

2013 Adopted and 2014 Endorsed Budget Executive Summary

On November 19, 2012, the Seattle City Council unanimously passed the 2013 Adopted and 2014 Endorsed budgets. The purpose of the Adopted/Endorsed Budget Executive Summary is to document the significant changes the Council made to the 2013-2014 Proposed Budget. This summary is intended to complement and update the 2013-2014 Proposed Budget Executive Summary, which describes the major themes and trends for the 2013 and 2014 budgets.¹ While including a number of notable changes, the budgets adopted and endorsed by the Council largely reflect the themes and changes that were originally proposed by Mayor Mike McGinn when he transmitted his recommended budget to the Council on September 24, 2012.

Revenue Outlook – Major Highlights

As is traditionally the case, the 2013-2014 Proposed Budget was balanced based on the City's August revenue forecast. The Adopted/Endorsed budgets are based on the November revenue forecast. Continuing the positive trends seen in the August, the November revenue forecast pointed to modest strength in the local economy, resulting in slight improvements in the City's General Fund and Real Estate Excise Tax (REET) revenues. The November revenue projections for the General Fund assumed net increases of \$1.10 million for 2012, \$450,000 for 2013, and \$380,000 for 2014. Cumulatively this represented a boost of \$1.93 million for 2012-2014 relative to the August forecast. REET showed even more relative strength, increasing \$4.97 million in 2012, \$390,000 in 2013, and \$2.4 million in 2014, for a cumulative impact of \$7.79 million for 2012-2014. The upturn in REET revenues for 2012 was driven in large part by the unparalleled \$1.2 billion purchase of properties in Seattle's South Lake Union neighborhood by Amazon.com, which was announced in early October 2012. The revenue improvements provided in the November forecast provided flexibility for Council in deciding what new investments to make as it finalized the 2013 and 2014 budgets.

Significant Programmatic Changes

The City's 2013 Adopted Budget and 2014 Endorsed budgets total \$4.07 billion and \$4.30 billion respectively, including \$948.6 million in 2013 and \$980.5 million in 2014 for the City's General Fund. In adopting the 2013 budget and endorsing the 2014 budget, Council made a series of appropriation changes to the Proposed Budget. For the General Fund, these changes result in a net decrease of \$2.4 million in 2013 and a net increase of \$5.6 million in 2014. The reduction in the 2013 budget in part reflects a decision to debt-finance certain capital investments. While total appropriations were reduced, the shift to debt-financing freed up resources for new programmatic spending in 2013. This section summarizes the most substantive changes made by Council. Other less significant changes, as well as additional details about the items summarized here, are described in the individual department pages of the 2013 Adopted and 2014 Endorsed Budget Book.

¹ [The 2013-2014 Proposed Budget Executive Summary](#) can be found immediately following the Adopted/Endorsed Budgets Executive Summary. Additional details are also provided in the department budget pages that make up the bulk of the 2013 Adopted and 2014 Endorsed Budget Book.

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The City Council added \$1.57 million in 2014 to continue to hire police officers to sustain a police force of 1,322 sworn officers.

Improving Public Safety: The City Council made five significant changes to the City's public safety budgets as it finalized the budgets. First, the Council added \$1 million in reserve to allow the Seattle Police Department (SPD) to continue directed emphasis patrols in 2013 to prevent violent crime and apprehend violent offenders. Second, the Council added \$1.57 million in 2014 to allow SPD to continue to hire police officers to maintain a steady force of 1,322 sworn officers. Third, the Council eliminated funding to install a new automated gunshot locator system (AGLS), a network of 52 gunshot locator units that would have allowed the City to detect the location of gunshots in the City, included in the Mayor's proposed budget. This decision allowed the Council to redirect \$750,000 in 2013 and \$207,060 in 2014 to other funding priorities. Fourth, the Council elected to debt-finance replacement of certain SPD equipment, freeing up funds in the 2013-2014 biennium that are redirected to other services. Finally, the Council accelerated the timeline to purchase land and develop a design for a new SPD North Precinct facility, including authorizing the issuance of debt for the project in 2013 instead of 2014.

Enhancing Transportation Mobility: Council made changes to the proposed transportation budget in three key areas: transit, bicycle and pedestrian projects, and street maintenance and repairs. It eliminated funding from the Proposed Budget for the Ship Canal Crossing Project and shifted the start of the Eastlake high capacity transit planning effort from 2013 to 2014, thereby reducing funding for this project over the 2013-2014 biennium. It also eliminated funding that had been reserved in the 2014 Proposed Budget for high capacity transit implementation. Council chose instead to add funding in 2013 for improvements to current transit corridors, including the Madison Transit Corridor and other high priority transit corridors. It also redirected funding in 2014 to support the First Hill Street Car Extension and the downtown connector, which will link the South Lake Union and First Hill street cars. Finally, Council allocated funds from Seattle Department of Transportation (SDOT) fund balance to support a transit reliability study for State Route 520 (SR 520).

In adopting the 2013 budget and endorsing the 2014 budget, Council added funds to support bicycle and pedestrian improvements. \$2.725 million is added in 2013 to support the Ballard and Delridge greenways, the West Seattle Lower Bridge Trail, and the downtown cycle track. An additional \$250,000 is added in 2014 for continued work on the downtown cycle track. The Council also directed SDOT to use \$160,000 of fund balance to support a bike and pedestrian access study for the SR 520 project.

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The City Council added funds to expand Seattle's human services safety net.

Finally, to continue to address the backlog of arterial and non-arterial street maintenance and repairs, Council added \$2 million for 2014.

Caring for the Most Vulnerable: The Council added \$1.7 million in 2013 and \$2.3 million in 2014 to the Proposed Budget to expand Seattle's human services safety net. The additional funds are targeted toward five service areas, including: support for victims of domestic violence, food services, senior centers, first time moms living in poverty, and homeless men, women and families. To support victims of domestic violence, the Council added funding for legal assistance and legal advocacy for immigrant and non-immigrant victims of domestic violence. Council also added funding for bilingual services for limited English speaking victims of domestic violence.

The Council added funding in both 2013 and 2014 to support food banks and other meal providers in Seattle. It also added funding in both 2013 and 2014 to hire social workers to provide assistance to homebound seniors. The Council also provided funding to expand the Nurse Family Partnership program, a program that sends specially-trained nurses to visit and provide services to moms living in poverty from the first months of pregnancy up until the child turns two. This expansion will allow all first-time moms living in poverty to access this highly effective program.

Finally, the Council provided additional funding to support housing and services for homeless women, men, and families. Specifically, \$200,000 is provided in both 2013 and 2014 for rapid re-housing services for families. Funds are also provided to support additional limited shelter services, including for women during the non-winter months. The Council also added \$200,000 in both 2013 and 2014 to expand day-center services, including hygiene and support services in downtown Seattle.

Building a Sustainable Community: To continue to promote a sustainable community and economic development, the Council allocates additional resources for land-use planning, disaster planning, and environmental sustainability. In the area of land-use planning, funds are appropriated for staffing for industrial area reviews, historical preservation, and the Design Commission. Funds are also designated to plan for the future of KeyArena. In the area of disaster planning, funds are added to continue efforts to retrofit buildings constructed of unreinforced masonry as well as disaster recovery planning. In the area of economic development and environmental recovery, Council added funds to the Proposed Budget to support the Green Seattle Partnership, green jobs, and the food policy council.

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Delivering Results: In September 2012, the City Council passed [Resolution 31404](#), which called for the establishment of goals, outcomes, and evaluation plans for new and expanded program investments included in the budget. In keeping with the objectives described in Resolution 31404, Council added \$400,000 to the Auditor’s Office budget to evaluate two programs included in the 2013 Adopted Budget – the expansion of the Seattle Youth Violence Prevention Initiative (SYVPI) and the new Career Bridge program.

Looking Ahead

As required by law, the 2013 Adopted and 2014 Endorsed budgets are balanced. And, for the first time since 2007, the City is beginning to see some stability and modest strength in its revenues. However, revenue growth remains more subdued than past post-recessionary periods, and the economic recovery could be influenced by external factors, including discussions in Washington, D.C. about the state of the Federal budget. Based on current projections, the City’s General Fund faces modest shortfalls for 2015 and 2016.

General Fund Balancing	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<i>millions of dollars</i>				
Beginning Unreserved Balance	\$22.3	\$9.1	\$0.1	\$0.0
Revenues	\$946.8	\$987.2	\$1,014.4	\$1,048.9
Expenditures and Reserve Changes	(\$960.0)	(\$996.3)	(\$1,023.4)	(\$1,058.6)
Ending Unreserved Balance	\$9.1	\$0.1	(\$8.9)	(\$9.7)
*For display purposes, 2016 beginning balance assumes 2015 strategies to balance are one-time.				

As has been the case throughout the Great Recession, the City of Seattle is prepared to continue to proactively monitor its budget, address emerging financial challenges, and quickly respond if economic circumstances change.