

2015-16 Budget Address
Mayor Edward B. Murray
September 22, 2014

[Introduction]

President Burgess, members of the Seattle City Council...

As I stated in my inaugural address, the central *vision* of my administration is to show how the government of this City can be a partner with our communities in meeting the challenges and the opportunities we face.

And as I said in my State of the City address, the central *priorities* of my administration are a safe, affordable, vibrant, and interconnected city for all.

Together, we have made great progress already on this vision and on these priorities.

Together, we partnered with the community to identify what Seattle most needed from its next chief of police, and together we selected and confirmed the absolute best person for the job: Kathy O'Toole.

Together, with the community, we raised Seattle's minimum wage to \$15 per hour, the highest in the nation – and we did it smartly to preserve our business climate.

(Which is excellent, as we have recently been reminded:

- from the new Pagliacci's in Magnolia
- to the new Brooks Sports headquarters in Wallingford,
- to the future Weyerhaeuser headquarters in Pioneer Square.)

Together, we sent to the community a proposal to launch a high-quality preschool program, arguably the most important effort any of us will undertake in the next four years to create a more equitable future for this city.

Together, we asked the community – and the community agreed – to secure the kind of sustainable, long-term funding that has eluded Seattle’s well-loved parks system for over a decade.

And together, we have given our community a way not only to stave off imminent Metro cuts, but to grow transit service within this city.

These are all considerable achievements, and I want to thank each and every councilmember for your work and support on each of these major successes.

But we have much more work to do.

A budget is a promise to the taxpayers that government can deliver the basics as efficiently as possible.

It is often said that a budget is also a moral document that reflects the priority we as a City place on those among us in need.

And I believe the budget is where this City can show how government can be an incubator of change and support bold policy experimentation.

My budget – which outlines for residents their City’s use of their tax dollars – is each of these things.

And my budget principles are simple:

- more transparency,
- more innovation,
- better organization, and
- better performance.

These principles provide the frame for this speech, which – perhaps against convention – will not recite a comprehensive list of items funded.

These principles are the targets that this budget and all future budgets of my administration will aim for, through good economic times and bad.

[Economic picture]

The fact is, Seattle today faces a paradox.

We are now the fastest growing city in America.

And yet, the City budget is not keeping pace with existing demand for services.

Even as the local economy has recovered, we have not seen a strong rebound in City revenues.

Our local economy is growing jobs twice as fast as the rest of the state, yet consumer spending has been cautious and sales tax revenues have only moderately increased.

We are experiencing a boom in real estate values – both residential and commercial – yet our property tax revenues are constrained by state law to grow at less than inflation.

At the same time, the state, county and federal governments are facing *more* dire fiscal situations.

The City is being asked to fund critical services that were once the responsibility of others.

The Public Health Department is facing cuts of \$15 million per year, while King County Metro faces cuts of 230,000 transit hours on Seattle routes.

The state is facing increasing demands for basic services and a projected revenue shortfall of nearly a billion dollars, while the Legislature struggles to meet its paramount duty to fully fund education.

Federal and state actions have cut funding to our social service partners who serve those in need.

In previous budgets, the voters of Seattle and the members of this Council have been incredibly generous in taking on additional responsibilities over time as funding has receded from the county, state and federal levels.

And in this same spirit, my budget does not ignore cuts to essential services made elsewhere in our public system.

I want to particularly mention funding included in my budget to backfill cuts at the county for maternity services; women, infant and children services; and family planning services.

But the City cannot be the funding source of last resort for all government services and non-profit partners in our region.

Increasingly, we are directing whatever new resources we can muster to backfill cuts to essential services, while steadily losing our ability to set the policy agenda in critical areas, such as public health, homelessness and transportation.

And, continued uncertainty from our county, state and federal partners places at risk our ability to plan long-term strategies for human service programs currently assumed in the City budget.

As a City, we cannot do it alone.

We must identify new ways to partner and meet our shared responsibilities as a region.

And we must continue to manage our City resources as innovatively and efficiently as we can, and to stretch each dollar as far as it can go.

[Budget is a promise to deliver basics with innovation and efficiency]

I said that a budget is a promise to deliver basic services efficiently.

But in writing my first budget as Mayor, I have found that this basic promise is challenged by our own budgeting process.

The City's budgeting process focuses on proposed additions to – or cuts from – base-level spending, but not on the base itself.

And there are numerous accounting systems across City departments that each count spending differently, making it difficult to fully understand the base.

This system is outdated, obscure and inefficient.

It provides no guarantees that we are paying for outcomes or making progress on the issues our expenditures are meant to address.

Together with Council, we will undertake a dramatic reform of this process.

We will move toward a performance-based budgeting system and begin paying for outcomes.

This will require a multi-year effort.

But it will lead to streamlining of services, better use of resources and greater performance from our departments.

And, perhaps most importantly, it will drive better service for the people of Seattle.

At first, we will do this for our Parks Department as we transition to the new Seattle Parks District, where the public expects enhanced tracking and accounting of district funds.

We will do this for our Human Services Department, where we have the highest per capita investment of any city in our region, and where the percentage of general fund dollars is among the highest of any city in the country.

In time, we will do this for all City departments.

We will use data – not tradition – to drive how our government functions.

We will also begin moving City departments to a single, standard, common-sense accounting system.

We will launch a new tool called “Open Budget” to provide residents with an intuitive and interactive visual portal into City spending.

We will develop a system of metrics to measure each department’s progress towards meeting program goals.

And with this data, we will build the first-ever online Citywide “dashboard” tracking City government performance.

But we do not need to wait.

The Department of Human Resources is developing a strategic plan to:

- align service across our departments,
- enhance our investment in City staff, and
- meet our goals of racial and gender equity in hiring and compensation.

This includes the return of a Citywide talent development program, which we are calling the City Leadership Academy, to be launched in early 2015.

The Department of Information Technology is developing a comprehensive vision for how best to integrate the delivery of IT services across departments.

And, with Council, we will begin to undertake a *major* restructuring of how we as a City plan for our future.

There are few issues that concern the people of this city more than the issues of growth and density.

As we undergo record growth and development, our communities are faced with a fundamental choice.

This can be a moment to engage in battles over density and fear of change.

Or this can be a moment full of opportunity to build the City we want, with the smart, equitable development that ensures walkable, livable, and affordable mixed-income neighborhoods for all: for families, for young people, and for seniors.

The reality is: Growth is happening.

We must ensure that, as this city experiences growth, we experience *strategic, intentional* growth.

We can preserve the character of our single-family neighborhoods, while we also plan for denser, smarter, healthier urban growth that integrates with:

- housing at all income levels,
- parks and open spaces,
- necessities such as grocery stores and schools,
- amenities such as restaurants, theaters and cafes; and
- sufficient transportation choices, such as transit service, bike-friendly structures, and well-maintained streets and sidewalks.

This year, we will test a new integrated approach to planning and development.

We will look across departments to establish new best practices of coordinated planning, so that as we plan, we plan together, and when we build new housing, we are also planning new jobs, parks and transportation to support them.

And, we must end the transportation mode wars by taking a comprehensive, integrated approach to planning for our transportation future.

By integrating plans for transit, for bikes, for cars, for pedestrians and for freight, my Move Seattle strategy will help us get there, beginning in 2015.

And as we work to integrate planning for all of these modes, my budget invests across each of them, beginning, we are hopeful, with transit.

We are creating a Transit Division within the Seattle Department of Transportation in anticipation of being able to do something that has not happened in Seattle in many years, and that is to increase transit service.

If transit Proposition 1 passes in November, we will do exactly that to provide more service in our busiest corridors.

My budget makes bicycling safer and easier for all ages and abilities, by leveraging federal funding for the Center City Bicycle Network and by investing in new bicycle greenways parallel to the 23rd Avenue corridor.

We are launching Pronto Bike Share next month, and with Council's help, my budget will expand the system in 2015 into more neighborhoods, including the Central District and Yesler Terrace.

My budget prioritizes paving.

We redirect funds to repave and repair our city streets, with a focus on our neighborhoods and key freight corridors.

We increase the number of sidewalks in the neighborhoods in the North and South ends of the city.

And, in partnership with the Port of Seattle, my budget invests in a Heavy Haul Corridor in Sodo, an essential step to help boost the competitiveness of our industrial freight sector.

My budget also makes transportation in our neighborhoods safer and more attractive.

We double funding for the Neighborhood Park and Street Fund, which leverages funds for street safety projects on our neighborhood streets.

We know our streets and sidewalks can do more than just move people from point A to point B: They can become centers of civic life.

So we invest in more street activation, such as:

- closing neighborhood blocks for a summer evening stroll,

- taking the success of Lake Washington's Bicycle Sundays to other parts of the City, and
- working with local businesses and residents to establish parklets.

But none of this is enough.

The unanswered question in this budget is how we fund and maintain the integrated transportation system we are working to achieve.

At the end of 2015, the \$365 million Bridging the Gap levy will expire.

And so we are now beginning a Citywide discussion about the future needs for our transportation infrastructure and how best to pay for the improvements we must to continue to make.

You have heard me say that public safety is the number one priority of this administration.

And we do face challenges.

But we are making progress by investing in our fire service, including expanding our emergency medical service response team, and adding more firefighters.

And we are making progress:

- by investing in our police,
- by investing in our communities, and
- by investing in reconnecting our police *with* our communities.

My budget invests in a *more efficient* police service.

This includes funding for more civilian expertise in the use of technology.

It includes more data-driven policing. With community input, we are implementing SeaStat on the model that brought down crime by 60 percent in New York City.

It includes a reallocation of department resources to put more officers on the streets.

And it includes hiring more officers.

Seattle has more people than at any point in its history, but the number of fully trained officers has actually decreased in recent years.

Adding more officers is not the sole solution to addressing our public safety needs, but clearly it must be a piece of the overall solution.

I pledged during the campaign that we would add 100 officers by the end of the next four years.

My budget commits funding to ensure that, by the end of 2015, we are halfway toward that goal.

By the end of 2016, we will have the highest number of fully trained officers in the Seattle Police Department's history.

My budget also invests in the coordinated, community approach we have taken over recent months with our Summer of Safety.

We will continue to align City efforts to ensure a safer built environment through our successful 'Find-It-Fix-It' community walks.

We will continue to align City efforts to activate our public spaces with programming at our community centers, parks, libraries and neighborhood streets.

We will continue to align City efforts and partner with our communities and the private sector to invest in more job opportunities for young people.

And we will reconnect our police service with our communities through micro-policing plans that reflect the unique circumstances and needs of our city's many diverse neighborhoods.

My budget also commits funding for full compliance with the federal court order.

We will not only meet the court's requirements for Constitutional policing, but we will embed those requirements into the fabric of our police service and make Seattle a national model for urban policing.

[Budget is a moral document]

I said at the beginning of this speech that, in addition to being a promise to deliver basic services efficiently, a budget is also a moral document.

My budget increases funding to programs for our most vulnerable youth and for seniors.

And my budget creates within the Human Services Department an Office of Domestic Violence and Sexual Assault.

This Office will galvanize this City's response to what is undeniably a silent crisis, as the recent national conversation about domestic violence has made so clear.

The Office will plan and design our City's investments in prevention of domestic violence, sexual assault and commercial sexual exploitation, and will coordinate those investments in our community.

And it will provide critical leadership to the launch of the Domestic Violence Response Center.

In the area of homelessness, my budget expands services by focusing new investments on best practices.

This includes rapid rehousing for 150 single homeless adults, with a focus on veterans.

And it includes a \$400,000 investment that leverages a dollar-for-dollar match from the United Way of King County to move the longest-term stayers at our emergency shelters into permanent housing.

These are positive steps.

But they are dwarfed by the magnitude of the crisis in homelessness facing this city.

On any given night, there are at least 2,300 unsheltered individuals on our city streets – and very likely there are more.

This number has grown over 30 percent in the last three years.

There are many reasons for this growth.

Homelessness is a tremendously complex issue, with a number of factors at play:

- in this city,
- throughout the state and
- across the nation.

These factors include:

- years of cuts to mental health and chemical dependency services,
- years of declining investment in Section 8 housing vouchers, followed by federal sequestration,
- yet-to-be-recovered jobs lost during the Great Recession, and
- the dramatic decrease in the availability of affordable housing.

We as a City already commit nearly \$35 million annually to address these challenges.

We provide the third most housing for the homeless in the nation after only New York and Los Angeles.

And our downtown core is home to nearly 90 percent of King County shelter response for single adults.

This reflects a remarkable commitment on the part of this City, and the generosity of this Council.

But even in the face of the City's considerable investment, the persistence of this problem must cause us to admit that our approach is not working.

And yet, we are not about to give up.

We can make progress, and we will make progress.

It is time for us to ask whether we are aligning all our resources according to practices proven to lift people out of homelessness.

It is time for us to review how we are utilizing these dollars.

It is time for us to learn if a better budgeting approach here in City Hall will create better outcomes for individuals living right now on the streets of this city.

I have tasked Human Services Department Director John Okamoto to:

- evaluate our generous investment in homeless services,
- compare them with nationally-recognized best practices, and
- make recommendations for how we can better help the homeless.

Together, we will improve lives, both as we focus on homelessness in particular and as we develop new strategies to address affordable housing in general.

[Budget is a document showing the City as an incubator of change]

The approach we will take in affordable housing is a prime example of how cities – and Seattle in particular – can be at the vanguard of change as a laboratory of democracy.

I have committed, as the centerpiece of my agenda as mayor, to make our city a more affordable city for all.

In partnership with the Council, we will duplicate the stakeholder approach we used to successfully negotiate our landmark minimum wage ordinance.

We will convene a committee to guide us in our policy-making around housing and development, with members representing:

- renters,
- homeowners,
- the financial sector,
- for-profit and non-profit developers, and
- other local housing experts.

Tomorrow, I will announce the members, the structure and the timeframe for action of our Housing Affordability Advisory Committee.

And we will fund better data collection to inform our strategy to promote more housing affordability in this city.

On the topic of our landmark minimum wage ordinance, my budget funds a new Office of Labor Standards to educate workers and businesses on how to implement this new workplace rule.

We fund the recommendation of the Construction Career Advisory Committee to better ensure that when the City is building its own infrastructure, we are also building local careers.

My budget funds this Council's directive to create a cabinet-level Department of Education and Early Learning to work collaboratively with our diverse communities and with Seattle Public Schools to close our city's opportunity gap.

And we boost investment in the Creative Advantage program, which brings the arts into our schools by hiring artists as teachers.

We also continue to make new investments in our Office of Immigrant and Refugee Affairs, including the Ready to Work program to provide the critical job and English language skills new immigrants need to succeed in the workplace.

Earlier this month, STAR Communities gave Seattle the highest rating of any U.S. city on its index of livability and sustainability, which reflects the deep environmental commitment of this city.

But one area where Seattle showed room for improvement was in environmental justice.

The environmental efforts of this city lack diversity, and there is inequity in the outcomes of these efforts based on race and geography.

We will launch an effort to provide access for all people to participate in and benefit from this City's leadership on environmental sustainability.

These budget commitments demonstrate a City government flexible enough to reorganize around our priorities and support new policy that reflects the evolving needs of our communities.

[Conclusion]

I want to conclude by thanking our City employees for the work they do each and every day.

They are the source of this City's innovation.

I want to highlight two recent examples of this.

When earlier this summer the Gilbert and Sullivan Society staged a production of *The Mikado*, a controversy was ignited about the depiction of race in this 130-year old comic opera.

This could have been a moment that created a deep rupture between our city's theater and arts community and our Asian/Pacific Islander community.

Instead, our Office of Arts and Culture and our Office of Civil Rights partnered with the Seattle Rep to convene a forum for dialogue and understanding.

Initial expectations were of around 150 attendees, but the event drew nearly 450 participants, and was live-streamed to meet national requests.

As a result, new and important partnerships were forged.

I want to thank particularly Kathy Hsieh, Cultural Partnerships Manager for the Office of Arts & Culture, who did a tremendous job facilitating that conversation.

Additionally, I want to thank Diana Falchuk from our Office of Civil Rights for her work in helping organize the event.

Please join me in recognizing them both.

This is the kind of work our City employees can do, and it's one of many reasons why my budget funds more opportunities for the Office of Arts and Culture and the Office of Civil Rights to partner and advance this City's commitment to race and social justice.

I also want to thank a few employees who were critical in successfully completing the Second Avenue Bike Lane Project a year ahead of schedule.

These people put long hours into this project, including staying out all night during the weekend of construction.

Throughout the life of the project, they were constantly coming up with new and innovative approaches to addressing challenges.

The team included:

- Ahmed Darrat
- Kenny Alcantara
- Sam Woods
- Dongho Chang
- Dawn Schellenberg
- AJ Verdugo

Please join me in acknowledging their hard work.

We will continue to engage talented City employees like these to adapt and create the systems, strategies and services of the future to benefit the lives of the residents of this city.

The budget that I am transmitting today to this Council will be improved upon *by* this Council. As a former legislator, I know this to be true.

As it is improved, let us keep in mind that we are still operating under the effects of the Great Recession, the worst economic catastrophe since the Great Depression.

And let us keep in mind Franklin Delano Roosevelt's call for bold, persistent experimentation, which I have quoted in these chambers before.

"It is common sense to take a method and try it," he said. "If it fails, admit it frankly and try another. But above all, try something."

Councilmembers, as we move through this budget process, let us not be afraid to engage in bold experimentation to tackle our challenges together.

Thank you.