SEATTLE CITY COUNCIL
CENTRAL STAFF

July 16, 2026

M E M O R A N D U M

To: Finance, Native Communities, and Tribal Governments Committee
From: Edin Sisic, Analyst
Subject: Council Bill 121253: Mid-year Supplemental Budget Ordinance

On July 21, 2026, the Finance, Native Communities, and Tribal Governments Committee (Committee) will discuss Council Bill (CB) 121253, which would amend the City's 2026 Budget.

This memo provides (1) background on budget adjustments to date; (2) describes CB 121253; (3) identifies potential issues and options for the Committee's consideration; and (4) describes next steps in the budget adjustment process for 2026.

Background – Approved Budget Adjustments to Date

As shown in *Table 1. 2026 Revised Budget-to-Date*, as of July 1, 2026, a combination of automatic and Council-approved budget adjustments has increased the City's 2026 Adopted Budget by $2.3 billion or 26 percent.

Table 1. 2026 Revised Budget-to-Date

Fund	2026 Adopted	Adjustments as of 7/01/2026	Revised Budget 7/01/2026	Percent Increase
General Fund	$2,012 M	$128 M	$2,104 M	6%
JumpStart Fund	$429 M	$303 M	$732 M	71%
All Other Funds	$6,509 M	$1,904 M	$8,413 M	29%
Total	**$8,950 M**	**$2,335 M**	**$11,249 M**	**26%**

Most of the $2.3 billion increase is from automatic carryforwards and legislation described in the Central Staff Memo for the 2025 Carryforward Bill (Ordinance 127457), which Council passed on June 23, 2026.

CB 121253 – 2026 Mid-year Supplemental Ordinance

CB 121253 is the second comprehensive supplemental budget legislation transmitted by the Executive in 2026, proposing mid-year appropriation, position, and capital project changes to meet needs that are assumed to have been unforeseeable at the time the 2026 budget was adopted in November 2025. Overall, this legislation would increase operations and maintenance appropriations by $135 million to support ongoing service delivery and address emerging needs. There is also a net decrease of $91 million in CIP appropriations, consisting primarily of technical adjustment. Additionally, CB 121253 also adds seven new positions.

The City faces a long-term structural budget deficit, where General Fund (GF) expenditures are outpacing GF revenues. Absent remedies and/or drastic improvements in the underlying GF revenue forecast, the projected deficit grows to $173 million in 2027 and would continue at roughly that level in the future. The state budget act requires the Mayor to submit a balanced budget, and as such the projected 2027 deficit must be resolved in the forthcoming proposal using a combination of one-time and ongoing measures. That said, those measures are currently unknown; what is known is that proposals in this ordinance have a fiscal impact to the GF, and in that way factor into the sustainability conversation of the GF.

General Fund Review

CB 121253 would increase the 2026 GF budget appropriation by $94 million, with $10.8 million of that one-time and $83.6 million ongoing. The ongoing increase is primarily driven by higher personnel-related costs stemming from recently approved Seattle Police Officers' Guild (SPOG) and Seattle Police Management Association (SPMA) collective bargaining agreements. Specifically, $80.2 million is proposed for SPD to cover retroactive 2024–2025 wage obligations and 2026 increases under those two agreements. Additionally, there is $10 million ($4 million of which is one-time GF cash transfer) for the Police Relief and Pension Fund that is also related to the SPOG and SPMA agreements. More detail on all General Fund items in the mid-year appropriations bill can be found in Table 2 and the narrative section below.

Table 2. CB 121253 Summary GF Appropriation Increases[1]

Item	Amount	Funding Source
One-Time		
Reappropriation for SLIM System Replacement (FAS)	$0.8 M	Fund Balance (restricted reg. fees)
Funding Consultant Work on Tribal Cultural Resource Preservation (OPCD)	$0.1 M	Fund Balance
Police Relief & Pension Cash Transfer Allocation (FG)	$4.0 M	Planning reserves
Required 2026 Revenue Stabilization Contribution (FG)	$2.0 M	Fund Balance
Seattle Chinese Garden Capital Improvements (FAS)	$2.5 M	Planning reserves
Other Proposals	$1.5 M	Offsetting reductions
One-Time Subtotal:	**$10.8 M**	
Ongoing		
Indigent Defense Caseload Adjustment Funding (FAS)	$3.0 M	Planning reserves
Extreme Risk Protection Order Attorney Addition (LAW)	$0.1 M	Fund Balance
Court Cashier Position Reclassification (SMC)	$0.2 M	Planning reserves
Annual Wage Increase Adjustment for Law Department (LAW)	$0.0 M	Planning reserves
Annual Wage Increase Adjustment for Seattle Municipal Court (SMC)	$0.1 M	Planning reserves
SPOG & SPMA Annual Wage Increase (SPD)	$80.2 M	Planning reserves
Ongoing Subtotal:	**$83.6 M**	
Total GF Expenditure	**$94.5 M**	
GF Revenue	**$1.9 M**	
2026 Adopted GF Financial Plan Reserves	**$92.0 M**	
Net GF Increase	**$0.5 M**	

One-Time Appropriations:

- **Reappropriation for SLIM System Replacement.** This legislation would reappropriate unspent 2025 funds to partially support replacement of the SLIM system. Although budgeted in the GF, this revenue was generated from regulatory fees paid by industries overseen by the Consumer Protection Division, and use of these fee revenues is restricted to activities that support the administration and enforcement of those regulations.
- **Funding Consultant Work on Tribal Cultural Resource Preservation.** The funding would support implementation of Executive Order 2025-09, which directs the Office of Planning and Community Development (OPCD) to contract with a consultant to identify actions the City can take to enhance and preserve tribal cultural resources that may be affected by housing development on private property. OPCD did not receive resources in either 2025 or 2026 to carry out the work outlined in the Executive Order. OPCD is coordinating with the Office of Intergovernmental Relations (OIR) on Tribal relations components of this

[1] *Net-zero transfers in the General Fund are excluded from this Table.*

effort. This proposal provides one-time funding to initiate the required consultant work.

- **Police Relief & Pension Cash Transfer Allocation.** This item increases appropriation authority by $4 million to cover retroactive and 2026 pension costs stemming from the Seattle Police Officers Guild (SPOG) and Seattle Police Management Association (SPMA) collective bargaining agreements approved in late 2025. The resources for this transfer have been held in Finance General planning reserves designated for labor contract obligations.

- **Required 2026 Revenue Stabilization Contribution.** SMC 5.80.020.B requires that 50 percent of any General Fund ending balance—after deducting encumbrances, carryforwards, or planned reserves—that exceeds the ending balance assumed in the adopted budget be deposited into the Revenue Stabilization Fund (RSF), provided the transfer does not cause the RSF balance to exceed 5 percent of General Fund tax revenues. This proposed $2 million transfer from Finance General to the RSF fulfills this requirement and, when combined with the $7.8 million transfer included in the 2026 Adopted Budget, brings the RSF balance to approximately $76 million.
- **Seattle Chinese Garden Capital Improvements.** During the 2025–2026 budget process, Council added $5 million GF in Finance General for one-time capital improvements to support continued implementation of the Seattle Chinese Garden master plan. The garden, located at South Seattle College, was established in 1999 through a partnership between the City and its sister city, Chongqing, China. This action would appropriate $2.5 million of the $5 million to FAS to initiate the project this year.

Ongoing Appropriations:

- **Indigent Defense Caseload Adjustment Funding.** This item increases appropriation authority by 3,000,000 dollars in the Department of Finance and Administrative Services to fully fund the City’s 2026 costs under the Interlocal Agreement (ILA) with the King County Department of Public Defense for indigent defense services in Seattle Municipal Court. The higher funding need reflects updated attorney-to-support-staff ratios required under the ILA, as well as increased per-case costs resulting from a 2025 State Supreme Court rule adopting the Washington State Bar Association’s recommendation to reduce attorney caseloads to 120 cases per year by 2035. To meet this requirement, the City is implementing a phased reduction of attorney caseloads by 10 percent per year over the next decade, down from the previous caseload assumption of 320 cases. The added appropriation ensures the 2026 budget aligns with these updated standards and contractual obligations.
- **Extreme Risk Protection Order Attorney Addition.** Law Department proposes adding 1.0 FTE Assistant City Attorney and 50,000 dollars to expand the City’s capacity to handle Extreme Risk Protection Orders (ERPOs), which remove firearms from individuals deemed high-risk by the court. The position would focus on non-domestic-violence ERPO cases in

coordination with SPD. Funding covers the first three months of the position, with ongoing costs of roughly 228,000 dollars annually starting in 2027.

- **Court Cashier Position Reclassification (SMC).** This item would fund personnel costs from consolidating four job titles—Court Cashier and Administrative Specialist I, II, and III—into a single Court Operations Specialist classification, covering 41 positions. The reclassification, developed with Local 763 and SDHR and finalized for 2026, raises average pay by $1.79 per hour, creating an annual ongoing cost increase of about $250,000. According to the Executive, the new classification structure improves staffing flexibility and aligns roles with the Court's operational needs. This appropriation provides the ongoing resources required to support the reclassification and maintain current service levels.

Policy Consideration – 2026 GF Net Fiscal Impacts

The current General Fund (GF) financial plan projects a $48.8 million unreserved ending balance for 2026. However, the 2027 projected GF deficit remains at $173 million based on the latest CBO data. Given this outlook, the Council may choose to modify or reject some of these proposals and reserve funds to address the deficit. Options for doing so are limited, as most GF appropriations are supported by planning reserves, restricted revenues, revenue offsets, or items mandated by state law.

Other Funds Review

In addition to the proposed GF changes described above, CB 121253 would decrease total appropriations in other City funds by $49.8 million. Notable decreases include:

- **Capital Improvement Program (CIP) Abandonments.** A combined abandonment of $91 million of carryforward capital budget appropriations, primarily in the City utility funds, of which $49.8 million is in the City Light Fund and $53.6 million is in Seattle Public Utilities' funds. Additional significant changes include a $19 million reduction in FAS to align several CIP projects with bond planning by not issuing bonds in 2026. This reduction is offset by the reappropriation of $5 million in prior-year bond funds and $1 million from the JumpStart Payroll Expense Tax to support projects requiring funding in 2026. Similarly, Seattle IT proposes a $4.7 million reduction due to not issuing bonds in 2026; however, the department has sufficient residual prior-year bond proceeds and carryforward budget to fully fund its planned 2026 CIP work.
- **Human Services Department Grant Abandonment.** Abandonment of $5.7 million of carryforward grant appropriations in the Human Services Department. These changes reflect the removal of unspent or expired grant-backed authority and adjustments to align budgeted amounts with actual awards.

It is important to note that these changes are technical and do not free up financial resources for use on other budget purposes. After accounting for these technical reductions, CB 121253 would increase appropriations to other City funds by approximately $74.9 million. Notable increases include:

- **Fleet Capital Appropriation Increase.** A $20.9 million overall increase is proposed for FAS' Fleet Replacement program, including $11.5 million for the replacement of six fire apparatuses. This funding would provide sufficient vehicle rate-backed appropriation to encumber funds for future replacements, as long lead times require FAS to place orders four years in advance. The Executive requests additional vehicle rate-backed appropriation authority to cover $9.2 million in 2025 encumbrances that exceeded the budget due to unplanned new vehicle additions, upgraded replacements, unforeseen price increases, and for vehicles scheduled for 2025 replacement that were not ordered before year-end. All purchases are funded through vehicle replacement rates and/or department billing for increased costs, with higher department billings previously approved through budget actions or by the Vehicle Use Committee.
- **Memorial Stadium Sewer Main Replacement.** A $5.6 million capital project increase to replace an aging sewer line beneath Memorial Stadium. The added funding enables Seattle Center and Seattle Public Utilities to coordinate the replacement in 2026, taking advantage of the stadium's demolition phase to complete the work with minimal disruption to the surrounding community.
- **Backfill of Loss of Federal and State Support for OH Projects.** A $2.8 million increase in the Office of Housing (OH) to backfill the loss of anticipated federal and state funding for three permanent supportive housing projects. The City had planned to use outside funds to support ongoing operations, but those resources did not materialize, triggering this supplemental request. To address the gap, OH proposes a mix of ongoing and one-time solutions, including 2023 Levy O&M funds, Local Option Sales Tax fund balance, and 1995 Levy O&M fund balance. Because the operating needs are ongoing, the 2027–2028 budget will include a proposal for a long-term funding solution.
- **Mandatory Housing Affordability Recalibration and Nexus Study.** $275,000 in OH (OH Fund), to support a recalibration and nexus update study for the Mandatory Housing Affordability program.
- **Seattle Center CIP Project Creation and Adjustments.** $1 million in capital expenditures that Seattle Center charged in 2025 to two CIP Master Projects that had not yet been created in the adopted CIP. Because the 2025 fiscal year is now closed, the negative expenditure balances must be resolved through three coordinated actions, as described below. Overall, this set of actions corrects a prior-year oversight by reconciling past spending, establishing the necessary CIP projects, and realigning funding within the Seattle Center capital program. It is important to note that this transfer draws from an already limited Seattle Center CIP budget and reducing funding in these areas will likely create downstream impacts on project planning and delivery in future years.

    1. Create two new CIP projects, including:
        a. Resident Org Capital Reinvest an ongoing program, which establishes a capital improvement fund (CIF), funded by Seattle Center campus resident organizations

with minimum annual contributions and improvements as negotiated in individual lease agreements. The CIF will be utilized for capital improvements and enhancements to the premises and surrounding areas of the respective facilities.

b. Seattle Center Warehouse, a discrete project to retrofit a building located at 5th and Mercer St. to serve temporarily as the Seattle Center warehouse. The original warehouse was located at Memorial Stadium and consequently was demolished for the redevelopment project.

2. Decrease appropriations in existing Seattle Center projects by a total of $1,.2 million, including $791,000 from Open Space Restoration and Repair (REET), $450,000 from General Site Improvements (Seattle Center Capital Reserve Fund), and $4,121 from Public Gathering Space Improvements (GF).

3. Increase appropriation in the newly created projects by shifting equivalent amounts to match past expenditures, including $791,000 for the Seattle Center Warehouse project and $454,121 for the Resident Org Capital Reinvest project, along with an additional $1,275,000 in revenue-backed appropriations from lease revenue per Ordinance 127166.

Other changes

- **Transfer of $1.2 million from the recently created Central District and Southeast Seattle Reinvestment Fund.** In addition to the items listed above, a pre-introductory change was made to CB 121253, transferring a total of $1.2 million from the recently created Central District and Southeast Seattle Reinvestment Fund—held in Finance General reserves—and appropriating it to various departments. As background, the Central District and Southeast Seattle Reinvestment Fund was established through Ordinance 127356 during the 2026 budget adoption process. The Fund is a targeted reinvestment mechanism designed to preserve, strengthen, and advance communities by supporting their cultural and economic vitality from the Central District through the South Seattle area.

Position Increase Review

In addition to appropriation changes, addition of CIP projects, and proviso lifts, CB 121253 would revise approved position totals across City departments. In total, the bill would add seven Full Time Equivalent (FTE) positions, as shown in Table 3.

Table 3. CB 121253 FTE Position Requests by Department

Department	Position Title	Number of FTEs
Law Department	Assistant City Attorney and a Paralegal	2
Seattle Center	Sr. Capital Projects Coordinator	1
Seattle Fire Department	Administrative Fire Captain	1
Seattle Municipal Court	Two Court Cashiers and a Magistrate	3
	Total FTE Proposal	**7**

Position request summaries for these four departments are provided below.

Law Department:

- 1 FTE Paralegal. This position would provide additional administrative capacity to manage the increased volume of automated traffic camera violations, including discovery processing and calendaring. The growing caseload has created delays, greater risk of procedural errors, and challenges meeting discovery timelines. Adding a second Paralegal will help distribute workload, support compliance with legal requirements, and reduce the risk of case dismissals due to missed deadlines. This action includes an appropriation increase of $59,551 in 2026 from the Automated Traffic Enforcement Administration Support Fund, with an ongoing annual cost of approximately $143,000.
- 1 FTE Assistant City Attorney. This position would support the City's work on Extreme Risk Protection Orders (ERPOs), which require the immediate surrender of firearms and concealed pistol licenses for individuals the court determines to be at high risk. The position adds capacity within the Criminal Division to address increasing ERPO workload and complements but does not duplicate similar work performed by the Regional Domestic Violence Firearms Enforcement Unit. The role will involve close coordination with SPD to facilitate firearm removal in cases involving potential on-street violence. As noted in the 'General Fund Review' section above, this proposal includes a $50,000 GF appropriation increase in 2026 (3-month position funding), with an ongoing annual cost of approximately $228,000. The Executive will request ongoing funding through the upcoming 2027–2028 budget process.

Seattle Center:

- 1 FTE Capital Projects Coordinator, Senior (conversion from term-limited to permanent). The role manages several of the department's most complex capital projects, including those using alternative contracting methods. It also supports ongoing CIP work and current pre-ballot bond planning efforts. According to the Executive, this is the only position in the division responsible for managing projects of this complexity, and the associated work is expected to continue beyond the position's current term. The existing term for the position ends at the end of this year.

Seattle Fire Department:

- 1 FTE term-limited Fire Captain (Administrative). This position serves as the primary liaison between Vigor Shipyard and the U.S. Navy, ensuring coordination, compliance, and staffing for recurring drills as vessels rotate through the shipyard. This position and all associated work are fully reimbursable through a service contract with Vigor Shipyard and does not require any match. There are no ongoing cost impacts by accepting this service contract.

Seattle Municipal Court:

- 2 FTE Court Cashiers and 1 FTE Magistrate**.** Funded through revenues generated by the

Automated Traffic Safety Camera (ATSC) program, these positions support the expansion of the ATSC program, including customer service, payment processing, and judicial functions for increased citation volume. Since August 2025, the Court has experienced a sustained 300 percent increase in monthly ATSC filings, exceeding current enforcement and administrative capacity. CBO's updated projections show higher filing volumes than originally forecast by SDOT, and additional full-time speed cameras are planned for installation over the next year. The proviso on automated traffic camera enforcement is expected to be lifted once citation volumes surpass the Court's current capacity. The Court notes it has been under-resourced for this increased workload and that staffing must be added in advance of further ATSC expansion due to onboarding timelines. This staffing request does not fully meet the projected resource needs but allows the Court to begin adding necessary personnel. For reference, the proviso language that is requested to be lifted is provided below:

"Of the appropriation in the 2026 budget for Finance General, $675,000 is appropriated solely for traffic camera citation enforcement activities and may be spent for no other purpose. Furthermore, none of the money so appropriated may be spent until authorized by future ordinance. Council anticipates that such authority will be granted if the need for additional traffic camera enforcement resources is demonstrated by increased citations exceeding current enforcement and administration capacity."

Next Steps

The Finance, Native Communities and Tribal Governments Committee will consider amendments, and potentially vote on the bill on Tuesday, August 4, 2026. Amendment concepts to this legislation are due by July, 24, 2026. If the Committee votes on the bill at the August 4 meeting, the legislation will be considered for final action at the August 11, 2026, City Council meeting. Future 2026 budget adjustments will include the year-end comprehensive supplemental adjustment and grant acceptance and appropriation bills, anticipated to be submitted as budget legislation with the Mayor's Proposed 2027-2028 Budget in late September, and any other stand-alone supplemental bills necessary to address unforeseen circumstances, consistent with RCW 35.32A.060.

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