

**2013-2014 Budget Overview and Initial Issues Identification
OFFICE OF SUSTAINABILITY AND ENVIRONMENT (OSE)**

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TABLE 1: EXPENDITURES AND REVENUES AS SHOWN IN PROPOSED BUDGET

	2011 Actual	2012 Adopted	2013 Proposed	% Change '12-'13	2014 Proposed	% Change '13-'14
EXPENDITURES	\$9,235,000	\$1,821,000	\$1,896,000	4.1%	\$2,022,000	6.7%
FTEs ^{1/}	11	15	15	0%	15	0%
REVENUES						
General Subfund		\$1,821,000	\$1,896,000	4.1%	\$2,022,000	6.7%

^{1/} FTE= full time equivalent staff

INTRODUCTION

The Office of Sustainability and Environment (OSE) develops environmental policy, coordinates implementation of environmental programs and helps measure program results. OSE’s 2012 work plan, which includes climate protection and adaption, energy efficiency, sustainable building practices, and urban forest management, is proposed to continue in 2013 and 2014 without significant changes.

OSE’s budget is unusual because substantial grant-funded work is not shown in proposed expenditures or revenues but does appear in reports of actual spending. While proposed 2013 OSE spending is \$10.2 million, the budget shows only \$1.9 million of appropriations. And, because OSE is a central city service that is funded through cost allocation to various departments, the budget also does not show all the revenue sources that support the \$1.9 million of appropriations. A more complete picture of OSE’s work effort and revenue sources is shown in Table 2.

TABLE 2: TOTAL REVENUES SUPPORTING OSE WORK PLAN IN 2012 THROUGH 2014

Source	Adopted 2012 ^{6/}	Proposed 2013	Proposed 2014	% of total 13-'14 budget	Comparison: % in 2012
Cost-Allocated revenue (appears as GSF in budget)					
General Subfund (GSF) departments (including Parks)	\$691,811	\$682,444	\$727,982	36%	38%
DPD	\$72,822	\$85,305	\$90,998	4.5%	4%
SDOT	\$145,644	\$142,176	\$151,663	7.5%	8%
SCL	\$546,167	\$521,311	\$556,098	27.5%	30%
SPU	\$364,111	\$369,657	\$394,324	19.5%	20%
FAS	\$0	\$94,784	\$101,109	5%	0%
Cost-allocated total	\$1,820,555	\$1,895,677	\$2,022,173	100%	100%
Off-budget revenue					
CPW grant* ¹	\$6,200,000	\$7,689,235	\$0		
EECBG grant* ²	\$130,500	\$198,000	\$0		
DPD MOA 2030 District grant ³	\$55,000	\$24,000	\$0		
SPU MOA GSI ⁴	\$0	\$94,000	\$95,000 est.		
Chase/Seattle Foundation grant**	\$95,000	\$45,000	\$0		
IMT/Energy Foundation grant ** ⁵	\$112,348	\$218,000	\$0		
Bullitt Foundation**	\$25,000	\$0	\$0		
Off-budget total	\$6,617,848	\$8,268,235	\$95,000		
TOTAL REVENUE AVAILABLE	\$8,438,403	\$10,163,912	\$2,117,173		

* Accepted through grant acceptance ordinances. ** Accepted in Q2 & Q4 2012 supplemental budget ordinances.

1 Community Power Works (CPW) Better Buildings grant

2 Energy Efficiency and Conservation Block Grant (EECBG)

3 2030 District grant via Department of Planning and Development (DPD) memorandum of agreement (MOA)

4 Utility rate funding for Green Stormwater Infrastructure (GSI) policy under a MOA with Seattle Public Utilities (SPU)

5 Institute for Market Transformation (IMT) /Energy Foundation grant

6 Numbers based on the allocation percentages provided in 2011 during Council review of the proposed 2012 budget.

ISSUES

1. COMMUNITY POWER WORKS (CPW).

CPW is a \$20 million grant-funded program to create green jobs and improve energy efficiency through building audits and retrofits. Started in 2010, CPW is an ambitious program that attempts to achieve large numbers of jobs and retrofits (and related economic and environmental benefits) in a short timeframe. Only half of the grant funds has been spent as of early October 2012 but OSE feels they are on-track to achieve program goals before the federal Better Building grant expires in May 2013 (or with a possible extension, likely to September 2013).

Because CPW relies on temporary federal economic stimulus funding, OSE's four CPW positions are term-limited with a sunset date of December 31, 2013. But the proposed budget retains those

positions (and another energy grant-funded position with a December 31, 2012 sunset date) in both 2013 and 2014. The energy grant-funded position was unintentionally retained and will be removed from the position list in Attachment B of the budget ordinance prior to its introduction. The four CPW positions were retained in case the City decides to continue elements of the CPW program with City funding in 2014 and beyond. The decision to continue certain elements would be informed by a summer 2013 assessment of program results conducted with the assistance of Washington State University's Energy Program. It also would be informed by an advisory group that intends to identify an initial strategy for continuing CPW (called the CPW Sustainability Plan) in late 2012 for presentation to Council in the first quarter 2013. Given the different schedules for assessing results and advisory group recommendations, the Council could adopt a budget that implements the December 2013 position sunset, with an expectation that if the program assessment identifies CPW components to be continued with City funds, the 2014 budget proposal would establish the number and type of positions best suited to the continuing body of work.

The Council also could give OSE and other key departments (including City Light) direction regarding its expectations for the program assessment and the CPW Sustainability Plan.

Options: (Options A and B could be pursued individually or together)

- A. CPW Assessment and Plan for Further Action. Pursue a Statement of Legislative Intent (SLI) to give OSE and other key departments (including City Light) direction regarding Council expectations for a CPW assessment and plan for further action to be delivered prior to submittal of the 2014 budget.
- B. Sunset CPW Positions. Consistent with the Council's original decision to sunset the positions on December 31, 2013, remove the four CPW positions from the budget currently proposed for 2014. Based on the results of the final CPW program assessment in 2013, add some or all of the positions (or whatever positions are best suited to the continuing work) to the 2014 budget.
- C. No Action.

2. REGIONAL FOOD POLICY COUNCIL SUPPORT.

The Puget Sound Regional Council (PSRC) convenes the Regional Food Policy Council (RFPC). The RFPC provides a forum to coordinate public and private efforts to sustain the food system and to develop food policy and action recommendations. Seattle is an active participant in the RFPC and the Legislative Department has provided funding for PSRC to collect information and develop policy to support the RFPC's mission, including a 2012 review of Seattle Comprehensive Plan policies that support food goals. The RFPC has identified several potential additional topics of inquiry. Now that OSE has a food policy staff person, new funds for RFPC support could be added to OSE.

Options:

- A. Add RFPC Support. Add \$30,000 of General Subfund (GSF) to OSE for contract services with the PSRC Regional Food Policy Council.

B. No Action.

TOPICS OF POTENTIAL COUNCIL INTEREST

The following issues may be of interest to Council but do not necessarily require a budget action.

ENERGY BENCHMARKING. In 2010 the City began to require owners to identify the energy use of large commercial and multi-family buildings and make that information available to the City, tenants and potential tenants. Grants have supported OSE's administration of this program to date. Now that initial benchmarking requirements are fully phased in, OSE proposes to increase spending (supported by revenue from fines and grants) to begin enforcement and bolster efforts to promote compliance through outreach and technical assistance. The budget proposes to fund the overall program with a combination of existing baseline budget from OSE cost-allocated GSF (\$137,000 in 2013), remaining Energy Efficiency and Conservation Block Grant (EECBG) funds (\$198,000 in 2013), new Energy Foundation grant funds (\$218,000 in 2013) and fines collected through new enforcement efforts (\$79,000 budgeted in OSE and \$73,000 in FAS). The budget expands program staffing to include 1 part-time OSE temporary compliance support position for 2013 and 1 new half-time Finance and Administrative Services (FAS) License and Standards Inspector who will issue citations and civil infractions for non-compliance.

DISTRICT ENERGY. OSE has been leading a City effort to explore district heating options, with First Hill as the initial focus. It is anticipated that OSE and its district energy contractor, Corix Utilities, will begin feasibility analysis of First Hill district energy in 2012 and continue with additional feasibility analysis in 2013 and 2014. There also has been consideration of expanding the district energy focus to South Lake Union. This year OSE will use \$75,000 of 2012 OSE budget to begin working with its utility partner. OSE also has budgeted \$50,000 of its 2013 cost-allocated GSF to fund district energy feasibility work. The budget also sets aside \$175,000 in Finance General for the First Hill district energy feasibility study. The proposed funding should be adequate to support the district energy feasibility work, which OSE says will not exceed \$300,000 of City contribution although City feasibility costs may be much less if the project proceeds as expected. In addition, the Cumulative Reserve Subfund sets aside \$350,000 in 2013 and 2014 as a district energy investment reserve, which would be used to facilitate development of specific district energy projects instead of feasibility analysis.