

May 11, 2026

MEMORANDUM

To: Finance, Native Communities & Tribal Governments Committee
From: Edin Sisic, Analyst
Subject: Council Bill 121208: 2025 Exceptions Ordinance

On Friday, May 15, 2026, the Finance, Native Communities & Tribal Governments Committee will discuss and possibly vote on Council Bill (CB) 121208, which would retroactively provide additional 2025 expenditure authority for department spending above approved 2025 levels.

Background

The exceptions bill is the final adjustment to the City's authorized spending for a completed fiscal year. Although originally intended to be used only in unusual circumstances, it has become a routine part of the budget process. Typically introduced several months after the fiscal year ends, an exceptions bill provides retroactive budget authority to cover prior-year spending that exceeded the revised budget, after accounting for all automatic and previously legislated appropriation increases.

CB 121208 – 2025 Exceptions Ordinance

CB 121208, the 2025 Exceptions bill, requests approval for a total 2025 budget increase of \$8.1 million. These appropriations increases are intended to resolve instances where departments overspent their revised 2025 Budget allocations. The requested amount is for exception items in the Department of Human Resources, City Light, Seattle Center, Seattle Public Utilities, the Department of Transportation, and Ethics and Elections Commission. These actions include:

- **Seattle Department of Human Resources (SDHR)** – A \$5.9 million increase to the Health Care Fund due to substantially higher-than-expected medical and dental claims in the last quarter of 2025. Sufficient fund balance is available to absorb these additional costs, which represent a 1.6 percent increase over the 2025 Adopted Budget of \$360 million.
- **Seattle City Light (SCL)** – A \$2.0 million increase in the Light Fund to reflect higher City and State tax obligations resulting from higher-than-anticipated revenue in the second half of 2025. When revenues go up, the taxes SCL owes to the City and the State also go up. This budget adjustment covers those higher-than-expected tax payments.
- **Seattle Public Utilities (SPU)** – A \$63,000 GF increase to correct an internal indirect cost charge that was inadvertently applied to the wrong BCL and not identified before year-end closing.
- **Seattle Ethics and Elections Commission (SEEC)** – A \$33,000 GF increase is requested to cover higher-than-anticipated labor costs within the Ethics and Elections BCL. This marks the third budget exception for SEEC in the past four years. The City Budget Office will work with the Commission to improve budget alignment in future cycles.

- **Seattle Department of Transportation (SDOT)** – A \$1,795 General Fund increase for maintenance operations. This small technical adjustment corrects year-end reconciliation entries posted after the final accounting close.
- **Seattle Center (CEN)** – A \$66,000 Seattle Center fund increase to cover late expenses charged to the Campus BCL following year-end balancing.

These and all other requested items are described in Attachment A to the summary and fiscal note submitted by the Executive. The bill requires approval by three-fourths of the City Council to pass.

For historical context, Table 1 shows a seven-year history of past budget exception ordinances by department and includes CB 121208 for comparison.

Table 1. History of Budget Exception Ordinances by Department: 2018-2025 (\$ in 000s)

Dept.	2018	2019	2020	2021	2022	2023	2024	2025
ORD/CB:	125893	126127	126471	126587	126826	127030	127230	121208
OH	-	-	\$6,575	-	-	-	-	-
SDOT	\$1,063	\$8,794	\$9,441	\$6,774	\$2,783	-	-	\$2
SPR	-	-	\$455	-	-	\$3,744	-	-
SPU	-	-	\$13,588	-	-	-	-	\$63
SCERS	-	\$882	-	-	-	-	-	-
SDHR	\$95	\$3,433	-	\$6,542	-	\$8,291	\$1,142	\$5,860
HSD	-	\$864	-	-	-	-	-	-
SPD	\$199	-	-	-	-	-	-	-
FAS	\$12,136	-	-	-	\$2,052	\$729	-	-
SEEC	-	-	-	-	\$45	\$53	-	\$33
CEN	-	-	-	-	-	-	-	\$66
SCL	-	-	-	-	-	-	-	\$2,042
LAW	-	-	-	-	-	-	\$658	-
Total	\$13,493	\$13,972	\$30,059	\$13,316	\$4,879	\$12,817	\$1,800	\$8,066

As shown in the table, the total amount of budget exceptions has varied over the years. The departments requesting retroactive budget authority have also varied from year-to-year. The 2025 amount reflects the third smallest total exception request since 2018.

Budget Development - Next Steps

Based on information to date, and recent practice, there will likely be additional proposed standalone and comprehensive supplemental appropriations bills. While proposed standalone bills are not known at this time, additional comprehensive appropriation bills could include:

- Mid-year Supplemental
Typically introduced in July, this bill would represent the second comprehensive supplemental appropriations bill.
- Mid-year and Year-end Grant Acceptance and Appropriation
Introduced along with the supplemental legislation in July and September respectively, these bills accept and provide spending authority for grants and other non-City revenues.
- Year-end Supplemental
Introduced during the deliberative process for the next year's budget bill, which runs from October through the budget bill's final passage in late November, this bill would represent the second comprehensive, citywide budget increase request from the Executive. Considering this bill during the fall budget process allows the City Council to consider the full picture of the City's finances during the budget review and adjustment process.

cc: Lish Whitson, Director
Calvin Chow, Deputy Director