



Legislative Department
Seattle City Council
Memorandum

Date: August 13, 2014

To: Councilmember Nick Licata, Chair
Councilmember Jean Godden, Vice Chair
Councilmember Tim Burgess, Member
Finance and Culture Committee

From: Erik Sund, Council Central Staff

Subject: Issue Identification, 2nd Quarter 2014 Supplemental Budget Package

The Executive has offered Council Bills 118158 and 118159, which together form the 2nd Quarter Supplemental Budget package. In briefest overview, these bills would change the 2014 Adopted Budget as follows:

- Increase appropriations by \$15.0 million in various funds (\$3.9 million in the General Subfund) and departments for various purposes, including¹:
 - \$900,000 to pay delayed 2013 elections billings and the cost of including a City measure in the in the 2014 primary election;
 - \$646,468 for the Seattle Fire Department to fund 15 additional recruit positions in the Department's fall class to address a historically high vacancy rate for firefighter positions; and
 - \$621,580 (reimbursed by the Seattle Seahawks) to pay for expenses incurred by the Seattle Police Department and the Seattle Fire Department as a result of providing crowd control, traffic control, and other services during the Seahawks Victory Parade on February 5th.
- Accept \$2.06 million in outside grants, and add appropriation allowing departments to spend the grant funds
- Increase position authority by 6.0 positions in the Community Police Commission, the Personnel Department, the Seattle Police Department, the Office for Education, and the Department of Finance and Administrative Services (2 positions).

Policy Issues for Committee Consideration

City Budget Office (CBO) staff briefed the Finance and Culture Committee on this legislation at its meeting on July 23rd. The following policy issues have been identified for Committee discussion and direction and are outlined below.

¹ Some of this represents fund-to-fund double appropriations.

Item 1: Legislative Department Funding for Housing Nexus Study

In the 2013 first quarter supplemental budget (Ord. 124195) the Council appropriated \$200,000 to the legislative department to carry out the work program contemplated by Resolution 31444. Resolution 31444 establishes a work program for: (1) reviewing and potentially changing the City land use regulatory incentive program for affordable workforce housing and (2) surveying best practices for affordable work force housing production. In June and July of this year consultants hired to perform some of the work prescribed by Resolution 31444 delivered reports and preliminary recommendations to the Council. One recommendation includes shifting the current program from a model that incents, but does not mandate, development of affordable workforce housing to a model that mitigates the demand for additional affordable workforce housing created by new development. Exploration of a mitigation model will require additional analyses to establish and quantify the nexus between new commercial and residential development and the need for affordable workforce housing. Those additional analyses and the development of recommendations based on those analyses are estimated to cost \$25,000. Councilmember Burgess has proposed that the Legislative Department budget be increased by that amount in order to fund the study.

Option 1 - (Sponsor: Burgess) Amend Council Bill 118159 to increase the Legislative Department’s General Subfund appropriation by \$25,000 to fund a consultant contract for the completion of the affordable housing nexus study.

Item	Fund	Department	Budget Control Level	Amount
1.4X	General Subfund (00100)	Legislative Department (LEG)	Legislative Department (G1100)	\$25,000

Option 2 – Leave the Legislative Department appropriation unchanged.

Item 2: Legislative Department Funding for Parks Property Lease Study

Councilmember Godden, Chair of the Parks, Seattle Center, Libraries, and Gender Equity Committee, has requested that the Legislative Department budget be increased by \$50,000 in order to fund a contract with a consultant to evaluate the property leasing practices of the Department of Parks and Recreation (Parks). The project would include the development of standards by which the Council can better evaluate future lease agreements to ensure that the terms of the agreement are favorable to the City. Questions to be addressed in the study include: how to value the public benefits that are often provided by some tenants in place of cash; what level of revenues needs to be raised to fund deferred maintenance on Parks properties; and what other financially policies and practices are needed to maintain these Parks facilities.

Option 1 - (Sponsor: Godden) – Amend Council Bill 118159 to increase the Legislative Department’s General Subfund appropriation by \$50,000 in order to fund a study evaluating the lease practices of Department of Parks and Recreation by inserting the following:

Item	Fund	Department	Budget Control Level	Amount
1.4X	General Subfund (00100)	Legislative Department (LEG)	Legislative Department (G1100)	\$50,000

Option 2 – Leave the Legislative Department appropriation unchanged.

Item 3: Ethics and Elections Commission Contract with Seattle Public Schools

The proposed supplemental includes a \$62,500 General Subfund appropriation for the Ethics and Elections Commission to provide expenditure authority for an extension of a contract to provide ethics and whistleblower services to Seattle Public Schools (SPS). SPS has indicated that it wishes to cancel this contract, so the revenue that would have backed this appropriation increase will be lost. Councilmember Burgess has proposed striking the additional appropriation from the supplemental to reflect this loss of resources.

Option 1 - (Sponsor: Burgess) Amend Council Bill 118159 to remove the \$62,500 General Subfund appropriation for the Ethics and Elections Commission.

Item	Fund	Department	Budget Control Level	Amount
1.4	General Subfund (00100)	Ethics and Elections Commission (ETH)	Ethics and Elections (00100-V1T00)	-\$62,500

Option 2 – Leave the Ethics and Elections Commission appropriation unchanged.

Item 4: Office of Housing – Community Development Block Grant Fund Corrections

The Office of Housing’s Seattle Homeowner Stabilization Program (SHSP), also known as the Seattle Foreclosure Prevention Program, is administered by the Urban League of Metropolitan Seattle and Solid Ground and provides financial counseling, assistance in working with mortgage lenders, and loans to help homeowners avoid foreclosure. The proposed supplemental includes \$150,000 in additional expenditure authority to support the SHSP, of which \$50,000 appropriated from federal Community Development Block Grant (CDBG) funds. Subsequent to the transmission of the proposed supplemental legislation package, Executive and Council staff determined that in order to maintain compliance with federal grant requirements, no more than \$20,000 of additional CDBG funds that could be appropriated for SHSP services. The CDBG appropriation for the SHSP must therefore be reduced by \$30,000. However, it was also determined that CDBG funds are eligible for use in supporting a \$30,000 appropriation for Housing Levy renewal planning that is also included in the proposed supplemental. Therefore,

the CBDG funds can be reprogrammed for levy planning purposes and the Office of Housing Operating Fund moneys saved as a result can be used to backfill the reduction in SHSP support, a net zero change in appropriations.

Option 1 – (Technical) Amend Council Bill 118159 to reduce the CBDG appropriation for the Office of Housing’s Seattle Housing Stabilization Program (SHSP) by \$30,000, increase the Housing Operating Fund appropriation for the SHSP by \$30,000, and replace the \$30,000 Housing Operating Fund appropriation for Housing Levy renewal planning with a \$30,000 CBDG appropriation. The revised supplemental budget items are shown below.

Item	Fund	Department	Budget Control Level	Amount
1.16	Office of Housing (16600) <u>Community Development Block Grant Fund (17810)</u>	Office of Housing (OH) <u>Executive</u>	Office of Housing Operating Fund (16600-XZ600) <u>CDBG - Office of Housing (17810-6XZ10)</u>	\$30,000
1.18	Office of Housing (16600)	Office of Housing (OH) <u>Executive</u>	Office of Housing Operating Fund (16600-XZ600)	\$100,000 <u>\$130,000</u>
1.19	Community Development Block Grant Fund (17810)	Executive	CDBG - Office of Housing (17810-6XZ10)	-\$50,000 <u>\$20,000</u>

Option 2 – Leave the Office of Housing’s appropriations in Council Bill 118159 unchanged.

Next Steps

If the Committee is prepared to vote on Council Bills 118158 and 118159, the legislation can be considered at the full Council meeting on Monday, September 1st. On the other hand, if the Committee would like additional time for deliberation, then the next opportunity for Council staff to present a follow-up report on any issues that arise and for Committee action will be at the Wednesday, September 10th Committee meeting. If the bills are approved by the Committee on September 10th, they would be eligible for full Council action on Monday, September 15th.