



Mayor Mike McGinn's 2013-2014 Proposed Budget

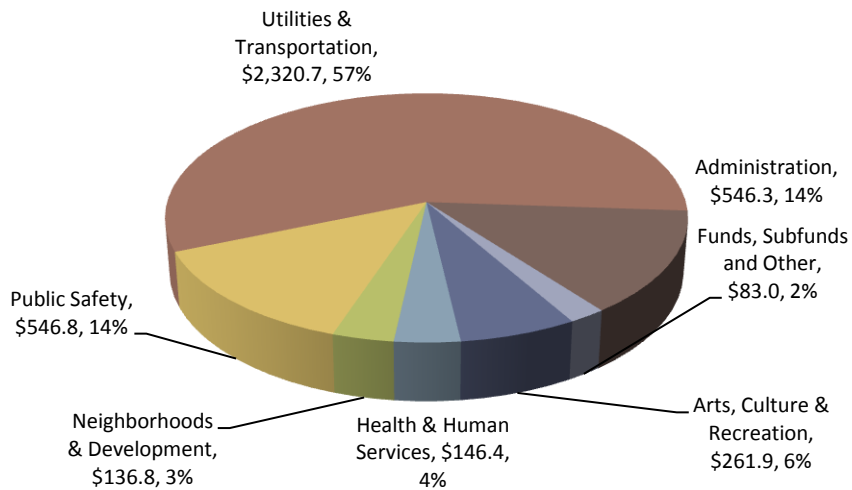
Presented to the Seattle City Council
City Budget Office – September 27, 2012

The Big Picture

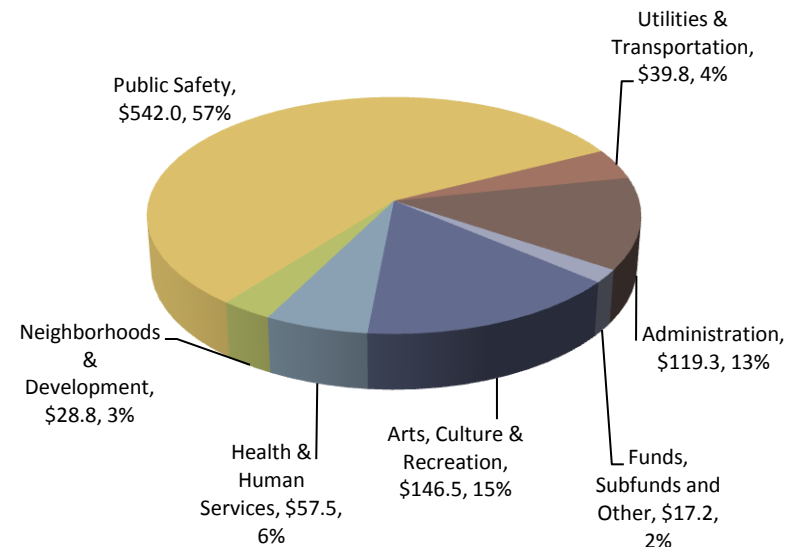


2013 Proposed Budget totals \$4 billion, \$951 million of which is in the General Fund
Budget grows to \$4.3 billion in 2014, including \$975 million in the General Fund

**2013 Proposed Expenditures - All Funds,
 \$4.0 Billion
 (in millions of dollars)**



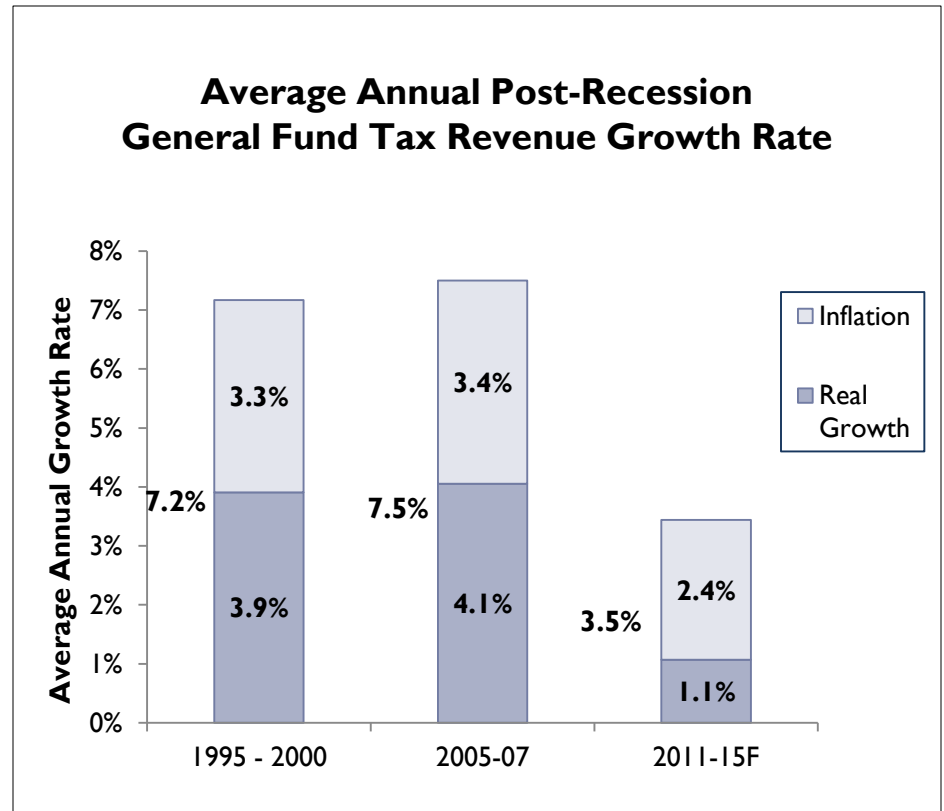
**2013 Proposed General Fund Expenditures -
 \$951.0 Million
 (in millions of dollars)**



Synopsis



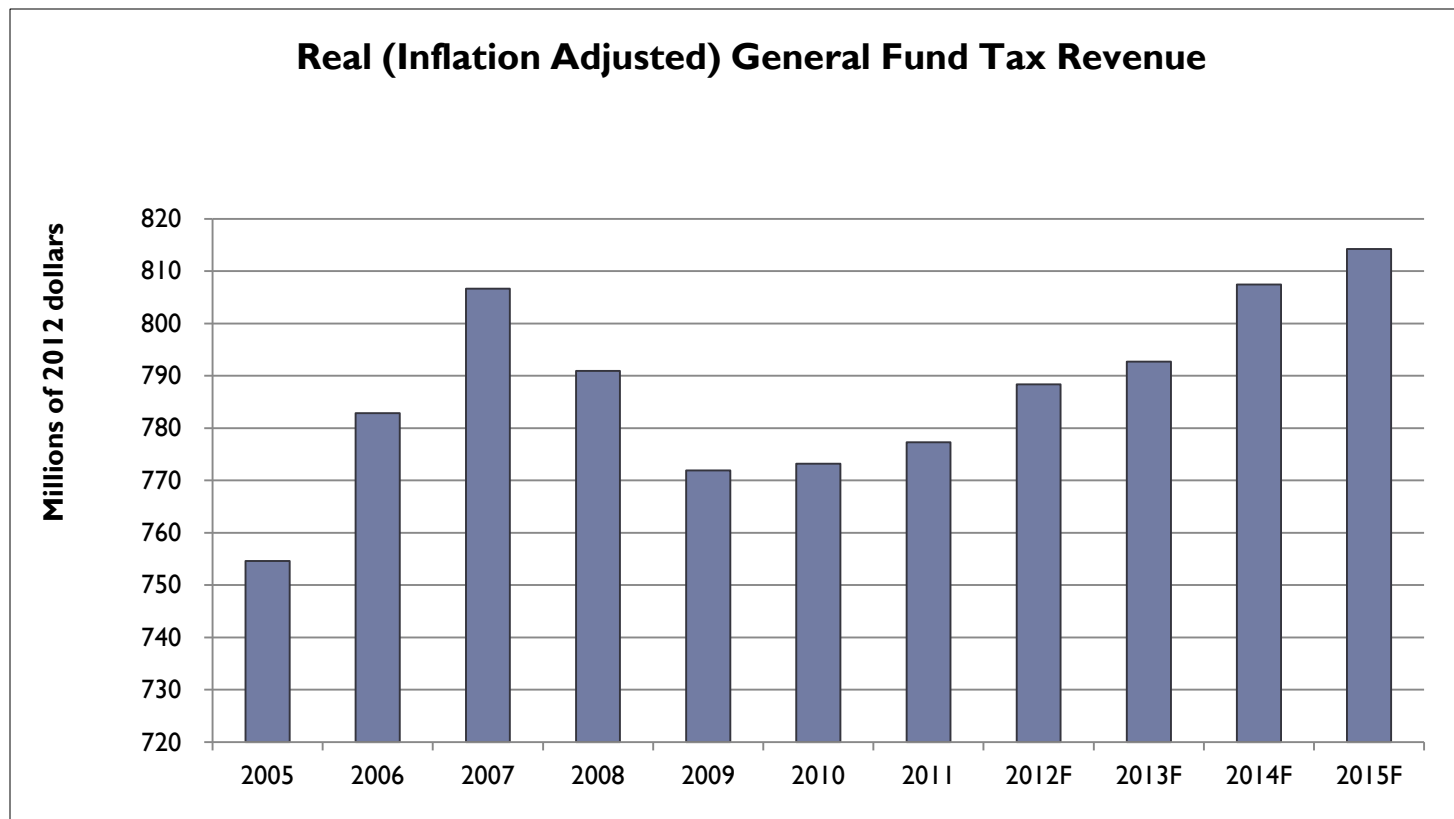
- ▶ General Fund budget challenges are easing
 - ▶ Strength in the local economy
 - ▶ Vigilant financial management and conservative planning assumptions
 - ▶ Continued efforts to find cost savings through efficiencies
 - ▶ Strength in non-General Fund revenues
- ▶ Budget includes modest reductions in most General Fund-dependent departments and also makes investments in emerging needs
- ▶ Budget continues providing most of the same basic services to Seattle residents at their 2012 levels



General Fund Gaining Strength



- ▶ By 2014, tax revenues return to the pre-recession peak



Mayor's Budget Decision Making Framework



- ▶ **Budget process overview:**
 - ▶ Start with conservative projections in the baseline process
 - ▶ Departments developed reduction proposals to address the projected shortfall
 - ▶ If forecasts hold, by design, ask for more reductions than needed to give multiple options and support investment in emerging needs

- ▶ **Mayor's budget decisions are guided by:**
 - ▶ Input from departments
 - ▶ Analysis by CBO budget analysts, including an evaluation of data, trade-offs and service impacts
 - ▶ Input from the public, stakeholders, and labor
 - ▶ Approximately 40 town hall meetings attended by more than 2,800 people in 2012
 - ▶ Budget Gapster – online budget simulation and survey instrument
<http://www.seattle.gov/budgetsimulation/>

Mayor's Budget Decision Making Framework



▶ Budget Gapster

- ▶ CBO launched a new effort in 2012 to educate the public about the budget challenges and the budget process and to solicit input on budget priorities
- ▶ Nearly 1,800 unique visits to the site
- ▶ Data on priorities from more than 350 individuals who completed the simulation and the survey
 - ▶ Public Safety the number one funding priority

Budget Gapster Funding Priorities



Examples of Savings: Identifying Efficiencies to Preserve Services



- ▶ **Savings from how the City maintains its assets**
 - ▶ Utility costs
 - ▶ Managing the City's fleet
- ▶ **Management efficiencies**
 - ▶ Fire Department senior management consolidation
- ▶ **Aligning staff with workload needs**
 - ▶ Parks capital project workload
 - ▶ Seattle Department of Transportation
- ▶ **Lower salary and benefit costs**
 - ▶ New firefighter labor contract
 - ▶ Lower medical and unemployment claims
 - ▶ 2010 agreement with Coalition of City Labor Unions still generating savings
- ▶ **New funding to sustain City treasures**
 - ▶ Volunteer Park Conservatory
 - ▶ Langston Hughes Performing Arts Center
- ▶ **Select fee-based revenue increases**
 - ▶ Swimming pool fees
 - ▶ Parking fees at City-owned garages
 - ▶ Seattle Animal Shelter fees
 - ▶ Parking Enforcement Officers
- ▶ **Strategic use of fund balances**
 - ▶ Human Services Division
 - ▶ Parks
 - ▶ Transportation

Strategic Investments to Respond to Emerging Needs



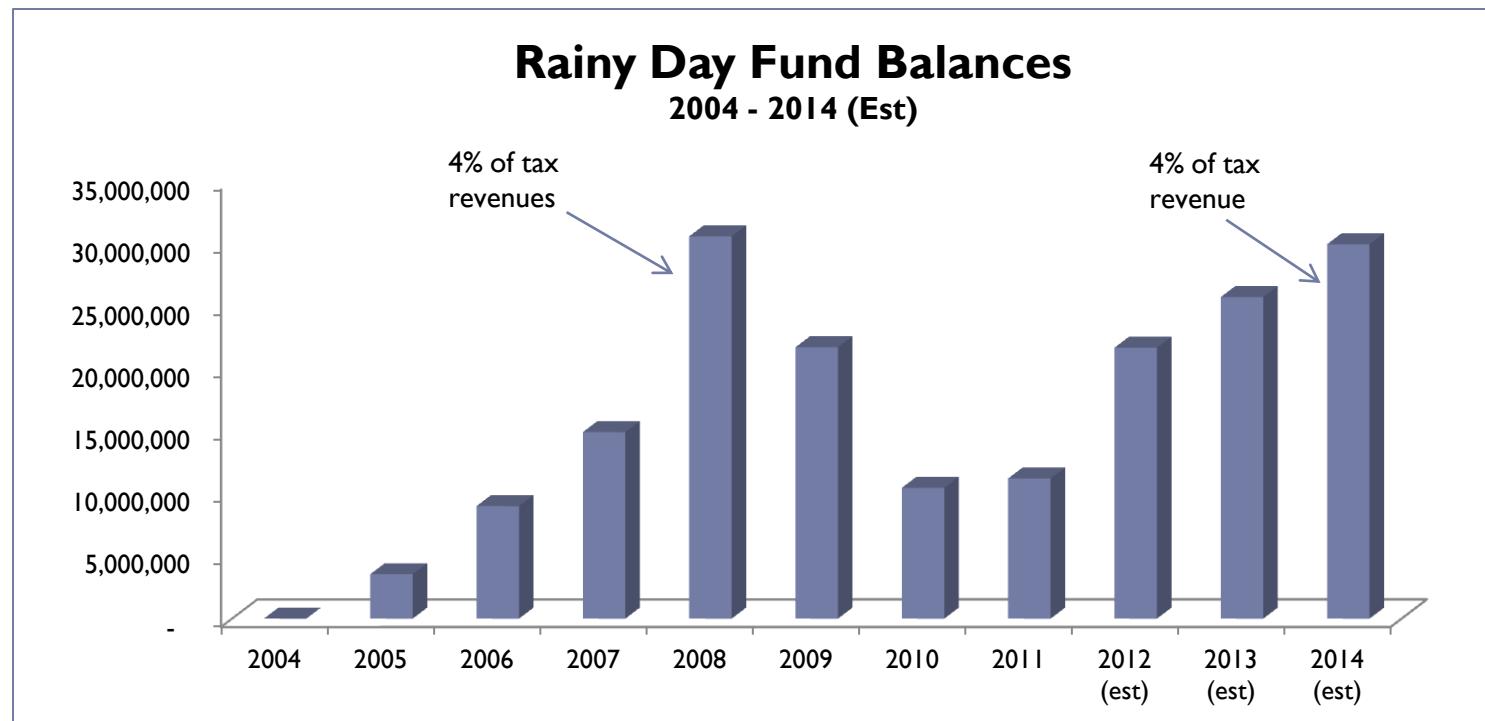
- ▶ Proposed Budget makes investments in five key areas:
 - ▶ Supporting a Well-Functioning Government
 - ▶ Enhancing Public Safety
 - ▶ Upholding the Human Services Safety Net
 - ▶ Promoting Economic Development
 - ▶ Upgrading the City's Transportation Infrastructure

Investments to Support a Well-Functioning Government



▶ Restoring the Health of the Rainy Day Fund

- ▶ Maximum contributions to the Rainy Day Fund in 2013 and 2014
- ▶ Replenishes the Rainy Day Fund to the \$30 million peak by 2014



Investments to Support a Well-Functioning Government



- ▶ **Stabilizing the City's pension fund**
 - ▶ Consistent with City policy, funding the system to the actuarially recommended level

- ▶ **Investing in the next generation data center**
 - ▶ Decisions will be driven by taking a holistic and strategic Citywide view of data center needs

- ▶ **Other information technology investments**
 - ▶ Replacing systems no longer supported or soon-to-be no longer supported by vendors

Investments to Enhance Public Safety



- ▶ The 2013-2014 Proposed Budget invests as much as \$24 million over the biennium to support SPD public safety initiatives
 - ▶ Hiring 10 additional police officers
 - ▶ Investing in technology
 - ▶ Adding automated gunfire locator system
 - ▶ Replacing in-car video system
 - ▶ Enhancing SPD's data analysis capabilities
 - ▶ Implementing SPD 20/20 and the Settlement Agreement between the City and DOJ

Investments to Enhance Public Safety



- ▶ **Public Safety extends beyond traditional police services. Investing in programs that prevent crime in the first place.**
- ▶ Expanding community center after school and late night hours at seven centers that serve at-risk youth
 - ▶ Data-driven decision making model
- ▶ Increasing by 450 the number of Seattle Youth Violence Prevention Initiative slots
 - ▶ Implementing a more robust risk assessment tool to ensure those most in need are the ones served
 - ▶ Brings total number of youth served through the initiative to 1,500

Investments to Uphold the Human Services Safety Net



- ▶ Investments in human services are particularly important
 - ▶ Dual challenge: Other governments are scaling back their investments. Meanwhile, demand for services is increasing as people struggle from the effects of the Great Recession
- ▶ Contract inflation increases for the 1st time since 2009
- ▶ Expanding support for homeless families
- ▶ Increasing the number of childcare subsidies for moderate- to low-income families
- ▶ Investing in the Career Bridge program
- ▶ Expanding support for domestic violence survivors

Investments to Promote Economic Development



- ▶ Critical the City help keep the momentum of the economic recovery going, with a special emphasis on shared prosperity
 - ▶ Support for Neighborhood Business Districts
 - ▶ Expanding “Only in Seattle” grants to support streetscape and pedestrian improvements in neighborhoods with parking meters
 - ▶ Investing CDBG Funds to Promote Community Development
 - ▶ “growSeattle”
 - ▶ South Park Business District
 - ▶ Investing in the vitality of the Downtown Core
 - ▶ Funding 16 FTEs in DPD to meet the growing demand for land use and building permits

Investments to Upgrade the City's Transportation Infrastructure



- ▶ Using multiple funding sources, the City will invest more than \$21 million in maintaining and upgrading the City's transportation assets over the biennium
 - ▶ Transit Master Plan Implementation
 - ▶ High Capacity Transit
 - ▶ Pedestrian and Bike Master Plan Investments
 - ▶ Safe Routes to Schools projects
 - ▶ Sidewalk safety repair
 - ▶ Center City mobility plan
 - ▶ Greenway development
 - ▶ Burke Gilman trail – study next steps for the missing link

Investments to Upgrade the City's Transportation Infrastructure



- ▶ **Third Avenue Corridor Investments**
 - ▶ \$1 million in REET funding will allow for:
 - ▶ Sidewalk expansion and enhancement near Macy's department store
 - ▶ Converting pedestrian signals in the corridor to countdown signals
 - ▶ Remarking all faded crosswalks in the corridor

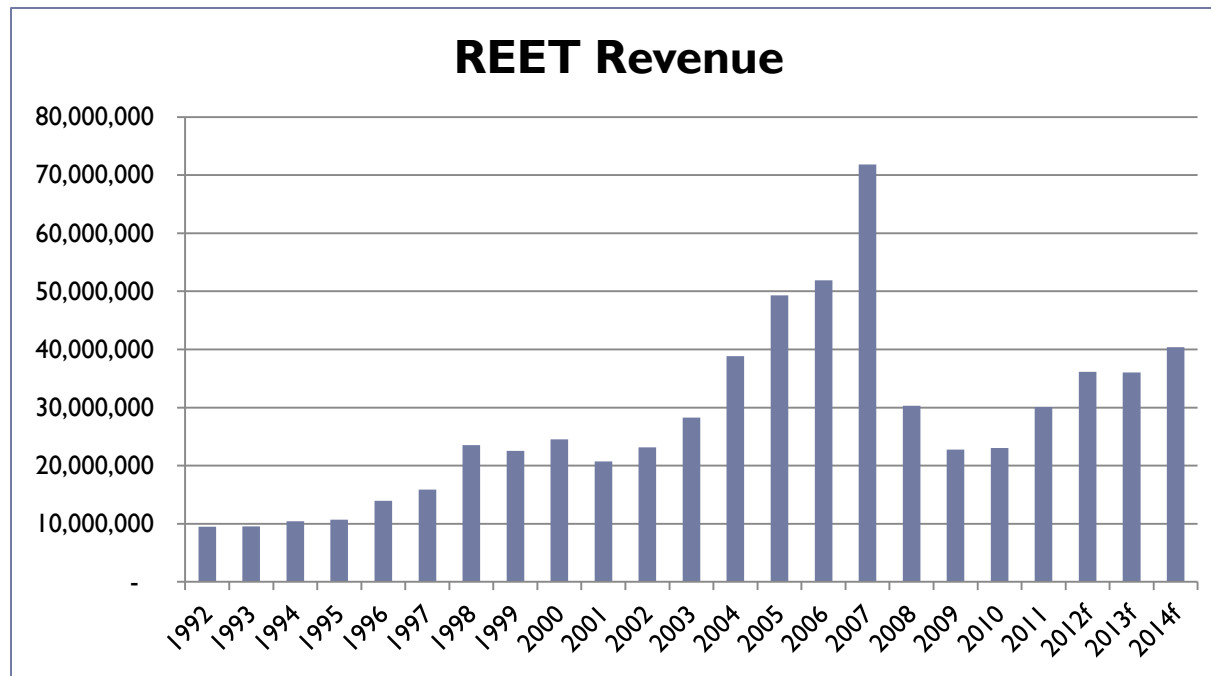
- ▶ **Freight Mobility Enhancements**
 - ▶ Increases funding for small-scale freight mobility improvements
 - ▶ Provides funding for a new Freight Mobility Master Plan

- ▶ **Asset Preservation and Maintenance**
 - ▶ Annual investment in street repair and maintenance increased by more than \$5 million
 - ▶ Chip seal and crack seal programs reinstated
 - ▶ Emergency storm response funding provided

Real Estate Excise Tax (REET) Overview



- ▶ REET revenues are a bright spot in the budget
 - ▶ Over the biennium, expecting an increase of \$10 million relative to 2011, allowing for increased investments of REET

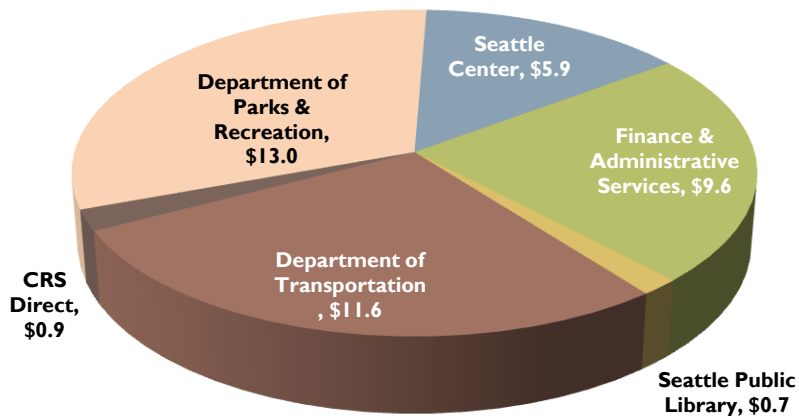




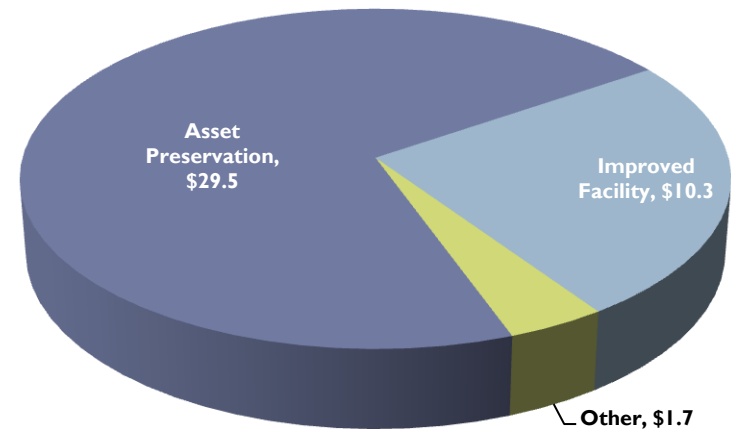
REET Overview

- ▶ REET revenue is the primary source of funding for general government asset preservation
 - ▶ The budget allocates \$29.5 million in 2013 and \$27.3 million in 2014 for asset preservation from REET funds.
 - ▶ The highest REET asset preservation funding levels since 2009

2013 Proposed REET Spending by Department
\$41.5 million
(in millions of dollars)



2013 Proposed REET Spending by Project Type
\$41.5 million
(in millions of dollars)



2013 FTE Impacts



- ▶ 65 FTEs are eliminated
- ▶ Funding added for 191 FTEs
- ▶ Net increase of 7 to part-time FTEs
- ▶ Net increase of 133.47 FTEs Citywide for 2013
- ▶ Net reduction of 8 additional FTEs scheduled for 2014

Department	Net Change to Funded FTEs
City Budget Office	1.00
Dept. of Finance & Administrative Services	20.00
Department of Information Technology	2.00
Department of Neighborhoods	0.75
Department of Parks & Recreation*	(7.02)
Department of Planning & Development	15.50
Human Services Department	22.50
Legislative Department	(1.00)
Office of Arts & Cultural Affairs*	7.74
Office of Economic Development	(1.50)
Office of Immigrants and Refugee Affairs	1.00
Personnel Department	(1.50)
Seattle Center	(3.50)
Seattle City Attorney	(1.50)
Seattle City Light	19.50
Seattle Department of Transportation	4.50
Seattle Fire Department	(2.00)
Seattle Public Library	46.00
Seattle Municipal Court	(1.50)
Seattle Police Department	23.00
Seattle Public Utilities	(10.50)
Grand Total**	133.47

* The bulk of these FTE impacts are the result of shifts between these departments

** Does not include 25 unfunded FTEs that are created in the event that contract work can be brought in house



Looking Ahead

- ▶ **Based on current forecast, General Fund is in balance for 2015-2016**
 - ▶ **Upside Risk:** Relative strength of the local economy
 - ▶ **Downside Risk:** Health of the global and national economies

- ▶ **But, we know there will continue to be emerging needs and demands for greater service**
 - ▶ Need to continue efforts to ensure City dollars invested wisely and achieving the intended outcomes
 - ▶ Number of efforts contemplated for 2013 and beyond
 - ▶ Examining Internal Service Costs
 - ▶ Citywide Space Planning
 - ▶ Fire Study
 - ▶ SDOT Efficiency Analysis
 - ▶ Measuring Outcomes

Preview of Department Budget Presentations



BASIC MISSION

The questions on this and following two slides are intended to provide overall context with a focused description of your agency, its key mission, and the challenges you face as part of the current budget process:

- ▶ What is the primary mission (purpose) of your agency?
- ▶ Why does any of this matter to the people of Seattle?
(Tell us one brief vignette that best illustrates what your agency does and why it is important.)

Preview of Department Budget Presentations



KEY OUTCOMES AND REMAINING CHALLENGES

- ▶ How will you know whether you have accomplished your mission or not?
- ▶ What results or outcomes do you measure?
- ▶ In what area(s) are you furthest from your desired outcomes (or achieving you mission) and what barriers do you face to closing this gap?

ALIGNING MISSION AND BUDGET

- ▶ How do your budget changes address the barriers you face in fulfilling your outcomes, and/or mission?
- ▶ More generally, how do your proposed budget changes align with your Department's mission?

Preview of Department Budget Presentations



TABLE 1 - INCREMENTAL BUDGET CHANGES FOR THE 2013-2014 BIENNIUM

DEPARTMENT'S NAME							
	2013		2014		GF?	DESCRIPTION	BIP #
	FUNDING AMOUNT	FTE	FUNDING AMOUNT	FTE			
2012 ADOPTED BUDGET	\$310,197,963	790					
CBO Adjustments to create Baseline	(7,848,291)					Adjustments primarily to reflect 2011/2012 Endorsed CIP. Should include explanation of significant department-specific baseline changes.	
Technical adjustments - Operations & Maintenance	(2,693,944)	3.0			Partial	Decreases in reimbursable work and completion of new Work Management System, partially offset by increases in city central information technology costs and judgment and claims, and additional budget authority for BTG funded transit service. Includes on loan positions for supported employment.	70/ 75/ 113
Technical adjustments - Capital Improvements	(37,596,766)				Partial	Refinements in scheduling for bridge projects and revisions to King Street Station Phase 2 based on available funding.	71/ 508/ 600
BASELINE BUDGET	\$262,058,962	793					
PROPOSED CHANGES							

Preview of Department Budget Presentations



TABLE 2 - CAPITAL IMPROVEMENT PROGRAM (CIP) CHANGES

DEPARTMENT'S NAME					2013-2018 PROPOSED CIP
PROJECT TITLE	2013 APPROPRIATIONS (In 1000)	2014 APPROPRIATIONS (In 1000)	TOTAL PROJECT COST (In 1000)	FUNDING SOURCES	DESCRIPTION/EXPLANATION
NEW PROJECTS					
1) Pedestrian Master Plan - School Safety	\$1,026		\$6,344	BTG - Levy LID Lift	Project moved from O&M to CIP to reflect transition from development of the Ped Master Plan to implementation of projects.
PROJECTS CANCELLED OR DEFERRED					
2) Aurora Transit, Pedestrian, and Safety Improvements	\$0		33,403	To Be Determined	Project on hold until additional funding can be secured.

Preview of Department Budget Presentations



TABLE 3 - BUDGET OVERVIEW

DEPARTMENT'S NAME:		EXPENDITURES OVERVIEW (2013-2014 PROPOSED)			
BUDGET CONTROL LEVELS	2012 ADOPTED	2013 PROPOSED	% CHANGE '12-'13	2014 PROPOSED	% CHANGE '13-'14
Expenditures by BCL					
Major Projects	\$84,880,000	\$75,177,000	-11.4%	\$105,134,000	39.8%
Major Maintenance /Replacement	\$51,280,000	\$84,847,000	65.5%	\$56,783,000	-33.1%
Mobility-Capital	\$45,080,000	\$37,335,000	-17.2%	\$34,030,000	-8.9%
Mobility-Operations	\$36,297,000	\$35,113,000	-3.3%	\$37,304,000	6.2%
Street Maintenance	\$25,085,000	\$28,246,000	12.6%	\$30,294,000	7.3%
ROW Management	\$10,476,000	\$11,304,000	7.9%	\$12,135,000	7.4%
Bridges & Structures	\$7,182,000	\$7,245,000	0.9%	\$7,646,000	5.5%
Urban Forestry	\$4,150,000	\$4,371,000	5.3%	\$4,103,000	-6.1%
Engineering Services	\$1,900,000	\$2,280,000	20.0%	\$2,126,000	-6.8%
General Expense	\$16,908,000	\$20,782,000	22.9%	\$22,787,000	9.6%
Department Management	\$3,599,000	\$3,497,000	-2.8%	\$922,000	-73.6%
Total SDOT Expenditures	\$286,837,000	\$310,198,000	8.1%	\$313,263,000	1.0%
Total FTEs	798.5	790	-1.1%	765	-3.2%
Revenues SDOT					
General Fund & Gas Tax	\$52,830,000	\$52,064,000	-1.4%	\$49,852,000	-4.2%
Cumulative Reserve Subfund	\$9,139,000	\$7,656,000	-16.2%	\$5,383,000	-29.7%
BTG Levy, CPT & EHT	\$63,077,000	\$60,989,000	-3.3%	\$62,528,000	2.5%
New 2.5% CPT				\$4,824,000	
New \$20 VLF				\$3,400,000	
Grants, Bonds, Reimb & Other	\$164,112,000	\$189,489,000	15.5%	\$177,276,000	-6.4%
Total SDOT Revenues	\$289,158,000	\$310,198,000	7.3%	\$303,263,000	-2.2%

Questions?

