

Appointment Questions

City Finance Interim Director, Dwight Dively

- 1. You come to this position with decades of experience in finance and leadership positions, including with King County, the City of Seattle, in academia. What experiences do you believe best prepare you for this position?**

I have had the opportunity to work on public budgeting and finance issues since I started with the Seattle City Council Central Staff in 1987. I have worked with dozens of elected officials and have learned how to communicate complex financial information in ways that are understandable for decisionmakers and the public.

There are four principal experiences that will help me as the City Finance Director. First, I have worked on many complex financings for City and County projects, including the acquisition of the Seattle Municipal Tower, restructuring the debt for King County's Wastewater Treatment Division, and managing debt issues for the City during the Great Recession. I led the City's effort to obtain its first-ever AAA bond rating. This is good preparation for potential complex financings for general government or utilities in the future and for maintaining our high bond ratings to save money for our taxpayers and ratepayers.

Second, I have managed a wide range of functions throughout my career, including finance, budgeting, strategic planning, human resources, information technology, facilities, fleets, and performance management. As City Budget Director, County Budget Director, and County Chief Operating Officer, I became familiar with a wide range of governmental functions, including public safety, utilities, parks, housing, transportation, and human services. This wide range of experience also gave me the opportunity to work with all types of public employees.

Third, I have led a wide array of projects, including a new City financial system developed in the late 1990s, implementation of standardized financial reports at King County, and many organizational changes, including creating a new Office of Performance, Strategy and Budget at King County. Many of these projects involved changing structures and management approaches, such as supporting implementation of Lean as a process improvement methodology at the County. This gives me the experience to lead new projects in OCF.

Finally, I have led many large financial transactions and development projects, including construction of Benaroya Hall, the City's role in the first Convention Center expansion, and development of the Pacific Place Garage. I have worked on many other projects, including McCaw Hall, the City's fire facilities levy lid lift, and MOHAI. This experience will help as the City considers similar projects, such as the redevelopment of Seattle Center.

2. What are your specific goals for the Office of City Finance over the next three years?

OCF has a strong management team and staff, but several systems and processes need attention. One immediate priority is stabilizing Workday and completing a backlog of change requests. This will require close cooperation with ITD and improved communications and coordination with customer departments. The decentralized structure of payroll processing creates challenges that need constant attention. OCF just hired a new Payroll Director, who will be critical to this work.

A second goal is to improve the City's risk management functions. Risk management staff have been cut substantially in recent years. The City's liability insurance coverage has been reduced and premiums have significantly increased due to large judgments and settlements. Spending from the Judgment and Claims Fund has increased steadily in recent years, which reduces funds available for City services. I want to explore the concept of enterprise risk management as a way to reduce risks and costs. This involves a comprehensive assessment of risks for all major City programs, identification of ways to reduce or mitigate the risks, and providing proactive funding to implement those changes.

A third priority is to improve financial management practices, such as consistency in accounting, better management of cash balances, and simplification of some cost allocations. Many financial practices are decentralized and would benefit from improved coordination.

A final focus is bringing City financial activities closer to best practices. For example, options for paying some City bills still require checks rather than automated payments. OCF is proposing a capital project to replace very old tax administration systems, which will help to reduce the risk that the City cannot collect its revenues in a timely manner. Other changes can be made without meaningful cost.

3. What do you see as the primary challenges facing the Office of City Finance? How do you plan to overcome these challenges?

There are three primary challenges facing OCF: 1) antiquated systems; 2) limited staffing due to years of budget reductions; and 3) decentralization. Some progress has been made in replacing systems, but the largest new system (Workday payroll) still is challenging to use and needs to work through a list of change requests. If upcoming labor contracts include meaningful changes that affect the payroll system, work on these change requests would be further postponed. OCF, FAS, and ITD have submitted a 2027-2028 proposal to complete replacement of the tax and license administration system (SLIM), which is decades old. A major portion of the taxes administered by the City are still handled through SLIM, and there is a real risk that the system will fail or not be able to accommodate new changes in tax or permitting policies.

OCF has had significant budget reductions in recent years that have pushed staffing to minimum levels required to do basic, mandatory work. Several functions, including tax administration and risk management, could use more staff to handle increasing workloads and to improve City financial performance. Adding staff seems unlikely in the City's current fiscal situation, so we will be looking at every position vacancy to see if it should be repurposed to address higher priority needs.

Many people describe the City as a "federated model", which means that functions such as accounting and payroll are highly decentralized. I don't believe the City is a federation; we are and should be a single government working together for the benefit of our residents. There are benefits to decentralization but there are also costs if consistent standards aren't imposed and enforced. As an example, grant management is left almost entirely to the departments with little meaningful oversight by the Citywide accounting team in OCF. This creates risks for compliance and reporting that need to be addressed. I plan to work with other internal service agency directors to better understand the extent of decentralization. I may then explore ways that we could improve coordination and consistency across the government, especially where financial savings are possible.

4. What methods do you plan to use to monitor the Office of City Finance's performance?

OCF's business units have good sets of performance measures, such as claims tracking, volumes of transactions, return on investments, and results of audits. I have started to meet with each team either monthly or quarterly to review results. A next step is to build an Office-wide dashboard to compile the most meaningful information and update it on a regular basis.

OCF also has good data related to project implementation, such as Workday change requests. We also have regular monitoring meetings for these topics.

Over the next year or two, I want OCF to move to a higher level of performance management, including setting targets for improvements where possible. I also want to work with CBO to implement improved standard financial reports for all City funds, or at least those above a certain size. This was a very successful practice at King County that improved financial transparency for department directors, elected officials, and the public.

5. What strategies have you employed in the past to build cohesive and effective teams? What is your organizational management approach?

Successful teams require shared vision, clear two-way communication, openness to new ideas, respect, and celebration of success. I have inherited troubled organizations on multiple

occasions in my career and have built strong teams within a few years. Fortunately, OCF is in a much better place.

OCF adopted a strategic plan in 2025 but leadership changes and the budget process have prevented meaningful progress so far. OCF's leadership team recently identified a group of high-priority initiatives to pursue, some internal to OCF and some affecting the entire City government. Some that can be implemented quickly and others that will take more time and resources. We are now integrating these initiatives into the strategic plan and will use that to guide our work in the next few years.

Communication is vital to any successful organization. I have met with each of the teams in OCF to share information and my priorities, and have been pleasantly surprised at the degree of interaction we've had in these sessions. We will be starting an Office-wide newsletter and I will be sharing a Director's report with the team, likely on a monthly basis.

I have been pleased by the willingness to innovate that I've seen from OCF staff. This has been stifled somewhat by the adverse budget situation, but we are finding ways to improve services without new funding.

A strong organization requires all employees to respect each other. This is a critical component of the City's Race and Social Justice Initiative. I strongly support these types of efforts. I worked closely with the County's Equity, Race, and Social Justice team during the pandemic, including co-leading a \$24 million grant program for BIPOC organizations. I have been pleased that OCF staff seem very respectful and work successfully in teams, and that we are restarting our RSJ efforts. I have emphasized the importance of this value with OCF's human resources team.

In my brief tenure, I have seen several examples of outstanding work by OCF staff. I have recognized these individuals for their work and plan to share that recognition broadly across the Office if the employee is comfortable with the attention.

6. How do you intend to balance being a member of the mayor's administration with the vital role of providing unbiased, complete, and timely information to all branches of City government?

Throughout my career, my goal has been to provide complete and objective information to elected officials, employees, and the public. I have never been asked to withhold information or to change it, nor would I do so (acknowledging that Executive Branch information is sometimes confidential until final decisions have been made and announced). This was a critical part of the Council Central Staff culture and I have never deviated from it.

One of the challenges I faced when starting as the budget director for King County was a profound distrust between the County Council and a former Executive. There was a widespread belief among Councilmembers that information was withheld or manipulated, which was the motivation behind creating the Office of Economic and Financial Analysis to do economic and revenue forecasts. With the support of Executive Dow Constantine, I spent about three years rebuilding trust with the County Council. That renewed trust was critical in periods with great financial challenges, such as the COVID-19 pandemic.

7. How can we better use our financial tools to address the needs of our growing city?

The City's revenue structure is an ad hoc assemblage of funding sources created at different times and for different purposes. It reflects the often arbitrary constraints of State law, the purposes of various levy lid lifts, the establishment of quasi-independent entities such as the Metropolitan Park District, and policies established by multiple Mayors and City Councils. I think it is fair to say that no one would have consciously designed the revenue system we have today.

I think it would be worthwhile to do a thorough study of the current revenue structure and assess its effects on various taxpayers. What level of City taxation is imposed on residents with different incomes? How has this changed over time? What level of City taxation is imposed on different types of businesses, both by size and by type? How has this changed over time, especially with the Payroll Expense Tax and Seattle Shield? How do our taxes compare with neighboring cities and our peers in other states (recognizing that interstate comparisons are hard)? This information would be useful in deciding how the City's elected officials might explore creating more progressive and stable revenues, while maintaining a reasonable level of affordability for our businesses and residents.

I also would note that the City's revenue structure has become very inflexible. Some activities are funded well; others are not. When I started with the City in 1987, there were two levy lid lifts (low-income housing and the Seattle Art Museum). Almost all other general government activities were funded from the General Fund, giving the Mayor and Council great flexibility to allocate resources to the highest priorities. Finding ways to restore some of this flexibility would be very useful, but almost certainly would require changes in State laws.

Finally, I believe the City should be more active in seeking non-City revenue sources for critical projects. For example, King County's Doors Open 0.1% sales tax administered through 4Culture, which generates about \$100 million annually, could be a valuable source of support for some of our cultural facilities that need capital investments. This might require changes in the underlying State statute or King County's policies, which would not be easy, but still is worth the effort. There are other regional and statewide sources that could be explored, as well.

8. Are there improvements you see that can be made to the way we forecast revenue for the City of Seattle?

I think it is too early for me to answer this question. I have just participated in my first City revenue forecast and haven't had time to dig into the details of the forecasting models. The City has several revenue sources that are difficult to forecast, either because they are relatively new or because they are sensitive to economic conditions. It is also important to recognize that we face a great number of uncertainties, including being at war, having a constrained world oil supply that likely won't change for months, dealing with reduced world trade due to tariffs, having Artificial Intelligence affect some of our major employers (for good and for bad), and understanding the potential effects of State and local tax changes. Assessed property value will likely have slower growth than in the past due to office vacancies, high mortgage rates, and economic uncertainties. It is a challenging time to be a forecaster!