



Legislation Text

File #: CB 120716, Version: 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to the establishment of a Fiscal Transparency Program; requiring periodic and consistent reporting and monitoring of City budgetary, financial, and fiscal policy information to the City Council and the public; adding a new Chapter 3.140 to, and amending Sections 3.14.100 and 5.08.020 of, the Seattle Municipal Code; and requesting that the Code Reviser recodify Chapter 5.08 of the Seattle Municipal Code in Subchapter I of Chapter 3.14.

WHEREAS, a review of state fiscal note practices by the Center for Budget and Policy Priorities finds that preparing fiscal notes for all legislation, projecting long term fiscal impacts of proposed legislation, revising the estimates as needed, and posting fiscal notes online are best practices in the preparation and presentation of fiscal estimates for proposed legislation; and

WHEREAS, the Government Finance Officers Association recommends that “all governments establish a formal set of processes for comparing budget to actual results to monitor financial performance. Budget monitoring should include analysis of a diverse set of indicators to best inform the analysis and facilitate evaluation of a government's overall performance. Establishing and conducting regular budget monitoring provides organizations the opportunity to promptly adjust for any significant variances to ensure continuity of program/service delivery”; and

WHEREAS, the City has a fiscal note practice that describes current-year fiscal impacts that is periodically updated to incorporate new information such as about capital, climate, and race and social justice impacts, to meet the needs of the City and its policy makers; and

WHEREAS, the City Budget Office (CBO) launched a new fiscal monitoring program in 2023 that engages City departments, including staff from the Office of City Finance and CBO in consistent analysis about

budget-to-actual spending; and

WHEREAS, the City is projecting a structural General Fund (Fund 00100) deficit of more than \$200 million per year starting in 2025, and regular fiscal monitoring, reporting, and planning will provide an additional tool to assess the City's financial position, aid in addressing projected deficits and make sustainable budget decisions; and

WHEREAS, Resolution 31954 requested that the City Budget Office (CBO) and the Department of Finance and Administration Services (FAS), in consultation with Council Central Staff (CS), evaluate and report on both the near- and long-term solutions that allow for sufficient and transparent budget planning; and

WHEREAS, Statement of Legislative Intent (SLI) LEG-322-A-001-2023, requested recommendations from a CS and CBO workgroup related to the annual budget process and treatment of General Fund planning reserves; and

WHEREAS, the response to the SLI includes eight recommendations from CS and CBO intended to increase transparency in City budgeting, reporting, and use of City resources; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. A new Chapter 3.140 is added to the Seattle Municipal Code as follows:

Chapter 3.140 FISCAL TRANSPARENCY PROGRAM

3.140.010 Establishment and purpose

There is established a Fiscal Transparency Program created by the City Budget Office of the Executive Department. The City Budget Director shall develop and implement the Fiscal Transparency Program, in consultation with the Central Staff Director. The purpose of the Fiscal Transparency Program is to increase and sustain transparency in City budgeting, reporting, and use of City resources, including historical trends, current performance, and future projections, and to foster sustainable budgets that maintain appropriate service levels and enable City departments, and the contracted partners that deliver City services, to focus on service performance.

3.140.020 Definitions

“City Budget Office” means the division of the Executive Department created by Section 3.14.100.

“Council Central Staff” means the division of the Legislative Department that provides independent and objective policy and fiscal analysis to the City Council and helps facilitate the exchange of information between the City Council, the Executive, and the City Attorney’s Office.

“Summary and fiscal note” means a written description of the purpose and potential effects of proposed legislation, including an estimate of the potential expenditure, revenue, and staffing impacts.

3.140.030 Fiscal reporting requirements

To provide for transparent monitoring of the annual budget throughout the year, the Executive shall produce the regular reports listed in this Chapter 3.140 on past, current, and future fiscal performance. Council Central Staff shall review the reports, and it may present analysis to the Finance Committee at the discretion of the Central Staff Director in consultation with the Chair of the Finance Committee.

3.140.040 Reports on past activities

A. Citywide financial condition reports, covering information on the City's financial condition as of the end of the prior fiscal year and historical trends on City financial indicators, to be provided by the Director of Finance beginning September 2022 and biennially thereafter, as required by subsection 3.39.035.J.

B. Debt report covering the status of City debts, debt service, debt capacity, and debt guarantees, to be provided by the Director of Finance not less than annually, as required by subsection 3.39.035.H.

3.140.050 Reports on current activities

A. Revenues. Written reports on the performance of all forecasted revenues, to be provided by the Director of the Office of Economic and Revenue Forecasts not less than quarterly as required by subsection 3.44.030.J.

B. Cash balances and investments. Cash, investment and interfund loan reports covering the cash position of each City Fund, performance of investments in the common investment portfolio, and the status of

all interfund loans authorized by ordinance, to be provided by the Director of Finance not less than quarterly as required by Section 3.39.035.

3.140.060 Reports on future fiscal projections

A. Economic and revenue forecasts. As required by Section 3.44.040, the Director of the Office of Economic and Revenue Forecasts shall provide unofficial economic forecasts both of City revenues and for the Seattle region for the current fiscal year and the next five fiscal years. Each forecast will include three scenarios and assign probabilities to their occurrence: baseline; optimistic; and pessimistic. Forecasts shall be presented to the Economic and Revenue Forecast Council.

B. General Fund financial plan. Following the presentation of each economic and revenue forecast, and concurrent with the submittal of the Mayor's proposed budget for the next year, a financial plan for the City's General Fund shall be provided to the City Council. Each plan shall:

1. Provide estimates of actual revenue and expenditures for the prior year and, revised, and projected revenue and expenditures estimates and expenditures for the prior year, for the current year (including adopted budget and revised estimates), and three future years.
2. Be informed by best available data about revenues and spending and include a publicly available table that defines discussion of the assumptions used to make projections.
3. Reflect current law or proposed changes in law transmitted with the budget.

3.140.070 Summary and fiscal notes

A. Process. All Council Bills and resolutions shall include a summary and fiscal note. The initial note shall be prepared by the department or office initially proposing the legislation. Updates shall be prepared by Council Central Staff as necessary to reflect the impacts of amendments adopted during the City Council's deliberations. Summary and fiscal notes will be:

1. Published concurrent with the introduction and referral date of the proposed legislation;
2. Updated and republished prior to final City Council deliberation on the legislation, as

necessary to reflect the impacts of adopted amendments.

3. Updated and republished after final City Council approval, if additional amendments are adopted at the time the City Council takes final action on legislation, as necessary to reflect the final Council approved version of legislation.

B. Form. A template for summary and fiscal notes will be jointly developed and reviewed biennially or as needed by the Central Staff Director and the City Budget Director, and shall include at a minimum:

1. A descriptive summary of the background, effect, and purpose of the proposed legislation;

2. Estimates of the current year and four future years of the potential revenue, expenditure, and staffing impacts by City fund of the proposed legislation. Where necessary, impacts to non-General Fund resources may be aggregated into a combined “Other Funds” category.

3. Questions and other related content necessary to gather information about capital projects requested in Resolution 31203.

4. Questions and other related content necessary to gather information about climate and environmental impacts requested in Resolution 31933.

5. Questions and other related content necessary to gather information, studies, and supporting details to fully describe the legislation and its impacts.

Section 2. Section 3.14.100 of the Seattle Municipal Code, enacted by Ordinance 123361, is amended as follows:

3.14.100 City Budget Office created-Functions, powers, and authority((:))

There is established a City Budget Office in the Executive Department to direct City budgeting functions and oversee its fiscal policy and financial planning activities unless law or ordinance vests such power elsewhere.

The head of the City Budget Office shall be the City Budget Director. The City Budget Director's functions and powers include the following:

A. Subject to the City's personnel ordinances and rules, appoint, assign, supervise, and control all

officers and employees in the Office;

B. Manage the preparation of the proposed budget for the Office, authorize appropriate expenditures, monitor, and carry out the adopted budget, develop and manage programs, and undertake authorized activities;

C. Be the Budget Director ((as)) referenced in ((Chapter)) chapter 35.32A RCW and prepare the Mayor's proposed budgets for submission to the City Council, giving guidance as appropriate to other City departments, offices, boards, and commissions in the preparation of their proposed budgets;

D. Provide strategic financial analysis, including analysis that relates to the use of revenues, debt, long term financial planning, and special trends and events;

E. Be the Mayor's agent with regard to the acceptance of Council Bills that have been passed by the City Council and are presented for mayoral action;

F. Provide technical assistance, training, and support to City departments in performing financial functions;((and))

G. Perform such other activities as may be assigned by ordinance from time to time((-)); and

H. Provide written expenditure performance reports as required by Resolution 32116.

Section 3. Section 5.08.020 of the Seattle Municipal Code, last amended by Ordinance 124921, is amended as follows:

5.08.020 Transfer between budget control levels

A. The City Budget Director may approve only transfers of appropriations that meet all of the following criteria:

1. The appropriation was made for the same department to which the City Budget Director allows the appropriation to be transferred. For purposes of this subsection 5.08.020.A.1, a board or commission whose budget is not provided within the budget of a City department shall be deemed a department.

2. The amount of the appropriation transferred, together with all previous transfers during the same budget year to that budget control level, does not exceed ten percent, or \$250,000, whichever is greater,

of the original budgeted allowance for the budget control level to which the transfer is made.

3. The transfer will not result in a cumulative annual net transfer of more than \$500,000 of appropriation into the budget for any one budget control level.
4. The amount of the appropriation transferred, together with all previous transfers during the same budget year from that budget control level, does not exceed 25 percent of the original budget allowance for the budget control level from which the transfer is made.
5. The new purpose of the appropriation must be a legal use of that fund source, must comply with terms, conditions, and restrictions controlling the expenditure of the appropriation so transferred, and must not infringe any covenants or any obligations, agreements, or ordinances by which the City received the moneys.
6. The ordinance making the appropriation did not state that transfer of the appropriation is prohibited.

* * *

Section 4. The City Council requests that the Code Reviser recodify provisions of Seattle Municipal Code Chapter 5.08 into Subchapter I of Chapter 3.14, to consolidate powers and duties of the City Budget Office.

Section 5. Section 1 of this ordinance shall take effect on January 1, 2024.

Section 6. 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 _____, 2023, and signed by me in open session in authentication of its passage this _____ day of _____, 2023.

President _____ of the City Council

Approved / returned unsigned / vetoed this ____ day of _____, 2023.

Bruce A. Harrell, Mayor

Filed by me this ____ day of _____, 2023.

Scheereen Dedman, City Clerk

(Seal)