

To: Government Performance & Finance Committee  
Tim Burgess, Chair  
Nick Licata, Vice Chair  
Sally J. Clark, Member  
Mike O'Brien, Alternate

From: John McCoy, Council Central Staff

Decision Agenda, 1<sup>st</sup> Quarter Supplemental Package

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The Executive has offered Council Bills 117770 and 117771, which together form the 1<sup>st</sup> Quarter Supplemental Budget package. In briefest overview, these ordinances would change the 2013 Adopted Budget per the following:

- Increase appropriations by \$7.4 million in various funds and departments for various purposes<sup>1</sup>
- Accept \$6.8 million in outside grants, and add appropriation allowing departments to spend the grant funds
- Repurpose \$11.8 million in unspent bond proceeds in the Seattle Department of Transportation (SDOT) to a variety of new projects and priorities
- Add 4.0 FTE full-time exempt positions in the Department of Finance & Administrative Services (FAS) and SDOT
- Effect several budget-neutral shifts within departments and funds to realign budget amounts, including a significant re-work of the Seattle City Light (SCL) capital program
- Abandon \$12.4 million in unused SCL capital spending authority and \$32.8 million in unused Seattle Public Utilities' (SPU) capital spending authority

**Current Status and Prior Committee Actions**

Council Central Staff review of this package is ongoing. An information request to the City Budget Office (CBO) and the Departments was partially filled late Friday. Central Staff and CBO have also identified a number of errors in the ordinance that will require correction.

The Committee took two votes amending C.B. 117770 at its May 1, 2013 meeting. Those were:

- Increasing General Subfund appropriation by \$370,500 to fund start-up costs for the PsySTART mental health triage system at area health facilities, and to fund a Harborview Medical Center study of mental health and gun violence.
- Increasing General Subfund appropriation by \$92,000 in the Office for Education to fund a new literacy program (Read & Rise). A related appropriation had been proposed in a prior ordinance but was moved to this ordinance pending additional committee review of the program's goals and efficacy per, Resolution 31425.

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<sup>1</sup> Some of this represents fund-to-fund double appropriations.

## Policy Issues for Committee Consideration

### 1) Mayor's Transportation Package

SDOT reports that cost savings on the South Spokane Street Viaduct project will allow \$11.75 million in unspent bond proceeds to be put to other uses. The Mayor has proposed using \$7.25 million of this in the 1Q for a variety of other SDOT projects (see CBO summary for a detailed list). In addition, CBO now estimates that ticket revenue from school zone cameras will bring in about \$4 million more than what was estimated in the 2013 Adopted Budget. The Mayor has proposed using \$1.2 million of this in the 1Q to purchase eight additional cameras and fund a variety of school safety projects. The ordinance also calls for 3.0 new FTEs to support the two bodies of work.

The Committee, in consultation with the Transportation Committee, may wish to conduct additional policy review of school zone cameras and the revenue they generate. Council may also wish to fund different priorities, possibly to include additional improvements to the RapidRide E Line (corridor 9 in Seattle's Transit Master Plan), additional bicycle safety projects on E. Marginal Way and elsewhere, or other uses. In addition, the Seattle Streetcar Fund currently owes the City's cash pool \$3.5 million; newly available transportation revenues could retire some or all of this deficit. It's unclear at this point how much time the additional review of all these topics may take and Transportation changes may delay other time-sensitive grant items in the 1Q.

**Option 1** – Retain SDOT changes as proposed, subject to correction of ordinance errors identified by Council Staff and CBO.

**Option 2** – Remove the proposed SDOT changes from the 1Q Supplemental Ordinance and consider them and related policy issues in a separate ordinance in consultation with the Transportation committee. This would specifically involve the following changes:

- Revise Sections 1 and 2 to re-cast the Spokane Street Savings as a capital abandonment and delete all other budget and project allocation changes, with the exception of the additional \$4.5 million to the Arterial Asphalt & Concrete Program (TC365400), funding for Northgate Way, which the department has indicated involves time-sensitive grant funds.
- Delete items 4.1 through 4.8, 4.10 and 4.13.
- Delete items 5.9 through 5.14, 5.17, and 5.21
- Delete items 7.2, 7.3, and 7.4
- Delete Attachment G
- Correct errors identified by Council Staff and CBO

**Option 3** – Retain SDOT items, and consider additional specific transportation amendments to the 1Q Supplemental at future Committee meetings.

**2) Fresh Bucks Add**

Council Member Conlin has proposed increasing support for the Fresh Bucks program, run by the Washington State Farmers Market Association and the Office of Sustainability and Environment. Fresh Bucks aims to connect recipients of federal food stamp benefits with Seattle farmers’ markets and encourage consumption of fresh fruits and vegetables. It matches the federally supported purchases with up to \$10 per person per day. The program, with support from JPMorgan Chase and the Seattle Foundation, served seven Seattle farmers’ markets in 2012 and aims to expand to all Seattle farmers’ markets in 2013.

**Option 1** – Do nothing.

**Option 2** – Increase General Subfund appropriation by \$50,000 in the Office of Sustainability and Environment to support the Fresh Bucks expansion.

Item	Fund	Department	Budget Control Level	Amount
5.X	General Subfund (00100)	Executive	Office of Sustainability and Environment (X1000)	\$50,000

5.X	Fresh Bucks Program Expansion (Executive Department, General Subfund (00100))			\$50,000
	This item increases appropriation authority by \$50,000 in the Office of Sustainability and Environment BCL (X1000) to support expansion of the Fresh Bucks program. Managed by the Washington State Farmers Market Association and the Office of Sustainability and Environment, Fresh Bucks aims to encourage consumption of fresh fruits and vegetables by connecting low-income Seattle residents who receive federal food stamp benefits to farmers’ markets. The program matches the federal support by up to \$10 per day. The add from the City would join private funding to expand the 2012 pilot program from seven farmers’ markets to all Seattle farmers’ markets.			

### 3) Accelerate Career Bridge Program Evaluation Funding

The Council (in Green Sheet 120-2-A-1) appropriated \$50,000 in 2013 and \$50,000 in 2014 for the City Auditor to perform a comprehensive evaluation of the Career Bridge program's effectiveness in moving participants into job training or stable employment. Audit staff report that their project work plan will exceed the allotted funding for 2013 and request that the 2014 funding be accelerated into this year.

**Option 1** – Do nothing.

**Option 2** – Increase General Subfund appropriation by \$50,000 in the Office of City Auditor to accelerate the 2014 funding. CBO is also advised to remove the same amount from the baseline budget of the 2014 Endorsed.

Item	Fund	Department	Budget Control Level	Amount
5.X	General Subfund (00100)	Office of City Auditor	Office of City Auditor (VG000)	\$50,000

5.X	Accelerate Funding for Evaluation of Career Bridge Program (Office of City Auditor, General Subfund (00100))			\$50,000
	This item increases appropriation authority by \$50,000 in the Office of City Auditor (VG000) to accelerate funding already included in the 2014 Endorsed Budget to evaluate the Career Bridge program. Audit staff expect that their contract spending in 2013 will exceed the \$50,000 allotted for that year.			

**4) New Literacy Program (Read and Rise)**

The Committee previously pulled an appropriation from the Year-End Carry Forward Ordinance and inserted it into the 1Q Supplemental, relating to the Mayor’s proposed new child literacy program called Read and Rise. The delay was intended to allow the Office for Education an opportunity to comply with Council Resolution 31425, which requires that proposals for new programs specifically address the program’s measurable goals, the gap between those goals and the current status quo, evidence of the program’s effectiveness elsewhere, and how progress toward the goals will be measured.

**Option 1** – No further action. Appropriation as revised below remains in the 1Q Supplemental.

**Option 2** – Delete the items below from the 1Q Supplemental and invite the Office for Education to re-submit the proposal with additional information on the program’s goals, effectiveness, and an evaluation strategy, either in a future supplemental or for the 2014 budget.

The appropriation and fiscal note description (slightly revised from the previous version) are repeated below:

Item	Fund	Department	Budget Control Level	Amount
5.XX	General Subfund (00100)	Department of Neighborhoods	Office for Education (I3700)	\$92,000

5.XX	Read and Rise Program (Department of Neighborhoods, General Subfund (00100))			\$92,000
	This item increases appropriation authority by \$92,000 to the Office for Education BCL (I3700) and provides resources to manage implementation of the Read and Rise Program. The BCL is created in related Item 15.1. Read and Rise is a research-based comprehensive family and community engagement program that will give families the skills they need to support the language and literacy development of their children Pre-k through 3rd grade. Funding in 2013 will allow the Office for Education to hire a part-time program coordinator, identify assessment tools for students, purchase materials, train facilitators and implement pilot projects. Future funding will depend on the success of the pilots.			

Section 15. The 2013 Adopted Budget is amended with the creation of the Educational Programs budget control level, added to Attachment A of Ordinance 124058 as follows:

Item	Fund	Department	BCL Code	BCL Name	BCL Purpose
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Item	Fund	Department	BCL Code	BCL Name	BCL Purpose
15.1	General Subfund (00100)	Department of Neighborhoods	I3700	Office for Education	The purpose of the Office for Education (OFE) Budget Control level is to help children succeed in school, close the achievement gap, and help every Seattle child graduate from school college and career ready. This BCL supports education and literacy programs that fall outside the scope and funding of the Families and Education Levy.

5) **South Lake Union Policy Work**

The Council, in Resolution 31449, recently called for additional policy development regarding the South Lake Union Urban Center.

**Item A: Historic Buildings** – This item would add \$75,000 of General Subfund appropriation in the Department of Neighborhoods to survey and inventory historic buildings and other resources in the South Lake Union Urban Center.

**Option 1** – Do nothing.

**Option 2** – Insert the item below into Council Bill 117770.

Item	Fund	Department	Budget Control Level	Amount
5.X	General Subfund (00100)	Department of Neighborhoods (DON)	Community Building (I3300)	\$75,000

<i>Section 5 – Appropriation Increases - Operating</i>				
5.X	Historic Preservation Appropriation Increase (Department of Neighborhoods, General Subfund (00100))			\$75,000
	This item increases appropriation authority by \$75,000 in the Community Building BCL (I3300). The additional funding is necessary to produce a survey and inventory of historic resources in the South Lake Union Urban Center as requested by the City Council in Resolution 31449. The funding will support the development of a work plan, a review of existing resource material, the production of a field survey, the development of a historic resources inventory and database, and the completion of a final survey report and context statement.			

**Item B: Development and Design Guidelines** – This item would add \$50,000 of General Subfund backed appropriation in DPD for consultants to update development and design guidelines for the South Lake Union Urban Center and Pike/Pine Urban Center Village.

**Option 1** – Do nothing.

**Option 2** – Insert the items below into Council Bill 117770.

Item	Fund	Department	Budget Control Level	Amount
5.X	Planning and Development Fund (15700)	Department of Planning and Development (DPD)	Planning (U2900)	\$50,000
5.X	General Subfund (00100)	Finance General (FG)	Support to Operating Funds (2QE00)	\$50,000

<b>Section 5 – Appropriation Increases - Operating</b>		
5.X	Planning Appropriation Increase – South Lake Union and Pike / Pine Design Guidelines (Department of Planning and Development, Planning and Development Fund (15700)	\$50,000
	This item increases appropriation authority by \$50,000 in the Planning BCL (U2900). The appropriation would provide consultant support to update development and design guidelines for the South Lake Union Urban Center and the Pike/Pine Urban Center Village. The Pike / Pine Design Guidelines Update would address integration of new development with historic resources, providing more design direction for the increasing number of projects using the Conservation Overlay. The need for an immediate update to the South Lake Union design guidelines was identified in Resolution 31449.	

**Item C: Transportation Fee Mitigation Update** – Also responsive to Resolution 31449, SDOT and DPD have proposed adding resources to update the 2004 Alternative Transportation Impact Mitigation program. This proposal is under review and may be considered with the forthcoming SDOT budget ordinance or in a later supplemental.

**6) Late Grant Acceptance for the Legislative Department**

The Legislative Department received a grant on a short timeframe that came in after CBO's 1Q supplemental item deadlines. The \$20,000 Grant from the Washington Department of Ecology would support a stakeholder process looking at existing regulations regarding over-water residences and potentially suggest changes to the Shoreline Master Plan.

**Option 1** – Do nothing. Consider the grant acceptance and budget increase in a later supplemental.

**Option 2** – Insert the item below into both Council Bills 117770 and 117771.

Appropriation

Item	Fund	Department/ Office	Budget Control Level	Amount
6.X	General Subfund (00100)	Legislative Department	Legislative Department (G1100)	\$20,000

Grant Acceptance

Item	Department/ Office	Grantor	Purpose	Amount	Fund
1.X	Legislative Department	Washington Department of Ecology	Provides support for a stakeholder process concerning overwater residences and the Shoreline Master Plan.	\$20,000	General Subfund (00100)

<b><i>Section 6 – Grant Appropriation Increases</i></b>		
X.X	Shoreline Master Plan Grant Acceptance (Legislative Department, General Subfund (00100))	\$20,000
	This item increases appropriation authority by \$20,000 in the Legislative Department BCL (G1100) from the Washington State Department of Ecology. The grant will support a stakeholder review process looking at existing definitions of vessels, floating homes, and house barges, and recommend possible regulatory or procedural actions the City may take. The grant runs through July 2013. There is no City match requirement and no positions are associated with this grant.	

## 7) Comprehensive Plan Environmental Impact Statement

Items 5.7 and 5.18 (partial) appropriate \$375,000 of General Subfund-backed appropriation to the Department of Planning and Development (DPD) to perform an Environmental Impact Study (EIS) for the Comprehensive Plan Review. It's unclear at this point whether an EIS will be required.

Item	Fund	Department	Budget Control Level	Amount
5.7	Planning and Development Fund (15700)	Department of Planning and Development (DPD)	Planning (U2900)	\$375,000
5.18	General Subfund (00100)	Finance General (FG)	Support to Operating Funds (2QE00)	\$480,000

Item	Description	Amount
5.7	Comprehensive Plan Major Review (Department of Planning and Development, Planning and Development Fund (15700))	\$375,000
	This item increases appropriation authority by \$375,000 in the Planning (U2900) BCL. This request is necessary to hire consultant services for an Environmental Impact Study (EIS) for the Comprehensive Plan Review (Plan) and to begin the first phase of a public outreach process in 2013. After original deadlines were postponed by the State legislature, the State mandated review and update must be completed by June 30, 2015. To meet this deadline, an EIS that includes a transportation and air quality analysis is required as advised by the Law Department in late 2012. Consultant assistance is needed to begin the design and facilitation of a public outreach process in 2013 (and continuing into 2014) that will include designing new web tools to reach more groups of residents and planning outreach and engagement liaisons (POELs) to communicate with under-represented communities. These funds are needed in 2013 so that the EIS can be completed and subsequent legislation approved in time to meet the state's June 2015 deadline for Plan updates under the State Growth Management Act. Additional funding will be requested in the 2014 proposed budget process for consultant services to continue the public outreach process and for the document design and preparation of the completed Plan in a new layout and electronic format that is more user friendly to the public.	

**Option 1** – Do nothing. Allow the appropriation amounts to increase without restriction.

**Option 2** – Delete Item 5.7 and reduce Item 5.18 by \$375,000. Invite DPD to re-submit the request if and when it becomes clear that an EIS is required.

**Option 3** – Add a proviso to the appropriation and allow DPD to spend it if and when a Determination of Significance is issued.

After Section 5, insert the following:

*None of the money appropriated in Item 5.7 in the Planning Budget Control Level (U2900) of the Department of Planning and Development (DPD) may be spent until and unless DPD issues a Determination of Significance requiring an Environmental Impact Statement to support the Comprehensive Plan.*

**8) Incentive Zoning / Workforce Housing**

The Mayor has proposed adding \$85,000 of General Subfund-backed appropriation to DPD to support an Incentive Zoning update, part of a committee process established by the Mayor. Council may wish to provide resources for its own policy development work on the same topic per Resolution 31444.

Item	Fund	Department	Budget Control Level	Amount
5.6	Planning and Development Fund (15700)	Department of Planning and Development (DPD)	Planning (U2900)	\$85,000
5.18	General Subfund (00100)	Finance General (FG)	Support to Operating Funds (2QE00)	\$480,000

5.6	Incentive Zoning Study (Department of Planning and Development, Planning and Development Fund (15700))			\$85,000
	This item increases appropriation authority by \$85,000 in the Planning (U2900) BCL. This request is necessary to provide economic and technical support to the Incentive Zoning Update requested by the Mayor and Council. The Mayor and Council have both identified this work as a priority for 2013. The Incentive Zoning Update will be led by DPD and the Office of Housing with participation from the Human Services Department and Seattle Parks and Recreation. An advisory committee will be convened by the Mayor's Office in February 2013 to oversee this work; these funds will pay for consultant services to conduct market analysis necessary to understand pricing for the program and support the development of open space and childcare nexus studies that provide the legal framework for these programs.			

**Option 1** – Do nothing. Allow the appropriation amounts to increase without restriction.

**Option 2** – Delete Item 5.6 and reduce Item 5.18 by \$85,000. Request that the Executive and Council develop a joint scope of work on the topic for consideration in a future supplemental ordinance to avoid duplication of efforts.

**Option 3** – Add the following proviso to Section 5:

*“None of the money appropriated in Item 5.6 in the Planning BCL may be spent until authorized by future ordinance. It is the Council’s expectation that approval for this spending would only be granted after development of a joint scope of work for Executive and Council inquiries into incentive zoning and workforce housing.”*

**Option 4** – Add \$200,000 in General Subfund money to the Legislative Department for consultant resources to undertake the work outlined in Resolution 31444. Resolution 31444, which was adopted by the Council as a companion piece of legislation to the South Lake Union Rezone ordinance, 1) establishes the Council’s intent to update the workforce housing incentive program, 2) establishes the

council's intent to solicit the advice of national experts, and 3) outlines key questions for those experts to consider.

Item	Fund	Department	Budget Control Level	Amount
5.X	General Subfund (00100)	Legislative Department	Legislative Department (G1100)	\$200,000

5.X	Workforce Housing Study (Legislative Department, General Subfund (00100))			\$200,000
	This item increases appropriation authority by \$200,000 in the Legislative Department BCL. This request is necessary to undertake the body of work outlined in Resolution 31444.			

## 9) Vera Project Add

The Mayor has proposed adding \$50,000 of General Subfund-backed support in 2013 for the Vera Project, a youth arts organization that leases space at Seattle Center. The City currently provides Vera with \$50,000 in annual programming support and charges them about \$40,000 in annual rent for the space they occupy at Seattle Center.

Council Member Godden, Chair of the Libraries, Utilities, and Center Committee, has raised questions about the amount of support this organization receives from the City in relation to its rent payments, as well as how City support for tenant organizations relates to efforts to shore up the Seattle Center Fund, which is currently in a negative position and the recipient of an inter-fund loan of up to \$3.5 million through 2017.

Item	Fund	Department	Budget Control Level	Amount
5.16	Seattle Center Fund (11410)	Seattle Center (CEN)	Community Programs (SC620)	\$50,000
5.19	General Subfund (00100)	Finance General (FG)	Support to Operating Funds (2QE00)	\$50,000

5.16	Vera Project Educational Programming Increase (Seattle Center, Seattle Center Fund (11410))			\$50,000
	This item increases appropriation authority by \$50,000 in the Community Programs BCL (SC620). This funding will support educational programming for the organization.			
5.19	Vera Project General Fund support (Finance General, General Subfund (00100))			\$50,000
	This item increase appropriation authority by \$50,000 in the Support to Operating BCL (2QE00). This item provides General Fund resources to the Seattle Center to carry out the corresponding item 5.16 in this legislation.			

**Option 1** – Do nothing. Allow the appropriation amounts to increase per the Mayor’s proposal.

**Option 2** – Delete Items 5.16 and 5.19 from the 1Q, pending a review of Seattle Center’s finances and City support to the campus’s tenants in the Libraries, Utilities and Center Committee. This add may be re-considered in a later supplemental or for the 2014 Budget.

**Additional Issues Outstanding, Pending CBO Response to Council Questions**

Central staff may propose additional changes to the 1Q Supplement depending on the answers provided by CBO and the departments. Outstanding issues include:

- 1) Municipal Arts Fund Increase (Item 5.8) – The Office of Arts and Cultural Affairs is proposing a 60% increase (\$1.48 million) to its 2013 budget, supported by existing fund balance. Central Staff have asked for more information about what’s driving this large increase and what projects are now proposed to be added for 2013.
- 2) New Strategic Advisor 2 in FAS (Item 7.12) – The position for work related to Fire Station 5 may be time limited and require a sunset date.
- 3) General Subfund and Emergency Subfund support for new SDOT and DPD work (Items 5.17, 5.18, and 10.1) – Both the Transportation Operating Fund and the Planning and Development Fund are showing large unreserved fund balances, so it’s not clear they need additional General Subfund or Emergency Subfund support for the proposed work.
- 4) Fire Grant Savings (Item 6.2) – The Fire Department received a Homeland Security grant with a 20% City match to purchase new equipment. There may be savings to the General Subfund for the 80% supplied by the grant that are not yet reflected in the 1Q.
- 5) SCL Capital Abandonment Rate (Section 13) – The utility typically underspends its capital program, yet is proposing to abandon a relatively small share of its cumulative carried spending authority, small both in comparison to last year and to the share abandoned by Seattle Public Utilities. Central Staff have asked the utility to document why such large capital carry forwards are required year after year and whether higher abandonment amounts might be justified.