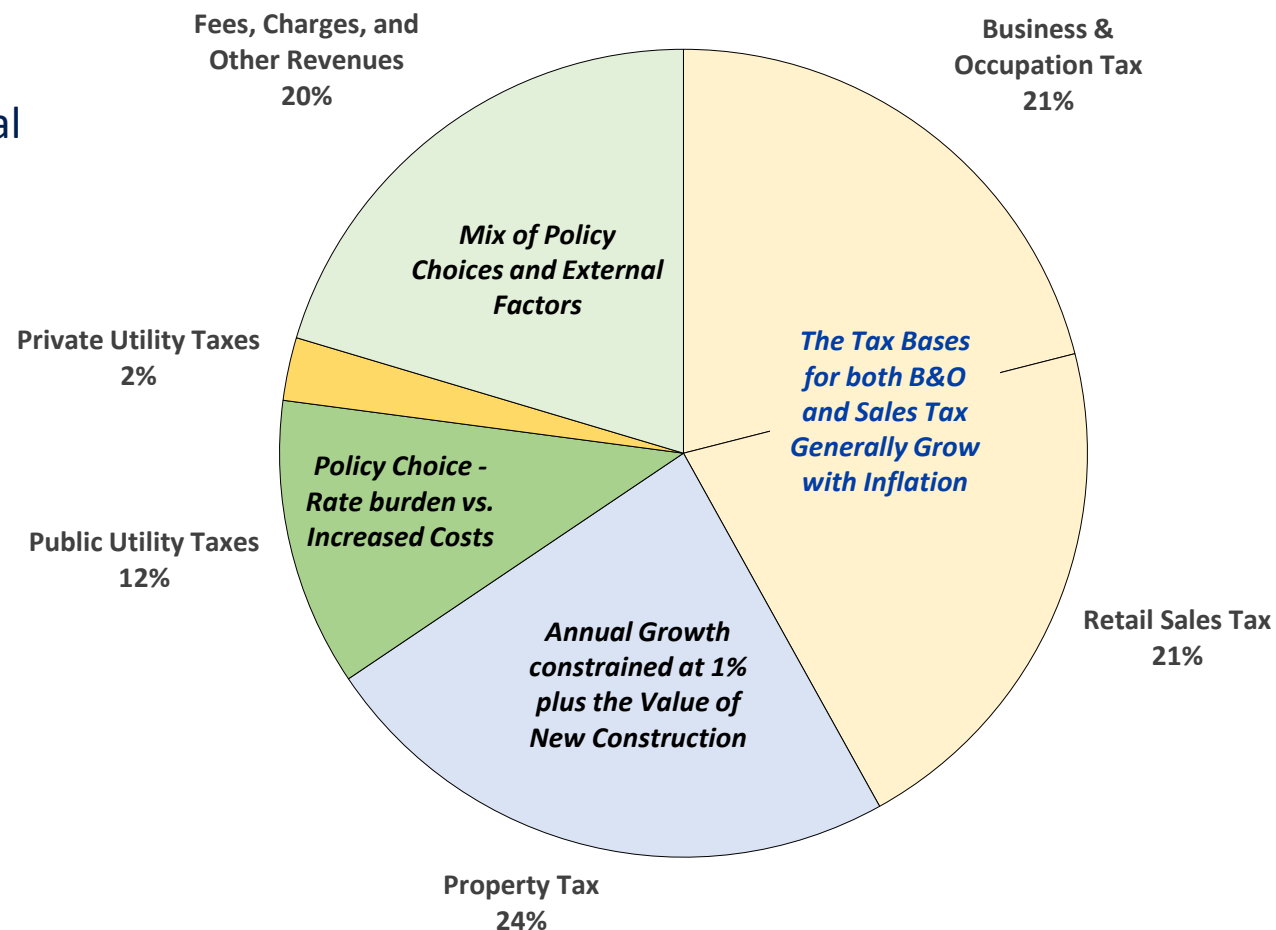


Economy and Revenue

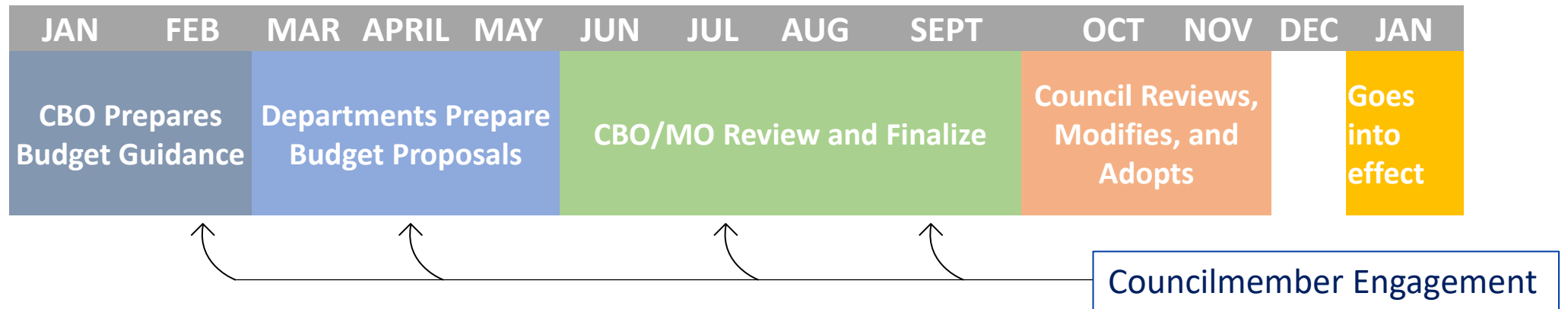
- 2022 has been a year of significant economic instability and uncertainty, which will continue to impact the 2023-2024 biennium.
- **Upside:** The economy, nationwide and in the Seattle region, has seen a strong recovery from the COVID-19 disruptions and recession. As of August, employment levels have returned to pre-pandemic levels, and job creation and consumer spending remain strong.
- **Downside:** Supply-chain impacts of the COVID-19 pandemic, pent-up consumer demand, and the war in Ukraine have led to higher and more persistent inflation than previously anticipated. It remains to be seen whether the Federal Reserve's actions to contain that inflation will tip the national economy into another recession.
- In line with the most current national and regional forecasts, the Proposed Budget assumes slower economic growth, with inflation moderating by mid-2023.
- The City's General Fund revenues continue to recover, though not uniformly, from pandemic lows and shift away from one-time transfers and emergency grants.
- However, if persistent, high inflation will create structural budget imbalances.

Impact of High-Inflation on City Revenues - a Structural Challenge

- Setting aside whether fighting inflation will slow economic growth, the direct impacts of inflation will systematically weaken the purchasing power of General Fund revenues.
- While one might assume that City revenues will generally grow as the prices of goods and services increase, that is not true for all the City's revenue streams.
- Property tax revenues are statutorily constrained to grow at just 1% plus the value of new construction. They represent 24% of total General Fund revenues.
- Furthermore, policy choices about public utility rates and the fees charged for City services could also constrain overall revenue growth.
- And at the same time, inflation will be driving up the costs of all the goods and services the City purchases.



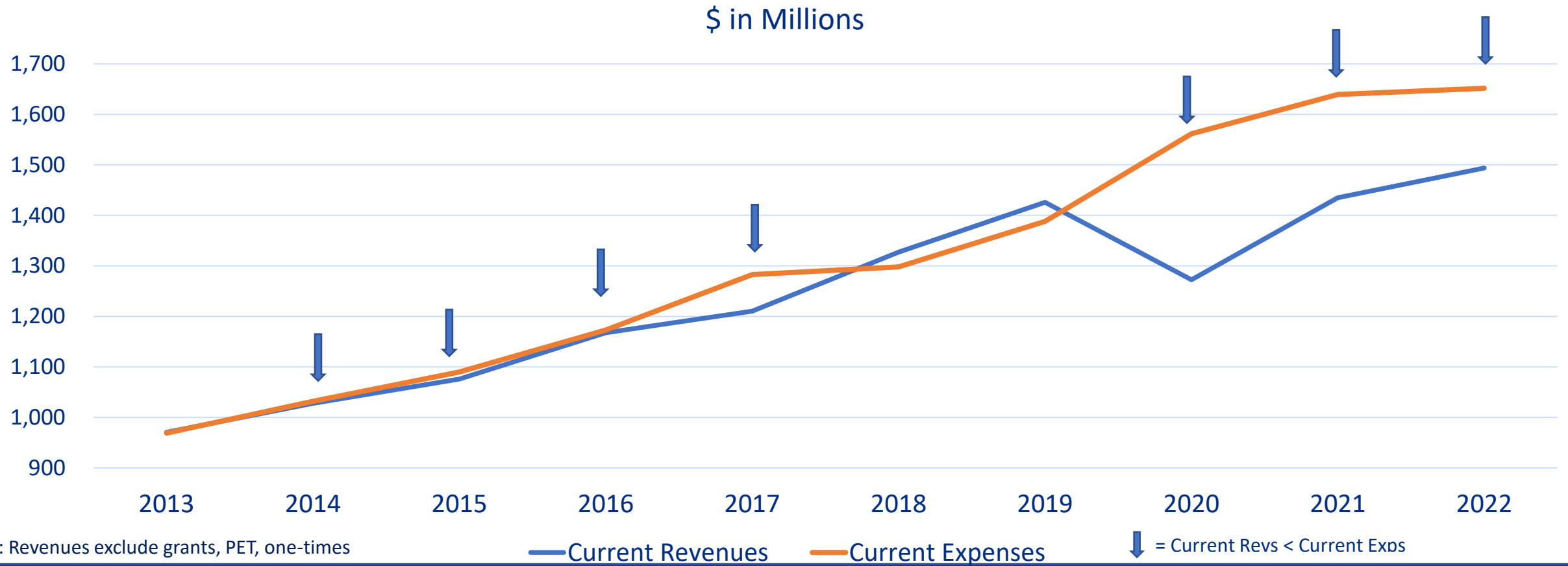
Developing the Budget: Process



- The process that resulted in the work you see before you began in January 2022 with conversations with central rate departments (SDHR, FAS, SeattleIT)
- City departments worked closely with CBO and the Mayor's Office over the last 9 months
 - Looking for efficiencies – can a department provide the same service at a lower cost?
 - Refining ideas for new investment – how can the City get the most out of each dollar?
 - Looking strategically to partner with other governments, Community-based orgs, or other groups.
- Series of 1:1 meetings with Councilmembers beginning in February to cover the deficit and planned approaches.

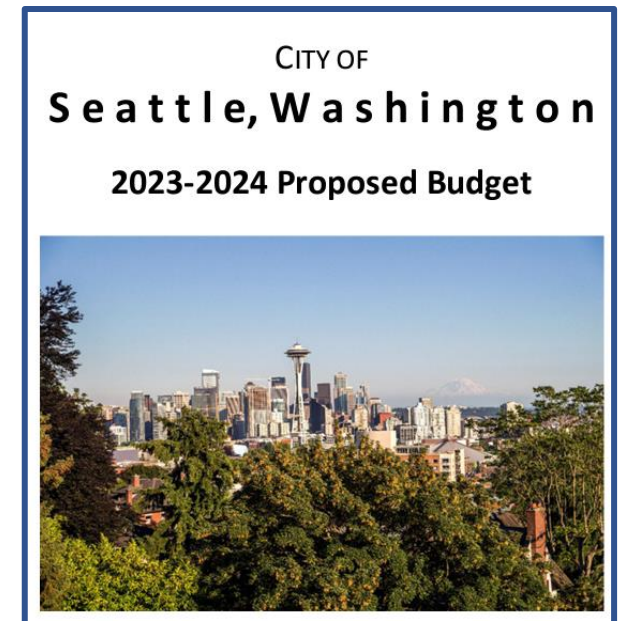
Developing the Budget: General Fund Deficit

General Fund deficits are not a new phenomena; 7 of past 10 years had current budget deficits



Developing the Budget: Steps to close the deficit

- Early forecasts in 2022 indicated trend of budget deficits would continue
- Multi-faceted strategy incorporated to achieve balanced proposed budget:
 - 2022 Spending Holds
 - Department Target Reductions
 - Vacancy Review
 - Review of GF-Adjacent Resources
 - Transportation Network Company (TNC) Tax
 - Short-term Rental Tax (STRT)
 - Jumpstart Payroll Expense Tax (Payroll Tax)
 - Explore long-term options for revenue stabilization

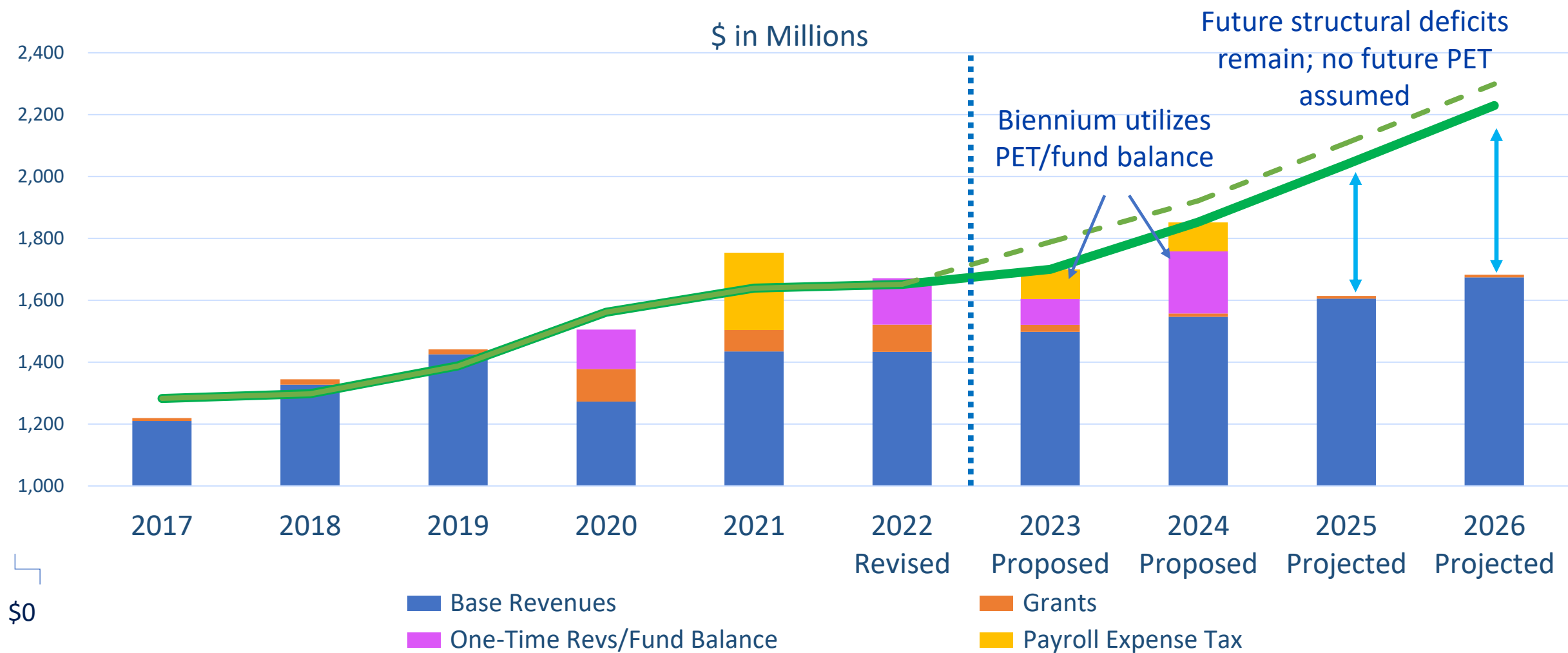


Developing the Budget: Value and Priority Setting

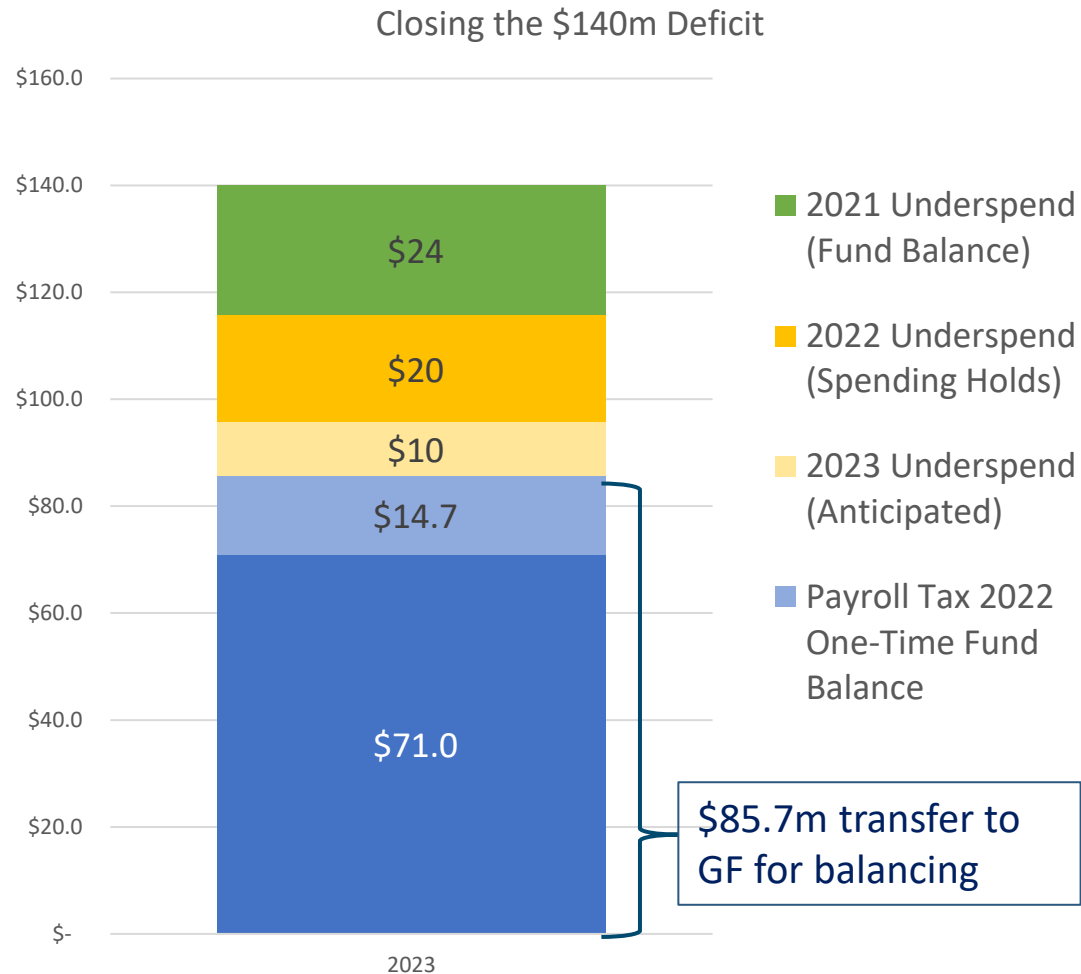
- Making budgetary choices with limited resources is never easy, even more so when facing a \$140-million General Fund deficit
- CBO and the Mayor's Office centered these values and priorities when making decisions:
 - No budgetary layoffs
 - Maintaining core City services that our residents and customers expect
 - Identifying opportunities for other resources to sustain one-time funding (e.g. State, County)
 - Focusing limited investment opportunity on core priorities:
 - Homelessness
 - Affordable Housing
 - Public Safety
 - Access to Opportunity
 - Climate and the Environment
 - Safe and Reliable Transportation



General Fund 6-Year Financial Plan



Developing the Budget: Steps to close the deficit

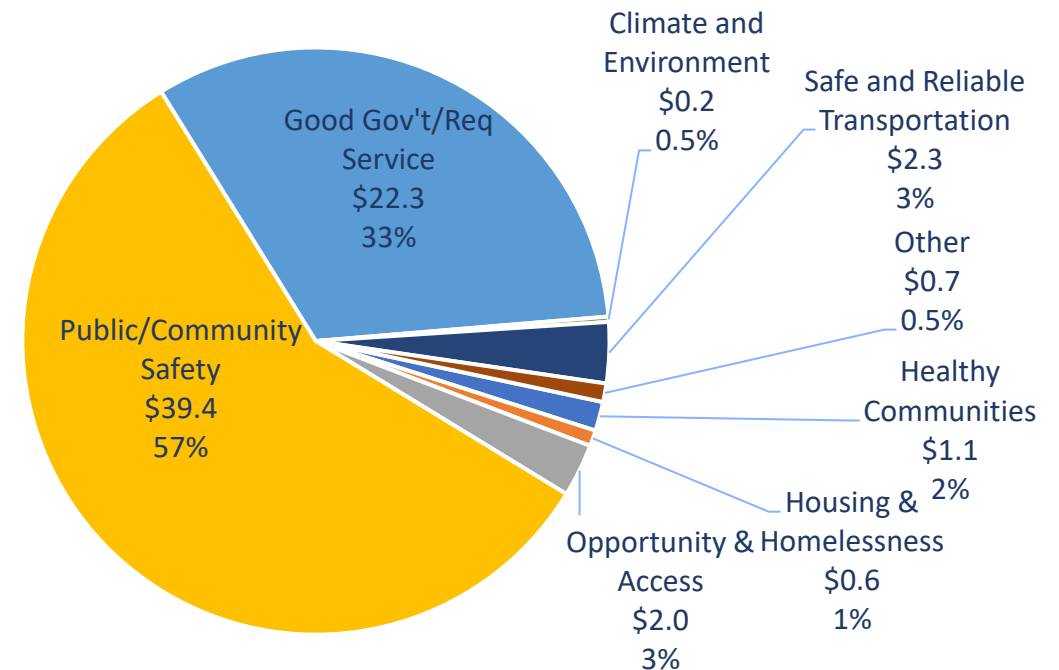


- Early forecasts for 2023 projected a General Fund shortfall of approximately \$140 million
- Closing the deficit took a mix of revenue enhancements and expenditure changes
 - Actual and anticipated underspend for 2021, 2022, and 2023
 - Payroll tax 2022 one-time fund balance
 - Payroll Tax Revenues
- Specific department reductions “paid for” nearly all adds in the budget

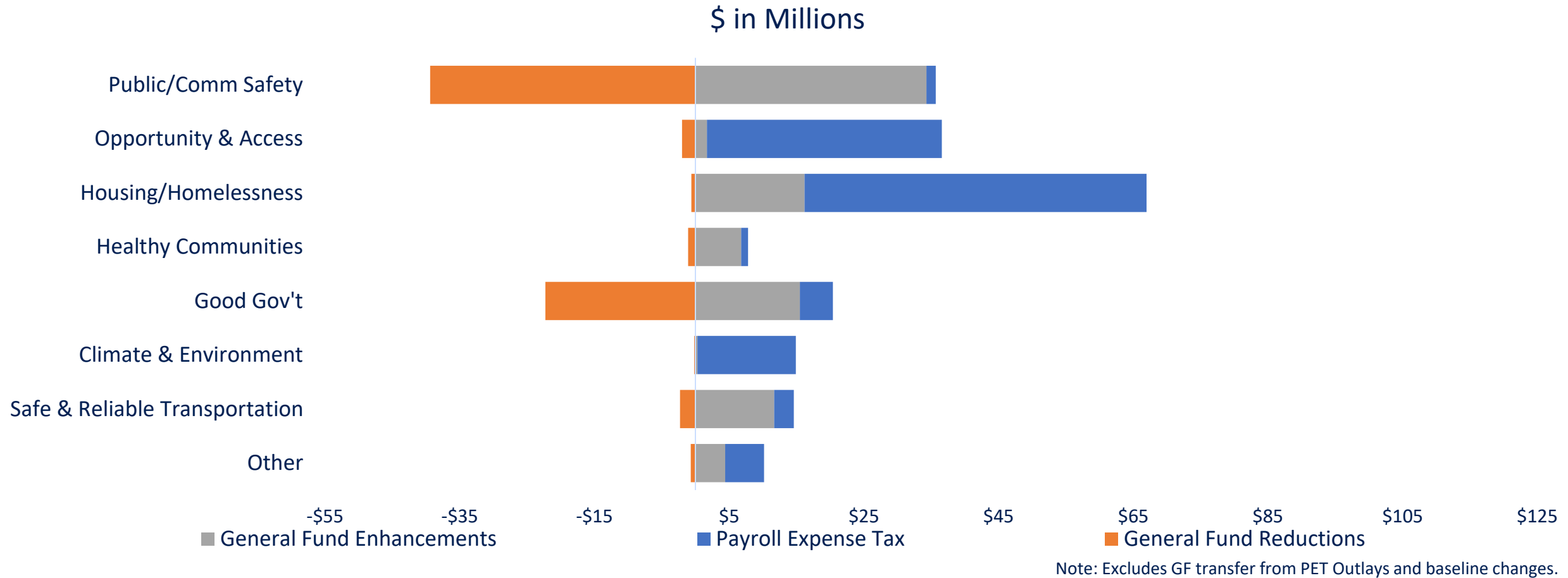
Developing the Budget: Targeted GF Reductions

- CBO asked most City departments to provide scenarios in which they would be asked to take 3-6% reductions to their budgets
- Most General Fund departments have some reduction to their 2023 and 2024 Proposed Budget
- As a general exception, departments that have significant JumpStart Payroll Expense Tax proceeds are not facing overall reductions.





Total General Fund Reductions: \$68.7M



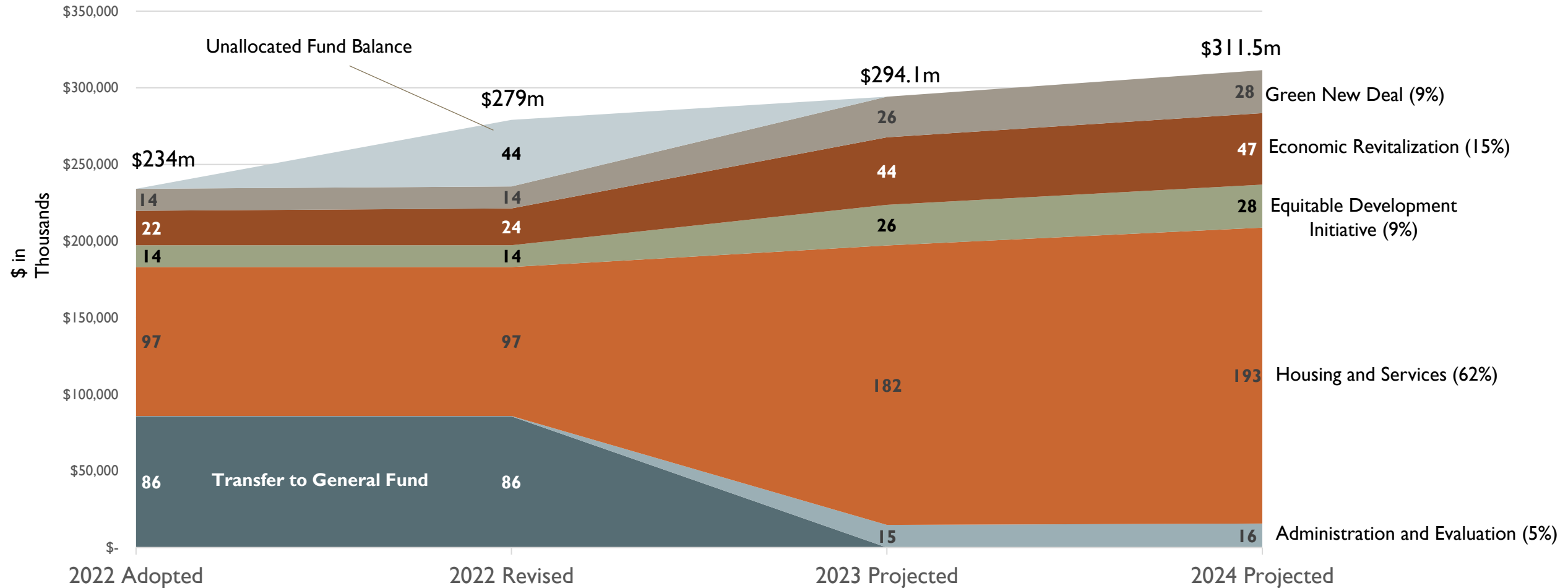
Areas of Reduction and Investment (Incremental Change from Current Service Levels)



Developing the Budget: Changes to JumpStart Payroll Expense Tax

	Current Law	Proposed Budget
General Fund (GF) Floor	\$1,510,029,000 (nominal)	 Grows GF Floor with Inflation
Administration/Evaluation	Up to 5%	✓
Housing and Services	62%	✓
<i>Construction/Services for 30% AMI</i>	82%	 Up to 60% AMI
<i>Acquisition</i>	13%	✓
<i>Homeownership</i>	5%	✓
Equitable Development Initiative	9%	✓
Economic Recovery	15%	✓
Green New Deal	9%	✓
Supplantation	Not Allowed	 Allowed
(NEW) Revenue Stabilization Reserve	n/a	 10% of Revenue

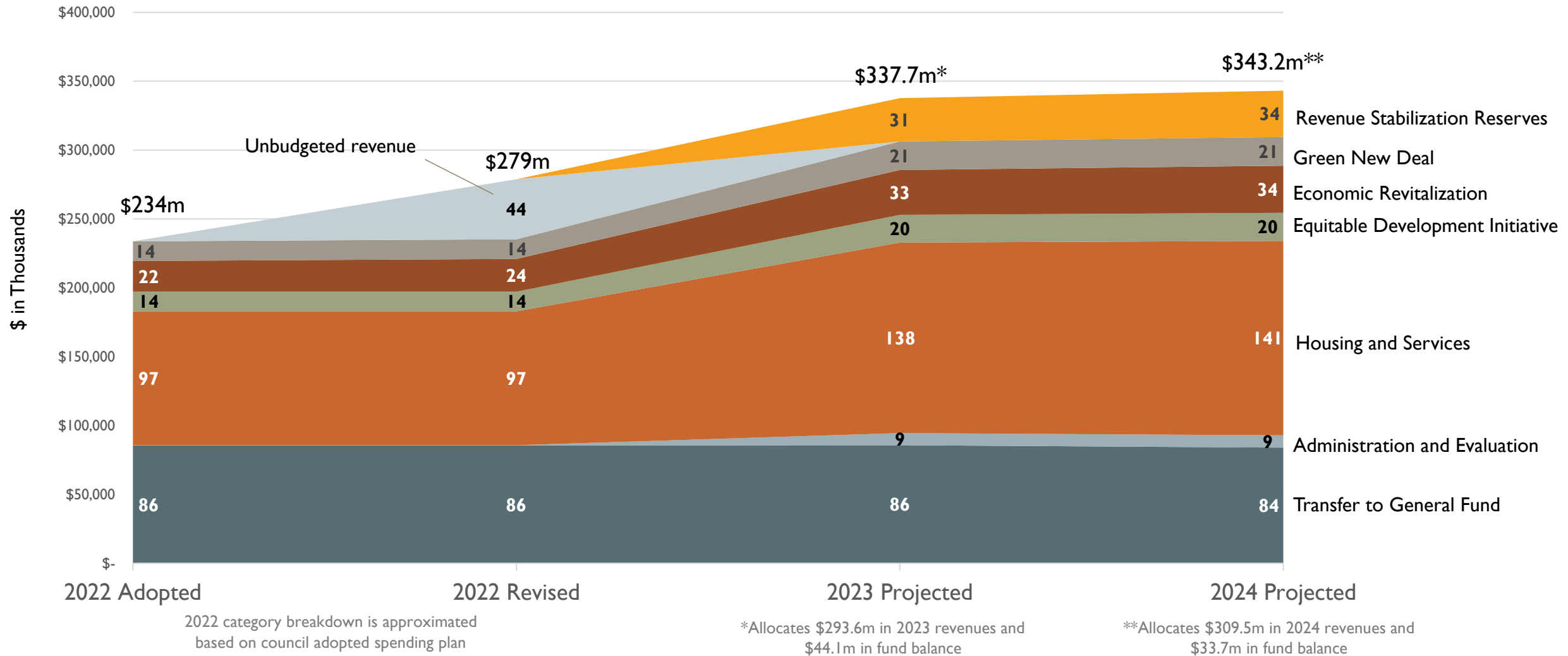
Payroll Tax: Current Law



2022 category breakdown is approximated
based on council adopted spending plan

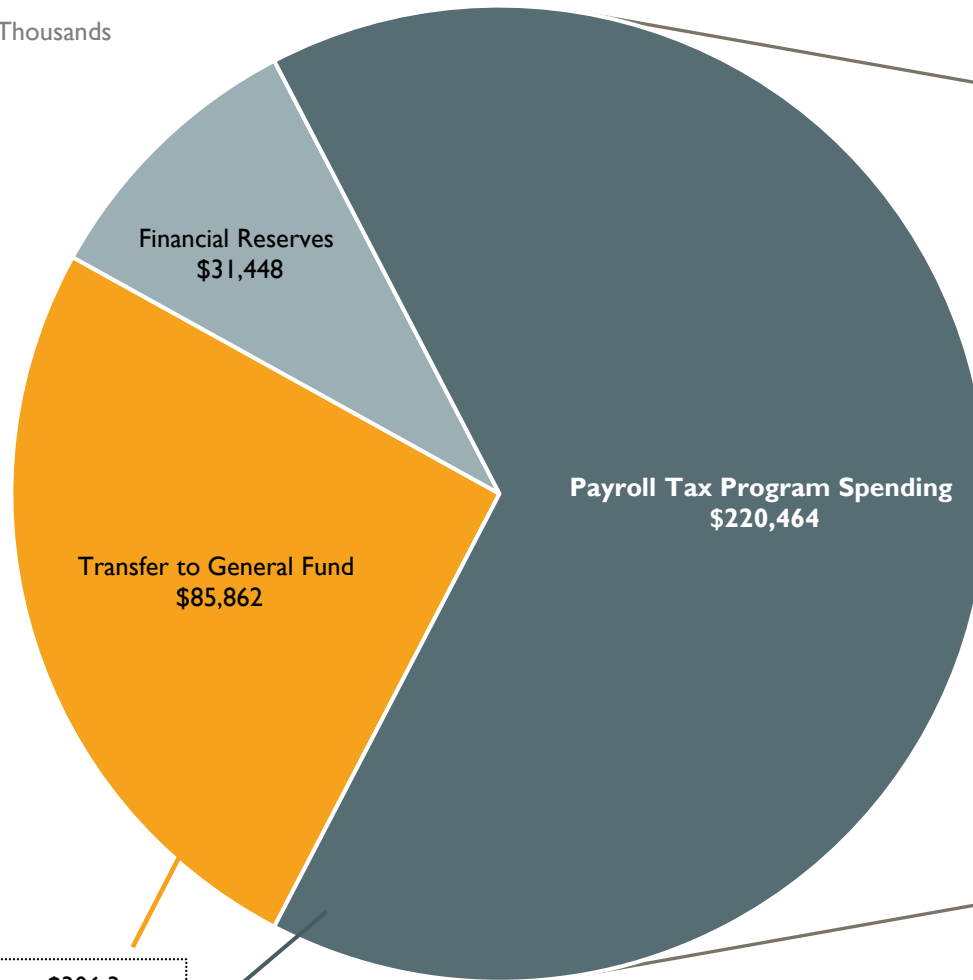


Payroll Tax: Proposed Budget



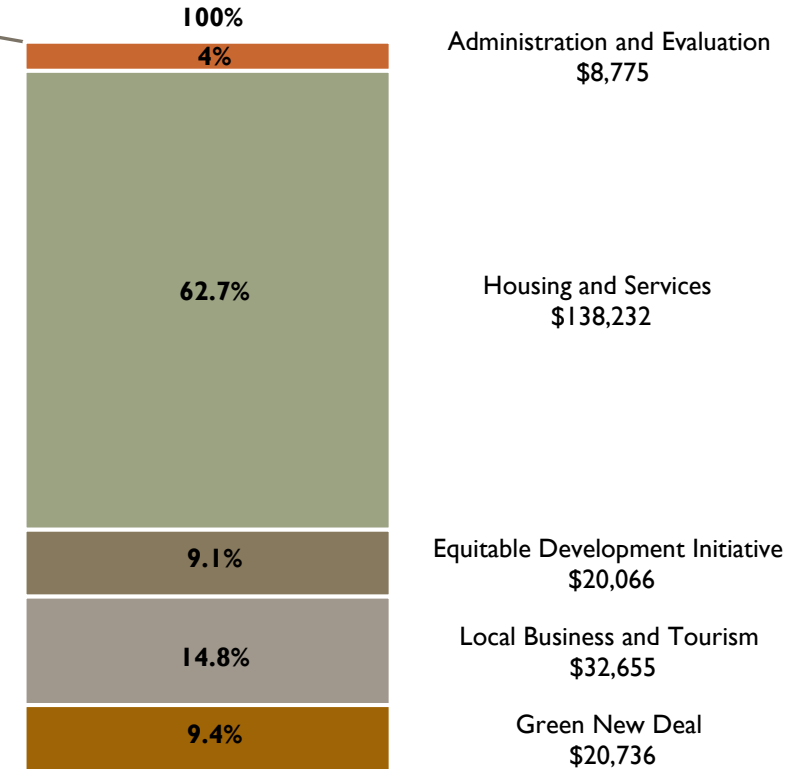
Payroll Tax: Proposed Budget (2023)

Dollar amounts in Thousands

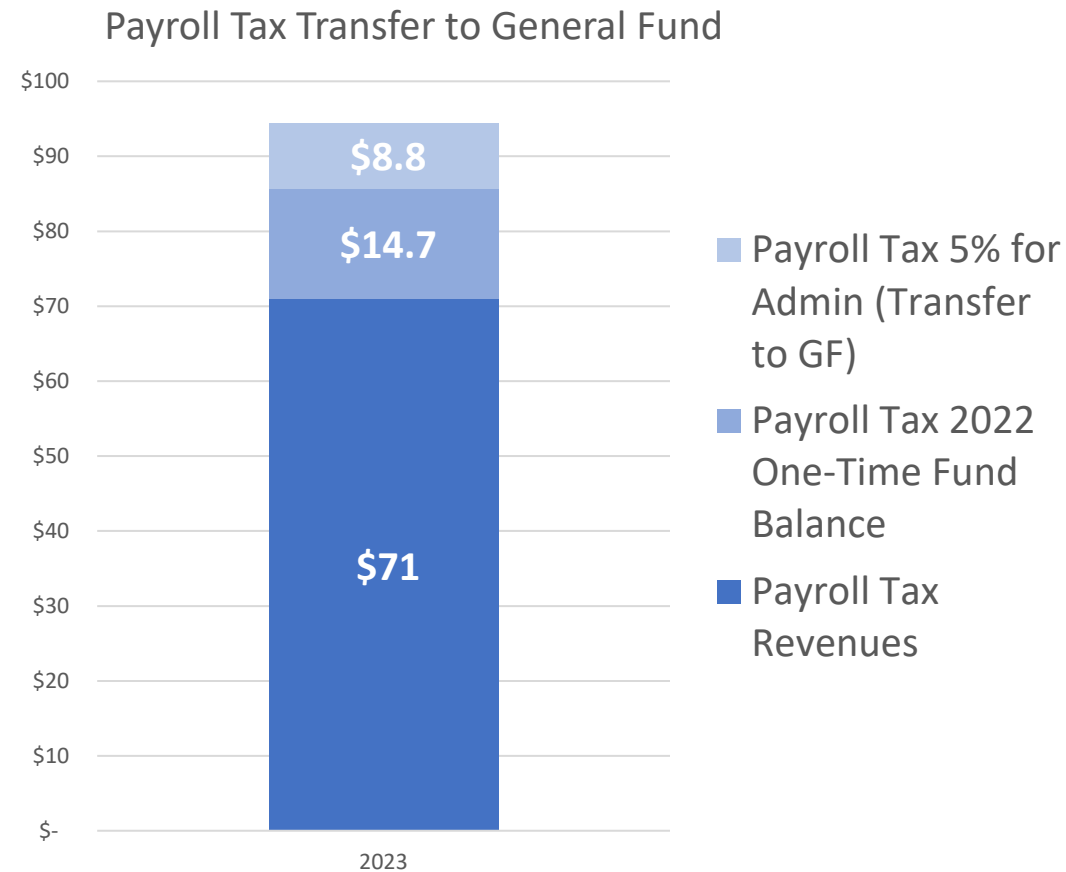


2023 Proposed Budget Appropriates \$306.3m between GF Transfers and Payroll Tax Program Spending

Payroll Tax Program Spending Breakdown



Total Payroll Tax Transfer to General Fund



- The proposed budget includes a total transfer of \$94.5m to the General Fund.
- This includes:
 - About \$85.8m for General Fund Relief from two sources:
 - \$71 million from 2023 revenues
 - \$14.7 million from 2022 one-time fund balance (revenues received above forecast);
 - And \$8.8 million for the 5% portion of the Payroll Tax spending plan for Administration and Evaluation of the tax. This is proposed to be done *via* the General Fund as an administrative efficiency.

Developing the Budget: Unanticipated or Undefined Cost Pressures

- **Judgment and Claims Fund:** The City's Judgment and Claims Fund, which provides for the payment of legal claims and suits brought against the City government, is provided an additional \$11 million to pay for extraordinary settlements against the City.
- **Unanticipated technology needs:** Unanticipated technology needs and the continued rapid rate of change in technology presents a challenge for the City in anticipating costs of projects and services. Example: Municipal Court Information System (MCIS) project, which began in 2016 and is replacing a 30+ year-old legacy municipal court information system with a modern and adaptable case management solution. Costs for this project have escalated by \$17 million from \$37 million to \$54 million overall.
- **City Labor Contracts:** Coming into 2023, the majority of the City's labor contracts are also up for renewal, which adds considerable uncertainty. Reserves are maintained for this purpose, however, the exact details around the future settlements will not be known until after the budget is adopted.
- **Overages in Fire Dept:** SFD is ending 2022 with a significant overage, requesting \$16 million in the year-end supplemental. This is due to a mix of factors – high vacancies, meaning more overtime used; earlier retirements per a new state law lowering the age; full use of supplementary COVID leave (requiring 1:1 backfill at overtime rates).

2023-2024 Budget Priorities



Public Safety



Housing and Homelessness



Opportunity and Access



Healthy Communities



Climate and Environment



Safe and Reliable Transportation



Good Government



Public Safety (1 of 3)

- **Seattle Fire Department (SFD)** is increasing investments in hiring and training of firefighters and paramedics in the face of historically high vacancy levels.
 - Additional fire fighter recruits (\$2.2m): for hiring and training of 30 additional recruits. This is in addition to funding for 60 recruits already in the SFD base budget.
 - Additional paramedic recruits (\$303k): for 3 additional paramedic student training. This is in addition to funding for 5 recruits in the base budget.
 - Capital for Fire Station 31 (FS31): Funds provided in Finance and Administrative Services to support the buildout of the new FS31. The new FS31 include minimizing call response times while maximizing firefighter health and safety and designing a facility with the flexibility to meet operational needs for the next 30 years.
- **Seattle Public Libraries (SPL) Security**: Adds two full-time Security Officers to increase patrols and allow the security team to help deter and deescalate adversarial situations and respond quickly to violent incidents, which have increased during the COVID-19 pandemic.
- **Park Rangers**: The Seattle Park District levy funds will support an expansion of the Park Ranger program to enhance safety and promote voluntary compliance of park rules. Park Rangers will begin 2023 downtown and will expand to neighborhood parks (subject to bargaining).





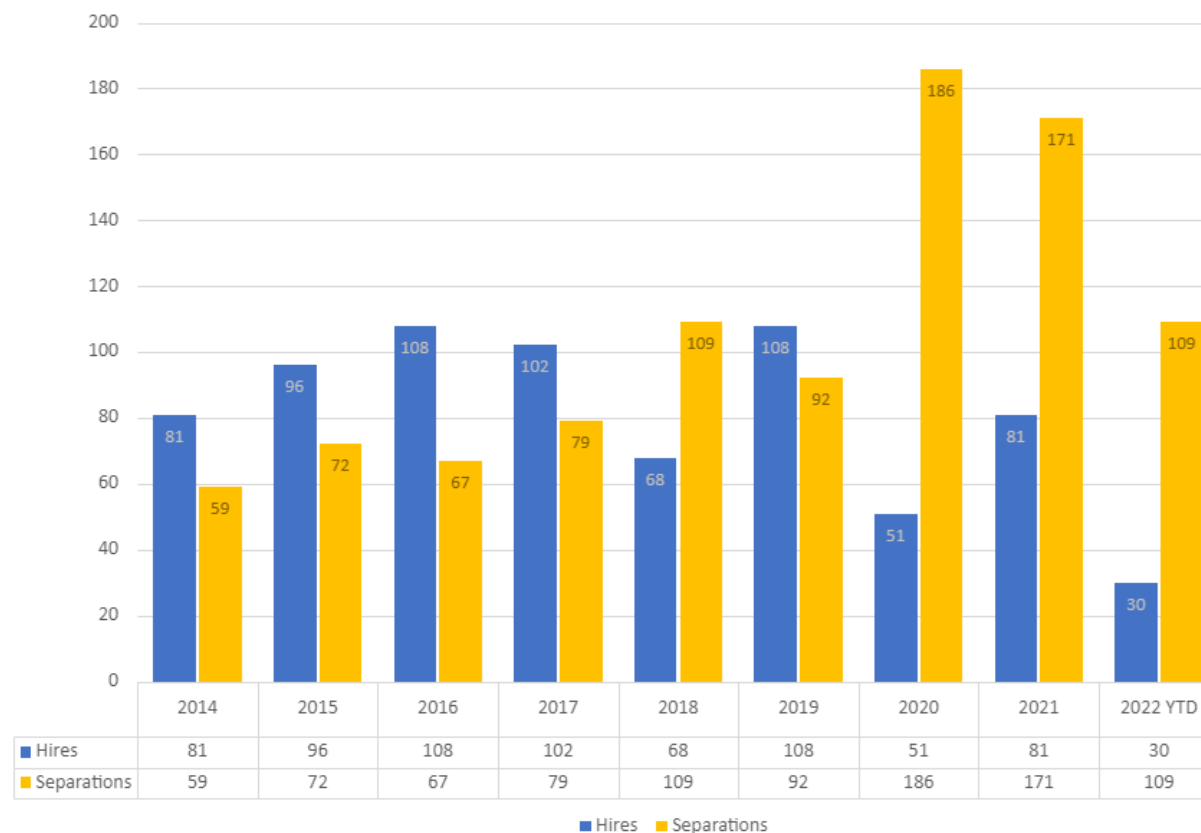
Public Safety (2 of 3)

The Seattle Police Department (SPD) makes multiple investments to improve the capacity for SPD to respond to community needs and deliver services efficiently. The proposed budget realigns SPD's budget with staffing projections, and reinvests the savings into priority needs for the department:

- Comprehensive Recruitment and Retention Plan (\$4.3m)
- Increased Overtime (\$2.6m)
- Equipment and technology (\$4.25m)
- Mental Health Practitioner (\$490k)
- Relational Policing and Before the Badge Training (\$446k)
- Harbor Patrol (\$250k)
- Gunfire Detection System (\$1m)

Additional investments are made to shift capacity within the Office of Police Accountability (OPA) to assist with drafting OPA findings for investigations and alleviate the backlog of Director Certified Memos (DCMs).

Police Hires and Separations with Net Change, 2014-2022 YTD





Public Safety (3 of 3)

- **Domestic Violence and Victim Advocacy Investments (\$940k):**
 - \$502k in the Human Services Department (HSD): to increase victim advocacy staffing to support survivors of sexual assault in HSD, and for staffing to assess the current gaps in victim support advocacy and support process improvement. Overall Domestic Violence and Victim Advocacy investments serve 10,500 people/year.
 - \$438k in the Law Department to support increased staffing for Domestic violence unit and non-DV victim advocates.
- **Relocating Parking Enforcement Officers (PEO) from SDOT to SPD**
 - Move to SDOT was never fully realized; they retained physical location in SPD, use of SPD equipment, etc.
 - SPD may not be the ultimate landing place for PEOs; will continue to assess over the biennium
 - Helps with difficulty with recruitment and hiring; provides better access to databases; and removes basis for unfair labor practices (ULPs)
 - Averts added cost pressures – allowing investment in other community-led safety solutions listed below.
- **Seattle Community Safety Initiative (\$4.3m):** ongoing funding supports regional and ongoing gun violence prevention, serving youth and young adults of color (ages 12-30) and their families from Black and Brown neighborhoods who live, go to school, or work in Southeast Seattle, Central District, and West Seattle.
- **King County Regional Peacekeepers (\$1.5m):** supports restoration services for youth and families impacted by gun violence and referred to community-based care by King County's Hospital Based Intervention Team at Harborview Medical Center.





Housing and Homelessness (1 of 3)

- \$253 million for the Office of Housing (including \$128 million from payroll tax) for:
 - \$228m for Multifamily Housing Investments
 - \$17 million for homeownership, sustainability, and weatherization
 - \$8 million for administration
- Since 2016 the Office of Housing has produced over 2,150 units of new affordable housing, served 481 rental housing units with Operating and Maintenance funds, helped 3,312 individuals and families with Homelessness Prevention & Housing Stability Services Programs, and assisted 280 low-income homeowners gain entry to an important foothold to increase intergenerational wealth and prevent displacement.





Housing and Homelessness (2 of 3)

- **\$150.4m City-wide for homelessness**, including \$108m in HSD for homeless outreach, shelter, services, and administration.
- **Resources available to KCRHA:** \$87.7 million (81%) of the amount proposed for HSD will be transferred to KCRHA. Excluding one-time federal funding received in 2022, this represents a \$10.3 million (13%) increase in the City's contribution to KCRHA over the 2022 revised amount of \$77.5 million. Also available to KCRHA for approved uses will be any unspent money from a \$40.6 million infusion of one-time Federal funding that was first made available as a lump sum in the 2022 budget to support programs through 2024. Adds include:
 - \$2.2 million in 2023 and \$7 million in 2024 to sustain existing homelessness programs and services previously funded with one-time funding sustaining 103 and 343 shelter units respectively,
 - \$2.4 million to open and operate 50 new Tiny Houses, and
 - \$5 million for an estimated 101 new safe parking spaces to serve people living in vehicles.
- The remaining \$20.2 million of homelessness spending proposed in HSD's budget will support City managed homeless programs (\$16.6 million), contract oversight and administration (\$1.1 million), and expanded outreach support to connect unsheltered people sleeping in public spaces to shelter and housing (\$2.4 million).





Housing and Homelessness (3 of 3)

- **Human Service contract inflationary increases:** The proposed budget funds a 4% inflationary increase to the City's nearly 300 human service contracts. We are also sending a bill that limits the City's future liability to 4%.

All Funds Supported Contract Inflation	2023 Contract Inflation	2024 Contract Inflation	2025 Contract Inflation	2026 Contract Inflation
All Funds Inflation with 4% Cap	4.00%	4.00%	4.00%	2.60%
	7,290,000	14,870,000	22,760,000	28,090,000
One-Time Coc Inflation 4%	650,000			
Total - 4% Cap	7,940,000	14,870,000	22,760,000	28,090,000
All Funds Inflation to CPI	7.60%	6.70%	4.00%	2.60%
	13,850,000	26,990,000	35,360,000	41,020,000
One-Time Coc Inflation to CPI	1,230,000			
Total - CPI	15,080,000	26,990,000	35,360,000	41,020,000
Difference	(7,140,000)	(12,120,000)	(12,600,000)	(12,930,000)





Access to Opportunity (1 of 2)

- **OED Economic Revitalization \$16.8.** Key investments include support for commercial affordability, downtown and neighborhood economic recovery, workforce development, an export accelerator initiative, capital for small business development, and the Seattle Jobs Center.
- **Seattle Conservation Corps \$900k.** Additional jobs training program for homeless adults. This investment returns the Corps to pre-pandemic level of 50 and adds capacity for an additional 10 enrollees.
- **CiviForm improvements.** CiviForm is the City's common application across multiple departments that decreases the time and effort for residents and their trusted intermediaries (e.g., Community Based Organizations) to apply for City of Seattle programs. These investments will help CiviForm expand to more programs throughout the City, connecting residents to the full suite of Affordable Seattle programs. Since the beginning of CiviForm's pilot in May 2021, over 10k residents applied to City programs in less than 5 minutes on average, a decrease from 30 minutes. 20% of residents reused their information to apply to 2 or more programs.
- **Addressing permitting roadblocks.** Seattle Department of Construction and Inspections (SDCI) receives significant investments to address permitting bottlenecks, including support for continuous improvement and additional civil engineers.
- **UW Rainier Valley Early Learning Campus (\$5m).** Joint investment with the Federal Government, State, and Philanthropy for multi-use campus, including: child care, preschool, adult classrooms, family support services, UW BA/MA degree programs, mentorship programs, national training, and paid internships for Franklin High students.
- **Hiring and retention bonuses for childcare workers (\$5.3m).** Bonuses of between \$500-\$1000 will be provided to each of the approximately 4,600 childcare staff in Seattle – serving over 20,000 children in the City. Funding will also support filling 700 existing positions.
- **Seattle Promise and Culturally Specific and Responsive K-12 Investments (\$9.7m over biennium).** Repurposed FEPP Levy underspend to maintain Seattle Promise investments in educational equity and K-12 investments supporting an expansion of culturally specific and responsive programming that target BIPOC and other underrepresented youth. Investments will serve an estimated 2,700 students over the biennium.





Access to Opportunity (2 of 2)

- **Memorial Stadium** Up to \$40 million City contribution to Memorial Stadium Redevelopment project which is being developed in partnership with Seattle Public Schools (SPS). Total project cost is estimated at \$200-250 million.
- **Equitable Development Initiative (EDI):** The proposed budget provides additional funding for EDI grants, bringing the total amount for EDI grant awards to \$23.9 million.
- **Unified Care Team.** In 2022, the launch of the Unified Care Team improved communication and cross-department coordination. The 2023 budget will build on this approach to:
 - **Create geographically-focused teams:** Shift the way the work is approached from one team looking city-wide to 4-5 teams each focused on a specific area of the City. This allows teams to coordinate focused efforts, track progress, and build relationships with the community, neighbors (both housed and unhoused), outreach teams and businesses within their region.
 - **Ensure continued delivery of trash mitigation services across the City:** For the last two years this work has been supported through one-time funding; this proposed budget provides ongoing funding to maintain trash mitigation services.
 - *This allows us to replace current temporary jobs with permanent, full-time roles – sending a clear message that the teams who work every day to ensure our parks, sidewalks, and public spaces are clean deserve to have the security and benefits of being full-time, regular employees of the City of Seattle.*
 - **Expand System Navigator capacity:** Six additional System Navigators ensures UCT geographic teams have dedicated capacity to help unsheltered people in tents, RVs and vehicles get the resources they need to transition into shelter or permanent housing.
 - **Formalize the team providing operational and administrative support:** Day-to-day leadership & operational support – this is a key step in setting up the leadership structure of this work to ensure continued effective operations even as the City goes through inevitable leadership changes at some point in the future.





Healthy Communities

- **Healthy Seattle (\$350k):** A new pilot program to improve access to quality care for 1,000 uninsured and underinsured Seattleites, especially in BIPOC, immigrant and refugee, and historically marginalized communities in the City of Seattle. Funding to expand the Public Health-Seattle & King County's (PHSKC) Community Health Worker program and engage with more community-based organizations, particularly those with the connections and trust of specific individuals and communities.
- **Abortion access (\$250k):** Access to safe reproductive healthcare is essential. The budget includes \$250,000 of ongoing appropriation to fund expanded access to reproductive healthcare by making an investment in the Northwest Abortion Access Fund through the City's public health contract with King County, Public Health-Seattle & King County (PHSKC).
- **Parks and open spaces** are key to healthy and vibrant communities. Following months of community and stakeholder engagement, the Mayor's proposed Park District financial plan invests approximately \$115 million in 2023 and \$116 million in 2024 toward ensuring Seattle's nearly 500 parks, playfields, and community centers remain welcoming places for recreation, learning, and healthy communities.
- **Enhanced Graffiti Abatement (\$500k)** through the creation of a single point of contact at the City designated to lead on this issue and who will be responsible for coordinating a new interdepartmental team and setting standard graffiti tracking metrics and abatement procedures. Initiatives under the Plan may include: One Seattle Many Hands Initiative, expanding graffiti abatement, prevention, increased enforcement, and working with WSDOT on abatement on WSDOT rights-of-way. In addition, the Seattle Public Utilities budget adds \$244,000 of on-going funding for two positions to support graffiti abatement for private property.
- **Seattle Indian Health Board Detox Facility (\$800k):** one-time capital funding to support construction of a detox facility.





Climate and Environment (1 of 2)

- **Investments in Healthy, Climate Resilient Communities:**

- Seattle Parks and Recreation (SPR) and the Seattle Public Library (SPL) both receive \$3.5 million to support decarbonizing libraries and community centers in conjunction with planning and development for Community Resiliency Hubs.
- \$800,000 to support the Environmental Justice Fund and the Duwamish River Opportunity Fund. Investments aim to provide immediate and long-term funding for community-based efforts to address health disparities through investments in food access and environmental justice, youth leadership, environmental restoration, and green jobs.

- **Ensuring a Just Transition Away from Fossil Fuels:**

- \$2.6 million for the Clean Heat Program, supporting electric heat pump conversions of oil-heated homes. This includes \$800,000 for rebates at OSE, as well as \$1.8 million in funding at the Office of Housing (OH) for fully funded oil-to-electric conversions for eligible low-income households.
- \$2.8 million in OSE for Building Emissions Performance Standards for large commercial and multifamily buildings. Funding will support the Building Accelerator program, which provides technical assistance to under-resourced building owners.
- \$1 million in ongoing funding for Electric Vehicle rebates for industrial and commercial heavy-duty fleets, including drayage trucks and school buses.



Climate and Environment (2 of 2)

- **Equitable Clean Energy Economy Investments:** Workforce investments are critical to ensuring the clean energy economy provides equitable benefits.
 - \$1 million for Green Jobs Pathways Pre-Apprenticeship Scholarships and
 - \$200,000 to continue workforce investments and climate-aligned small business support in the Duwamish Valley, and
 - \$160,000 to fund a Climate Justice Workforce Advisor.
- **Mobility and Transportation Alternatives:** Transportation is a significant contributor to greenhouse gas emissions. To mitigate these impacts, the budget provides:
 - \$647,000 for the Department of Finance and Administrative Services (FAS) for developing Electric Vehicle Charging Stations for city-owned fleets.
 - \$2.5 million at Seattle Department of Transportation (SDOT) and \$160,000 at the Office of Planning and Community Development (OPCD) for design, planning, and community engagement around Sound Transit 3, including discussions with community about equitable station siting and design.
 - \$350,000 is allocated to the Office of Economic Development (OED) for a mobility study of Seattle's downtown core.





Safe and Reliable Transportation

- **SDOT fiscal challenges:** The August revenue forecast was an unexpected continued hit to SDOT revenues, which have been decreasing steadily during the pandemic. We anticipate that there will be over \$45 million of cumulative shortfall in SDOT's most flexible dedicated transportation revenue stream, Commercial Parking Tax (CPT) by 2026. Conversely, planned and unplanned, uncontrollable expenditures continue to bring pressure on the SDOT budget. Balancing strategies include: reducing 2022 expenditures, deferring and/or reducing some capital projects, prioritizing expenditures, and directing more central resources (TNC and REET) to SDOT. It is within this context of fiscal constraint that investments are made to enhance safe environments for walking, biking, riding transit, driving, and moving freight based on geographic equity and community need.
- **Key investments:**
 - **Move Seattle Investments:** \$11.7 million in 2023 and \$29.0 million in 2024 for Sidewalk Safety Repair, Transit Corridor Improvements, Arterial Asphalt and Concrete projects, New Sidewalk Program, Protected Bike Lane improvements, Greenways, Arterial Major Maintenance, Heavy Haul Network improvements, and investments in the Market / 45th Multimodal Corridor project.
 - **Emergency Response:** Due to worsening storms as a result of climate change and other transportation-disrupting events including the increasing complexity of the transportation network, an additional \$6 million is added to base investments of \$3 million to ensure SDOT holds enough budget to respond quickly to emergency events.
 - **Vision Zero:** An additional \$1.3 million is added to base investments of \$7 million to support Vision Zero investments for Rainier Corridor safety projects in 2023, transit improvement projects along MLK, concept planning for the 130th West project, and other transit-related projects that will be identified in the coming months.
 - **West Seattle-Ballard Link Extension Staffing:** The City will invest almost \$3 million annually from the payroll tax to support 14 positions that will help develop, review, and plan Sound Transit's major light rail extension project through Downtown Seattle. This project represents the largest infrastructure investment in Downtown in the city's history and will require close coordination with Sound Transit to ensure the work best meets Seattle residents' needs.
- **Anticipated Bipartisan Infrastructure Law grants** to come later this year and early in 2023.





Good Government

- **Administration and Evaluation Capacity:** The proposed budget includes a \$5.8 million transfer to cover specific administrative and evaluation expenses identified in the City Budget Office, Department of Neighborhoods, Office of Economic Development, Office of Housing, Office of Sustainability and Environment, Department of Finance and Administrative Services, Department of Human Resources, and Legislative Department.
- **Critical IT Infrastructure:** The City is rapidly responding to new and urgent challenges that drive the delivery of new services to constituents, new investments in community recovery, and new initiatives to improve the quality of life for all. The need for Seattle IT and City departments to be agile in developing and onboarding the technology solutions to support these new programs is critical. The budget invests new resources in priority needs such as cybersecurity, a hybrid workforce, public records, and core technology investments, such as the conversion of the City to network-based phones and replacing the Seattle Municipal Court's IT system.
- **Asset Preservation:** In addition to maintaining critical technology infrastructure, the preservation and improvement of capital assets is a priority in this budget. The budget invests Real Estate Excise Tax (REET) in multiple departments to maintain and improve significant capital assets. Projects receiving new investments include the rebuild of Fire Station 31, further electrifying the City's fleet, and significant improvements to the City's downtown Waterfront. The budget also increases REET reserves in this time of fiscal uncertainty.
- **City Utilities:** The 2023-2024 Proposed Budget for both Seattle City Light (SCL) and Seattle Public Utilities (SPU) continues to build on each utility's six-year Strategic Business Plan.
 - Seattle City Light's \$1.5 billion budget maintains investments at current service levels; proposed changes are net-zero reprioritizations (after technical and inflationary adjustments), necessary to support the business strategies outlined in the approved 2023-2028 Strategic Business Plan and remain within the funding levels proposed in the 2023 rate ordinance.
 - Seattle Public Utilities \$1.4 billion budget provides reliable, efficient and environmentally conscious utility services that enhance the quality of life and livability in all communities SPU serves. SPU's budget pays for Clean Cities, including the provision of crucial public hygiene services for the unsheltered population, and UCT/Clean Seattle programs





Good Government: Fiscal Reserves

The City maintains two financial reserves to draw upon in the event of certain unanticipated expenditure or revenue pressures:

- **Emergency Fund (EMF).** The EMF is the principal reserve for the City to draw upon when certain unanticipated expenses occur during the fiscal year. The budget continues to replenish the EMF at \$10m in 2023 and 2024, to make progress on the five-year replenishment plan. The total reserve amount is rebuilt to \$63.7m over the biennium and is on track for full replenishment by the end of 2026.
- **Revenue Stabilization Fund (RSF).** The RSF, or Rainy Day Fund, was recently replenished in 2022 via the 2021 year-end fund balance in the General Fund. The 2023-24 Proposed Budget builds on this reserve with the maximum contributions under current policy of \$3.6 million in 2023 and \$1.7 million in 2024, to reach an ending fund balance of \$67 million. The total amount of reserves in the proposed budget at the end of the biennium is \$130.7 million.

Thank you!

For full detail, see the Mayor's [2023-2024 Proposed Budget](#).

