

Departments without Significant Budget Issues

1. **Department of Neighborhoods / Neighborhood Matching Fund** *(Dan Eder and Traci Ratzliff)*

Based on Central Staff's review, there appear to be no major budget issues with the Department of Neighborhoods / Neighborhood Matching Fund (DON/NMF) Proposed 2013 and 2014 Proposed Budget. There is a proposed reorganization within the department that moves the Historic Preservation staff from the Director's Office BCL to the Community Building BCL. However, the reorganization does not affect current staffing levels or overall budget authority.

Central Staff's review has identified two issues in which Councilmembers have expressed at some interest or concern:

- The proposed budget adds \$100,000 in 2013 and \$100,000 in 2014 for NMF Small and Simple Grants to be used exclusively for physical improvements for up to five ethnic and cultural institutions.
- Add 1.0 FTE to the Historic Preservation Program in the Department of Neighborhoods to restore staffing that was cut in 2011 and 2012.

2. **Judgment and Claims Fund** *(Christa Valles)*

The Judgment and Claims Subfund contains funds to pay for legal claims and suits brought against the City. The Law Department, Risk Management Division, and the City's Budget Office conduct an on-going assessment of the City's potential liabilities, which forms the basis for the Judgment and Claims Subfund budget. The projected Judgment and Claims budget for 2013 is \$15,034,000 and \$16,859,000 in 2014. Departments responsible for at least 2% of historical Judgment and Claims costs pay an annual premium directly from their budgets. Finance General pays for the premiums of departments with less than 2% of historical cost liability. Utilities contribute an amount equal to their expected pay outs for the coming year, but only pay actual expenses when they are incurred.

In the 2013-14 Proposed Budget, the City Budget Office created four new Budget Control Levels for the Judgment and Claims Subfund: police legal expenses; claims and settlement costs; litigation costs; and pre-litigation or special project legal expenses. Central Staff believes CBO's changes will improve oversight and transparency and recommends these changes be approved.

3. Law
(Ben Noble)

Central Staff has identified no significant issues in the proposed budget for the Law Department. The proposal includes several staffing change, among them are:

- The addition of one attorney to handle cases related to “police action” cases, at cost of roughly \$125,000. In the past, these matters had been addressed by a contract with outside Counsel. City Attorney Holmes has determined that many of the cases can be handled more cost effectively by a staff attorney. Resources from the Judgment and Claims fund, which had been used to hire outside counsel, will now be directed to support this new staff attorney position.
- The abrogation of two vacant City Attorney positions, one in the Criminal Division of the City Attorney’s Office, the other in the Civil Division. While additional staffing resources might be ideal, the Office has operated with a number of vacant positions over the past year or more.

Looking forward, on-going work associated with the Department of Justice settlement regarding the Seattle Police Department has put significant pressure on the workload of the Civil Division. Once the proposed settlement moves forward to implementation and longer-run staffing needs are better understood, some additional staffing resources may be needed within the Civil Division. This issue will need to be monitored over the coming months and into early 2013.

4. Office of Housing
(Traci Ratzliff)

Central Staff has identified no significant issue in proposed 2013 and 2014 budgets for the Office of Housing's (OH). OH is receiving no general funds in either 2013 and 2014, as it is able to rely on other fund sources to fully fund administrative and program costs.

There is a potential program funding issue related to Home Repair loan program that may emerge in 2014. OH’s Home Repair loan program provides needed repairs to low income, mostly elderly, single-family homeowners. The program previously had been funded with Housing Levy funds and CDBG funds. In 2007, loan repayments from CDBG-funded loans were redirected to other CDBG eligible activities due to a large fund balance that had accrued in the Home Repair loan program. That fund balance is now nearly exhausted and the estimated loan repayments from other fund sources (approximately \$170,000 a year) will maintain existing program production (approximately 35 loans a year) only through mid to late 2014. The total Home Repair Program loan budget per year (loan funding + administration) is an estimated \$875,000.

Further analysis is needed by the Executive to determine if CDBG loan repayments or a portion of these loan repayments need to be returned to the Home Repair Program to

continue program operation beyond mid to late 2014. In addition, further assessment of the Home Repair loan portfolio to determine remaining loans to be repaid and likely annual repayment schedule also needs to be completed. A Statement of Legislative Intent will be drafted to request the Executive to provide this analysis to the Council by June 1, 2013 in time to inform the Mayor and Council's 2014 budget decisions.

5. Personnel Department

(Patricia Lee)

The Mayor's 2013 Proposed Budget includes \$11.8 million for the Personnel Department. This represents a 2.5% increase over the 2012 Adopted Budget. For 2014 the Proposed Budget provides another 3% increase.

There are no major revenue, expenditure, program or staffing changes. As noted below there will be a net decrease of 1.5 FTEs.

Proposed Staffing Changes:

- *Eliminate 1.0 FTE HRIS Specialist.*
Responsible for generating reports and analyzing information from payroll and position databases. Work will be absorbed by existing staff.

- *Eliminate 2.0 FTE*
One Manager 2
Responsibilities include NeoGov system, Police and Fire recruitment and testing and the Seattle Youth Employment Program. Work will be absorbed by existing staff.

One Strategic Advisor 1
Responsibilities include medical testing, occupational health conditions and fitness for duty. Work will be absorbed by existing staff.

- *Add 1.5 FTE*
One Strategic Advisor 1 to assist with development of a Citywide Human Resource HR Strategic plan.

- *Increase .5 FTE to 1.0 FTE*
Strategic Advisor 1 responsible for compliance with ADA and EEO reduced to half-time in 2011 will be restored to full time.

Apprenticeships:

The Personnel Department has 20 unfunded apprenticeship positions they can "loan" to other city departments. None are on loan at this time.

Strategic Plan:

The Personnel Department will continue to work on developing a Strategic Plan for the Personnel Department and on the citywide delivery of human resources.

6. Seattle City Light

(Tony Kilduff)

City Light's 2013-2014 Proposed Budget reflects the spending priorities in the first two years of the Six-Year Strategic Plan the Council adopted in July to guide the utility's long-term investments (Resolution 31383). The spending plan is supported by a 4.4% rate increase for 2013 and a 5.6% increase for 2014 (Ordinance 123988, passed in September) and the proceeds of a bond issue in 2013 of approximately \$275 million. There will be a green sheet for Council Bill authorizing the bond sale.

Some highlights of the implementation of the plan over the next two years include:

Service Reliability Enhancements

- Begin building a new Denny Substation to support both NODO and First Hill.
- Transmission System Improvements to address regional congestion problems.
- Underground cable rehabilitation and replacement to address the increasing failure of buried distribution cable (there's about 500 miles of it all of 1970's vintage).
- Streetlight pole and lamp replacement—a continuation and enhancement of the (LED) re-lamping program. This will save the GSF money in the future.
- Improvements to the hydro system management program.

Customer Service Enhancements

- Improved customer portal
- Pro-active outreach to potentially vulnerable low income customers

Works Performance and Safety Enhancements

- Establish results-based safety program.
- Establish utility training and development Program.
- Build technical training center.
- Increase project management training.

Efficiency and Process Improvement

(\$6million saving in 2013, \$14 million in 2014, both built into the rate schedule)

- Expand performance reporting and Business Intelligence System
- Establish internal audit/management review group
- Increase funding for standards development to lower costs
- Increase funding for performance benchmarking
- Develop Integrated GIS to improve asset management and crew efficiency

City Light, in cooperation with the City Light Review Panel and Council and Executive staff, is developing a reporting mechanism to track performance against the budget and the plan.

The only substantive budget issue for City Light is the decision on how much (if any) of City Light's year-end fund balance to transfer into the Rate Stabilization Account. Last year the Council transferred the entire year-end fund balance into the RSA. It took that action to reduce the likelihood of a rate surcharge in the face of anticipated wholesale power revenues well below the amount assumed in the budget. This year City Light faces the same issue, despite reducing the assumed wholesale revenue in 2013 by \$10 million. There will be a green sheet to move a Council Bill authorizing the transfer again this year.

7. Seattle Fire Department
(John McCoy)

The Seattle Fire Department provides fire protection and prevention, technical rescue, and emergency medical services for the City of Seattle. The department and its 1,153 authorized positions are supported by a variety of dedicated taxes and fees, the largest being the Medic 1 Levy, with the remainder made up from other General Subfund revenue.

The Fire Department has been largely shielded from recent rounds of budget cuts. Nonetheless, with Council participation, the City Budget Office and the Fire Department are currently engaged in an efficiency study of the department's operations to identify changes that may lower the cost of these necessary services. To date, consultants from the firm TriData, which works with fire departments across the country and counts several former Fire Chiefs on its roster, have completed two of the three phases of their study. The Mayor's 2013-2014 Proposed Budget reflects some recommendations from the early phases of the TriData analysis, generating approximately \$370,000 in savings and an abrogation of 2.0 FTEs from the administrative division. As part of this reorganization, the Fire Department is also proposing to shift approximately \$7 million from the Administration BCL to the Resource Management BCL (formerly Risk Management).

The Mayor's proposed budget does include one piece of legislation related to the Fire Department. This ordinance updates fire permit fees, bringing in modest incremental revenue of about \$2,000 in 2013 and \$61,000 in 2014. Fire permit fees were previously raised in 2011 targeting a 75% cost recovery rate. The proposed legislation (along with an improving economy, which has increased the pace of building permit activity) would bring the department's cost recovery level to approximately 77% in 2013. TriData has recommended that the department aim for full cost recovery, which the department and the City Budget Office plan to consider in future budgets. Staff recommends passage of this ordinance.

8. Seattle Municipal Court

(Peter Harris)

The proposed budget for the Municipal Court includes two policy changes with financial impact, but neither appears to raise significant issues. One is to consolidate magistrate hearings at the Downtown Justice Center. Currently the Court holds magistrate hearings on infractions one day per week at each of four Neighborhood Service Centers and one day at the Justice Center. The number of people seeking hearings to contest or mitigate infractions is declining as more take advantage of the Court's program for adjudication by mail. The Court is also planning to hold electronic magistrate hearings, which should further reduce the demand for in-person hearings. Consolidating magistrate hearings at the Justice Center will save \$74,000 in administrative costs annually.

The other change is to automate telephone calls to remind defendants of their court dates. The purpose of these calls is to reduce the number of defendants who fail to appear. Currently these calls are made by Court staff. Automating the calls will allow the Court to eliminate an administrative position and save \$55,000 annually.

9. Seattle Public Library

(Sara Belz)

Operating Budget

The Seattle Public Library (SPL) system includes the Central Library and 26 neighborhood branches. The Mayor's 2013 Proposed Budget includes \$63.6 million for SPL operations. This reflects an increase of about 23% (\$11.8 million) over the 2012 Adopted Budget. For 2014, the Proposed Budget calls for another increase of around 2.7% (\$1.7 million). The primary source of the additional funding for SPL is the seven-year, \$123 million library levy approved by Seattle voters in August 2012. A summary of the operating costs that levy proceeds are proposed to help support in 2013 is provided below. Except as noted, the proposed allocations for 2014 are slightly higher due to inflationary adjustments.

- Operating hours and access, \$3.3 million: Restore Sunday operating hours at the 15 branch libraries that are currently open five days per week; reinstate seven-day service at the Northgate and Columbia branches; restore reference services at eight smaller branch libraries; eliminate the annual weeklong staff furlough and system closure.
- Print and digital collections, \$2.1 million
- Technology and online services, \$2 million: Implement the first major update of public computing technology since 2008 and establish a small staff unit dedicated to improving online services. Annual allocations for technology and online services will fluctuate throughout the term of the levy. In 2014, a reduced amount of \$1.3 million is proposed.

- Regular facilities maintenance, \$1.3 million
- Levy administration, \$166,000.

Levy funds would also be used in 2013 to offset a \$4.2 million reduction to SPL's 2013 General Subfund baseline after adjusting for inflation. In total, about \$13 million in levy funds would be used to support SPL's 2013 operating budget.

In addition to levy proceeds, the Proposed Budget for SPL includes General Subfund allocations of \$48 million in 2013 and \$50.1 million in 2014. SPL also expects to collect a total of about \$2.5 million per year from a variety of smaller revenue sources, including fines and fees, parking charges, and space rentals.

Capital Improvement Program (CIP)

For 2013, SPL's Proposed CIP includes \$177,000 in Real Estate Excise Tax (REET) revenues for access improvements consistent with the Americans with Disabilities Act (ADA) and \$3.2 million for major maintenance projects. The allocation for major maintenance is comprised of \$500,000 in REET and \$2.7 million in library levy proceeds. For 2014, the Proposed CIP provides \$3.6 million for major maintenance, including \$500,000 in REET and \$3.1 million in levy funds. The use of levy proceeds would replace \$820,000 per year in City capital funding for major maintenance projects at SPL. After years of unsustainable capital funding, SPL's Proposed CIP for 2013-2014 should be sufficient to meet its major maintenance needs.

Levy Underspend

Although an estimated \$16.8 million in library levy proceeds will be collected in 2013, only about \$15.8 million would be used to support SPL's proposed operating and capital budgets during that calendar year. A similar level of levy underspend is also proposed for 2014. This is necessary to ensure sufficient funds are available in the later years of the levy to cover all of SPL's projected expenditures. Whereas levy proceeds can only grow by 1% per year, the rate of inflation over the next seven years is likely to be higher.

Remaining Legislation:

General Budget

- Third Quarter Supplemental Ordinance
- Third Quarter Grant Acceptance Ordinance
- 2013 Budget Adoption Ordinance
- 2014 Budget Endorsement Ordinance
- Long Property Tax Ordinance
- Short Property Tax Ordinance

Debt Issuance

- LTGO Bond Ordinance
- City Light Bond Ordinance

Personnel

- Non-Rep Furlough Ordinance
- Unfunded Positions Ordinance

Other Legislation

- Consolidated Plan Ordinance