

## 2015-2016 Proposed Budget Executive Summary

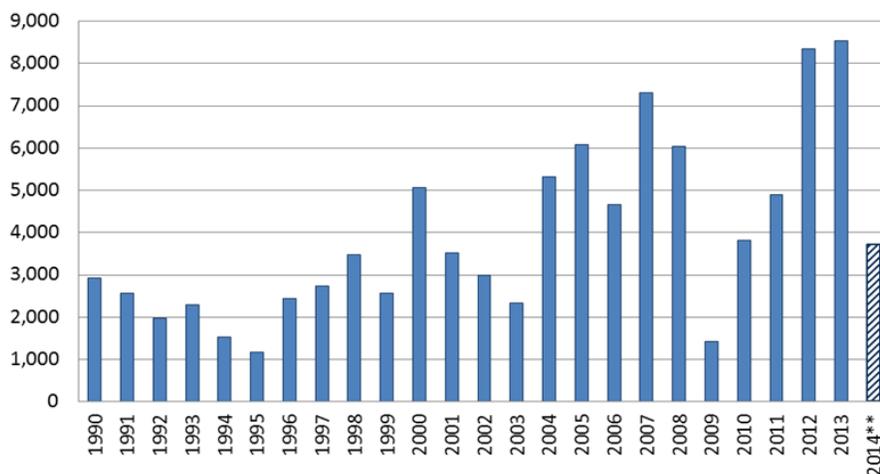
The 2015-2016 Proposed Budget for the City of Seattle totals \$4.8 billion per year, including \$1 billion of annual General Fund spending. These totals reflect an annual growth of more than 9 percent in 2015 for the overall proposed budget, which includes the City’s utilities and Citywide capital spending. This relatively large increase is driven by spending on several significant capital projects, including the seawall, SPU’s North Transfer Station and major one-time investments at Settle City Light. General Fund spending for 2015 will increase by just 3.5 percent, relative to the 2014 Adopted Budget. Most of this proposed spending increase can be attributed to the escalating costs of existing City services, but Mayor Murray is proposing limited investments in some targeted services and programs. The City’s modest revenue growth the past year, and projected for the near-term future, will allow for these limited investments, while also addressing a portion of the structural shortfall underlying the City’s current budget.

### General Fund Budget Outlook

Steady growth in the local economy supports a generally positive outlook for General Fund revenues. The forecast anticipates annual revenue growth of 3.5 percent and 3.9 percent for 2015 and 2016, respectively, relative to the 2014 Adopted Budget. This would match the modest, but steady revenue growth the City has experienced in recent years. And as we now move into the sixth year of post-recession recovery, there is evidence that the pace of the U.S. economic expansion is increasing. At the national level, consumer confidence has reached its highest level since 2007, and employment growth over the past six months has been strong.

The local economy continues to outperform the nation and the rest of Washington state. Growth in the technology and aerospace sectors has been a key driver, as has been a significant “boom” in construction activity in Seattle. The commercial sector has been an important component of this rapid expansion in construction, but residential investment has been notable. Currently there are over 14,000 housing units permitted but not yet completed, the highest level in recent decades.

**Figure 1. New Residential Units\* by Year Permit Issued, Seattle**



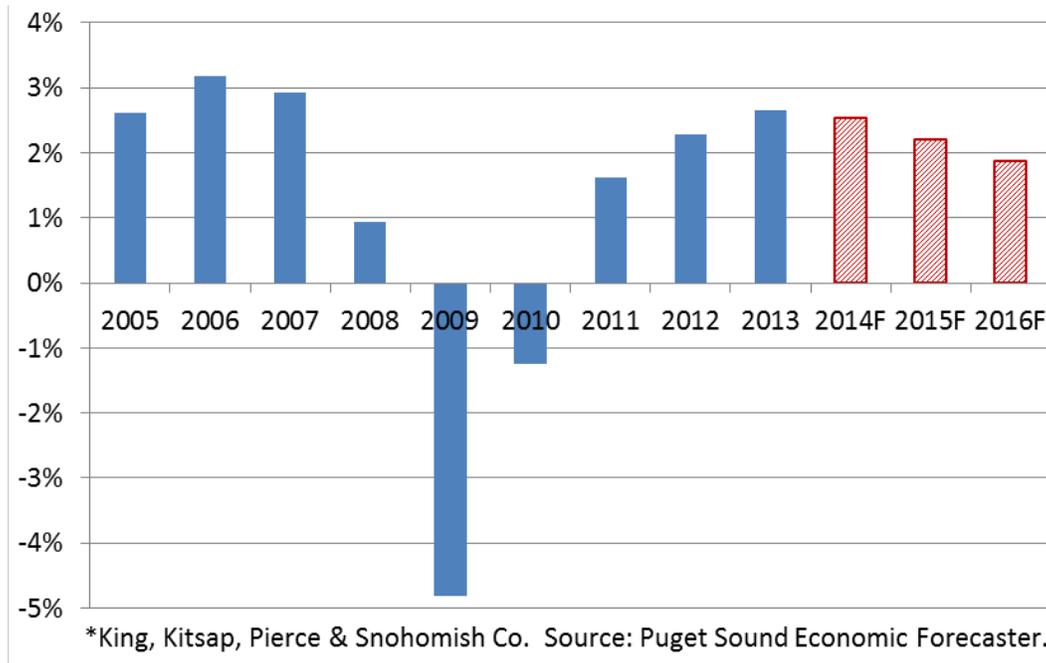
\*Data include units that have been completed or currently have an open permit.

\*\*2014 data are for January - June. Source: Seattle Dept. of Planning & Development.

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Employment growth provides the strongest evidence of the strength in the local economy. As shown below, the Puget Sound region has seen a steady increase in the rate of job growth during the recovery.

**Figure 2. Puget Sound Region\* Employment: Annual Growth Rate**



Looking forward, the local forecast anticipates this rate of growth will slow, but still projects an overall increase in employment. We will see a continued growth in jobs, but the local economy probably cannot sustain the current pace of technology sector hiring and construction sector expansion. Employment projections drive the forecasts of local economic activity, which in turn underlies estimates of future City revenues. Thus, our revenue projections anticipate steady growth, but do not anticipate a rapid expansion of General Fund revenues.

With revenue growth anticipated to continue, the challenges for the General Fund remain on the expenditure side. One challenge is the current balance between revenues and expenditures; the expenditure level authorized in the 2014 Adopted Budget exceeds projected revenues by approximately \$25 million, and closing this gap relies on the use of one-time fund balances. While existing fund balances can help sustain current spending for a time, it is not viable in the long term.

A second challenge is that baseline expenditure growth continues to outpace inflation. In recent years, the wages of most City employees have not grown faster than inflation, but the cost of health care and retirement has driven total labor costs closer to the overall growth rate of City revenues. Thus, while the projected growth in City revenues outpaces inflation, it is not sufficient to support more than the very modest increase in services and programs in the 2015-2016 Proposed Budget.

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### Prudent Financial Management - Continued Growth in Reserves

While some modest spending additions are included, the proposed budget takes a prudent planning approach for unforeseen circumstances by fully funding the City's established reserves. The City maintains two large reserves to help address potential financial stresses on the General Fund: the Revenue Stabilization Account, and the Emergency Subfund.

The Revenue Stabilization Account, better known as the Rainy Day Fund, buffers the General Fund from unanticipated shortfalls in revenue. By adopted policy, 0.5 percent of General Fund tax revenues are directed into the fund each year, until it reaches a maximum amount established as 5 percent of this same revenue stream (approximately \$45 million). By the close of 2014, the fund will likely reach that maximum amount for the first time since its creation.

A healthy Rainy Day Fund is an essential tool in creating financial stability for the City. It allows the City to preserve services in times of an unexpected revenue contraction, and helps protect the City's high bond rating, which helps keep the City's borrowing costs low.

The City's other large reserve, the Emergency Subfund (ESF), protects the General Fund from the risks of significant and unanticipated expenditures, such as recovery from a major natural disaster. By state law, the City can maintain the equivalent of up to 37.5 cents per \$1,000 of assessed property values in the ESF. The City's adopted financial policies require the fund's balance be maintained at the maximum allowed level. As the local economy has recovered, real estate values have increased rather rapidly, and as a result, so has the limit on the ESF balance. The proposed budget will increase the ESF to \$53.0 million in 2015, and a projected \$56.6 million in 2016, the highest levels ever.

### Shaping the Budget Process

As Mayor Murray worked with the City Budget Office (CBO) to develop his 2015-2016 Proposed Budget, he had an opportunity to better understand the City's established budget process, experiencing both its strengths and weaknesses. Steps were taken to address immediate areas of concern, but a policy agenda was developed to drive the budget process to become a mechanism for tracking tangible outcomes and providing more transparent accountability to the residents of Seattle. Some of this agenda can be undertaken quickly, while other elements will require longer-term investments in new tools.

**Establish Economic and Revenue Forecast Advisory Committee.** The proposed budget includes a new process for developing the revenue forecasts supporting the City's proposed spending. The staff developing the forecasts will be transferred from the Department of Finance and Administrative Services (FAS) to the City Budget Office (CBO) to better integrate the forecasting work with overall budget development. At the same, the City will form an Economic and Revenue Forecast Advisory Committee to help guide and oversee development of the City's formal revenue forecasts. With representation from leadership in the Executive and Legislative branches, and technical staff from key departments, the committee will enhance transparency in the revenue forecasting process and improve coordination across the City's various forecasting functions. Including representatives from the

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Executive and Legislative branches will ensure elected officials involved in budget decisions have full access to forecast development. From a technical perspective, the inclusion of representatives from CBO, Seattle City Light and Seattle Public Utilities will ensure the City's best-trained economists and forecasters will work together to develop a consistent set of forecasts regarding local economic conditions.

**Update and Enhance the City's Accounting Systems.** The City's existing central accounting system, Summit, has reached the end of its useful life. The vendor no longer supports the software and the tool no longer serves the City's budgetary or accounting needs. As home to the City's central accounting functions, FAS has taken the lead in the process to develop and deploy a new system. The 2015-2016 Proposed Budget includes funding needed to move this project, known as FINMAP, to the next planning steps. Implementation will not occur until the Mayor and Council have the opportunity to provide further direction about the new system and its functions. The project provides an exciting and challenging opportunity to build a centralized system that not only tracks revenues and expenditures, but also links spending and budgetary decisions to outcomes and performance measures. These opportunities are being explored now and options to develop a system that provide the backbone for a true performance-based budgeting system will be brought forward for review by the Mayor and Council in 2015.

**Track Outcomes and Establish Performance Metrics.** Mayor Murray believes that the public should be able to easily track the City's performance around key indicators of basic public services. To that end, staff have been assigned the task of reviewing the City's existing reporting mechanisms and developing a transparent, unified set of easily accessed metrics updated regularly for public review.

**Provide Online Interactive Budget Information.** Working with the City Budget Office, the Department of Information Technology (DoIT) has expanded a current contract with a local data and information firm to help make the City's budget more accessible to the public. The 2015-2016 Proposed Budget will be partially displayed through an online interactive tool, showing budget information down to a program level for all departments. In future budgets, DoIT intends to explore implementing additional functionality, including things like Citywide expense reporting and dashboarding of performance data.

**Review Base Budgets.** The City's existing budget process puts a great deal of scrutiny on proposed changes to each department's budget, but does not apply the same level of rigor to reviewing baseline expenditures. Realistically, a detailed review of every department's baseline expenditures cannot be conducted each year. However, a targeted model that systematically reviews a share of the overall baseline City spending each year should be possible. Such an approach would provide an opportunity both to increase transparency about spending, and to review staffing and programming decisions inherited from the past. Looking forward to 2015, CBO will work in partnership with at least two departments to conduct a review of baseline spending.

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## Targeted Investments to Support a Clear Vision of Seattle's Future

When Mayor Murray took office he articulated a vision for Seattle that included five key elements:

- A Safe City
- An Affordable City
- A Vibrant City
- An Interconnected City
- A City that Fosters Innovation

As detailed below, the Mayor's 2015-2016 Proposed Budget supports this vision. New and existing resources will be directed toward programs and services that support each of these essential elements.

### A Safe City

Public safety is the foremost responsibility of City government. All Seattle residents deserve to be secure in their homes, safe in their neighborhoods and able to explore our city without threat or intimidation. To help achieve goals the proposed budget includes investments in both the Seattle Police Department (SPD) and the Seattle Fire Department (SFD).

**Implement Reform at SPD.** Newly-appointed Police Chief Kathleen O'Toole is providing the leadership needed to guide significant change at SPD, including implementing requirements of the 2012 Settlement Agreement with the United States Department of Justice. In terms of internal management and reorganization, the proposed budget includes funding for a number of high-level civilian positions – a chief operating officer, chief information officer, and counsel to the chief. The proposed budget also reflects a number of budget-neutral transfers among the department's various divisions. These new appointments and reorganizational steps will help improve the effectiveness and efficiency of SPD. In addition, the proposed budget establishes a reserve in Finance General to address needs identified by the chief after her ongoing review of SPD operations is complete. For example, the chief has recently established a process to develop micro-community policing plans and is reviewing SPD's overall approach to community policing. Once this work is complete, additional funding may be needed to implement these new plans and approaches.

With regard to the Department of Justice Settlement Agreement, the proposed budget provides the resources needed to address compliance issues, including upgrades to SPD's information technology infrastructure, reduction in the span of control for officers, and permanent staffing for oversight of the Use of Force Review Board. Consistent with the overall goal of enhanced accountability, the proposed budget also includes increased funding for the Office of Professional Accountability, to both improve intake and enhance investigations.

**Hire and Train New Police Officers.** Greater visibility of police officers in Seattle neighborhoods and downtown is a priority for the Mayor and the chief of police. Deployment decisions, controlled internally by department leadership, are the highest priority for immediate enhancements to patrol staffing because they can achieve the quickest results. In addition to quickly addressing visibility issues, this

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administration is focused on creating a more efficient and effective recruitment process, and will work with the Public Safety Civil Service Commission, Department of Human Resources, and the Seattle Police Department to improve backgrounding, hiring and training practices.

With regard to staffing, in 2015 SPD will focus on filling police officer positions funded as the City recovered from the economic downturn, but unfilled to date due to constraints in the recruitment and training process. The department expects to fill every available academy class in 2015 in order to catch up for prior additions, and hire up to nine new officers. By the end of 2015, the department expects to have 1,313 fully-trained officers in service, bringing SPD closer to the pre-recession level high of 1,323 fully-trained officers. In 2016, the proposed budget adds new resources for up to 25 new police officers above attrition. With this add, SPD will exceed pre-recession levels, reaching an all-time department high of 1,336 fully-trained officers by the end of 2016.

**Improve EMS Response.** In recent years the Seattle Fire Department has seen a steep increase in the number of calls for non-fire emergency services, particularly in the downtown area. The two aid cars now operating in the center city averaged 6,205 calls each in 2012 and 2013. This compares to an average of 3,765 calls each by SFD's other two aid cars. The proposed budget addresses this issue by providing approximately \$1 million in ongoing, annual funding for a new aid car and associated staffing. The aid car will be located at Fire Station 10, near Pioneer Square, and will help relieve the pressure on the two aid cars now serving the downtown area.

**Increase Recruitment Classes for SFD.** The department currently operates with a total of 1,046 firefighters, down from a high of 1,117 in 2010. Given that the Department has a daily minimum staffing requirement, this has increased the amount of overtime needed to support daily operations. The department cannot sustain the current level of overtime from either a financial or personnel perspective. Additional funding is therefore provided in 2015 to fill twenty five vacant positions. Although this will come at a one-time cost of just over \$1 million, the resulting reduction in overtime will save nearly the same amount over the next two years and provide additional savings going forward.

**Assess Public Safety Facility Needs.** Over the past few years the City has been moving towards the development of a new North Police Precinct facility. The existing facility is undersized and is well past its useful life, so the need for a new facility is clear. However, before moving forward with final design and project implementation, the Mayor believes the City should conduct a more comprehensive evaluation of the SPD's facility needs, as well as those of SFD. Although work on the fire station projects first identified in the 20003 Fire Facilities Levy is still ongoing, significant SFD facility needs, including the department's aging headquarters building, were not addressed in the levy. In addition, SPD may face potential space challenges at the existing South Precinct and the department's Harbor Patrol facility is failing. In this context, developing a thorough understanding of overall public safety facility needs will provide the information needed to prioritize and develop funding strategies for these important public safety needs.

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## An Affordable City

Seattle is undergoing a period of record growth and development. The city's burgeoning high-tech and life-sciences sectors are creating thousands of well-paying jobs. But for many families, artists, students and immigrants new to the country, the city is becoming increasingly unaffordable. Seattle is at risk of pricing out the very diversity it thrives upon. As detailed below, the 2015-2016 Proposed Budget addresses this challenge in a number of significant ways, taking steps to increase affordability, embrace diversity and support the city's most vulnerable residents.

**Establish the Office of Labor Standards.** This new office, to be located within the existing Office for Civil Rights (OCR), will take the lead in education and enforcement of the City's labor-related legislation, including the City's Sick and Safe Leave ordinance and the recently adopted Minimum Wage ordinance. With respect to the latter, for 2015 the office's work will focus primarily on education and outreach for both employers and employees. Initially, the office will hire 3.5 new full-time equivalents to conduct this work. In 2016, an additional two investigators will be added as the nature of the work shifts toward compliance and enforcement.

**Launch the "Ready for Work" Program.** This new program, which will be implemented by the Office of Immigrant and Refugee Affairs (OIRA), will assist Seattle residents with limited English proficiency that are currently unemployed or underemployed, by helping them obtain the skills necessary for living-wage careers. Funded with \$450,000 from the Federal Community Development Block Grant, the English as a second language program will partner with the Seattle Colleges (formerly Community Colleges) and community-based organizations to lower the employment barriers faced by many of Seattle's foreign-born residents. The proposed budget also includes funding to conduct a full assessment of this new program's effectiveness.

**Strengthen Immigrant Integration.** Immigrant integration, a key component of OIRA's recently developed action plan, is an intentional effort to build vibrant and cohesive communities. To facilitate this integration process, the 2015-2016 Proposed Budget adds a language access coordinator and an ethnic media and communications coordinator to OIRA. These two new positions will work to increase the City's capacity and competence in engaging and serving immigrant and refugee residents who have limited English skills.

**Develop an Affordable Housing Agenda.** Mayor Murray is committed to developing a coordinated set of strategies that address critical affordable housing needs in Seattle. Development of a Housing Affordability Agenda and planning for the 2016 Housing Levy renewal are closely linked. The proposed budget provides the Office of Housing with the funding needed to research new and expanded strategies to ensure Seattle has housing affordable to diverse household types across a range of income levels. In 2015 and 2016, \$125,000 in funding will support the development of the Housing Affordability Agenda. In addition, in 2015 \$185,000 will support planning for renewal of the 2016 Housing Levy.

**Establish a Priority Hire Program.** The City's own spending on major capital investments can help drive employment within the local economy. Construction jobs and related positions offer living-wage jobs

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that can support individuals and families. In the 2015-2016 Proposed Budget, the Mayor funds a new program to increase the number of Seattle residents able to secure jobs on City-funded capital projects. As the City invests in local infrastructure, it can also be investing its own residents. This program, led by the Department of Finance and Administrative Services, will involve engagement with construction firms, labor unions and community stakeholders. The City will adapt its contracting approach to promote an emphasis on local hiring and look for ways to help develop a pipeline of qualified local workers.

**Protect the most vulnerable.** At the same time that the proposed budget takes steps to improve employment opportunities and expand the availability of affordable housing, the Mayor's funding priorities recognize that unemployment, homelessness and food insecurity are realities faced by too many of Seattle's residents. Therefore, additional resources are provided to protect the City's most vulnerable residents. Funding is provided to help sustain existing programs facing cuts from other funding partners to expand existing programs with track records of success, and to support new best practices and innovative strategies:

- Funding of \$410,000 for a new and innovative program targeting individuals who have been housed in shelters for an extended period, without having moved on to more stable housing. This program will benefit the individuals involved, but will also increase overall shelter capacity by reducing the demand for long-term services.
- Further investments of \$600,000 per year will expand the successful Rapid Rehousing program, which is an accepted best practice for addressing the needs of the homeless. This investment will specifically target the needs of homeless veterans.
- Funding in the amount of \$200,000 is provided to both the Low-Income Housing Institute's Urban Rest Stop and the Downtown Emergency Service Center's Homeless Outreach Stabilization and Treatment (HOST) program to partially offset losses from other sources.
- An additional \$100,000 per year will support the purchase of bulk food for the city's food banks, which continue to see a growth in demand for their services.
- Annual support of \$100,000 is added for the "Project 360" youth services program. This program, which also receives state, federal and private funding, supports homeless youth by providing case management, legal advocacy, and trauma-specific therapy focused on untreated sexual assault.
- An additional \$70,000 per year is provided to support services at Seattle-area senior centers.

The proposed budget also takes steps to help address the significant financial crisis emerging at King County Public Health. Significant funding shortfalls have forced the agency to restructure service delivery and eliminate some programs. The proposed budget provides \$400,000 in 2015 to help pay for an array of public health services that would have otherwise been reduced from the Seattle-King County Department of Public Health's portfolio. These include resources to pay for maternity support services at the Greenbridge Public Health Center in White Center, access and outreach services for Seattle residents seeking health services, gun violence research and program planning, health education program planning, and HIV/STD education and outreach. The same level of funding is set aside for 2016,

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but the Mayor looks forward to further financial analysis and policy development work with the City's partners at King County Public Health before these dollars are appropriated.

### A Vibrant City

The city's vibrancy depends on the complementary roles of the business community providing employment opportunities for a workforce of diverse skills, and the residential neighborhoods offering attractive places for individuals and families to build their lives. Investments that support both these elements are essential for the city's long-run health. For example, livable, walkable, mixed-use neighborhoods and nearby parks are the strategies needed to support growth in Seattle's neighborhoods. And at the same time, affirmative actions by the City can also help support growth among the city's businesses, both large and small. The Mayor's proposed budget includes several investments designed to protect and enhance Seattle's vibrancy:

**Implement the Metropolitan Parks District.** In August 2014, the voters of Seattle approved a measure to create the Seattle Park District. Once fully implemented in 2016, the district will have resources of approximately \$48 million per year, which will be used in partnership with the Seattle Department of Parks and Recreation (Parks) to fund recreational services, major maintenance of existing Parks assets and investments in new park facilities. This district will provide critical resources for maintaining existing facilities, enhancing services within the existing park network, and developing previously acquired properties. During 2015, the City will loan an initial \$10 million to the district, helping provide a smooth "ramp up" of district-supported activities ahead of full implementation in 2016. The district will repay this amount over eight years, once tax collections start in 2016.

**Equitable Development:** With baseline funding continuing in 2015 and 2016, the Department of Planning and Development (DPD) and the Office of Civil Rights are co-leading the City's Equitable Development Framework (EDF), a multifaceted, multi-department strategy to help implement the Mayor's Race and Social Justice Executive Order and Council Resolution 31492 related to equitable development. The EDF provides the framework to:

- develop and recommend policies for adoption, including new policies in the City's Comprehensive Plan;
- create a Strategic Investment (funding) Strategy for how departments can leverage their collective investments and partner with non-City entities;
- build capacity in communities, including work on a multicultural center in southeast Seattle; and
- prioritize the type of investments to be made in target areas in order to achieve equitable outcomes.

This is an important way for DPD to help ensure current and future work focuses on achieving racial equity and ensuring all community members in Seattle benefit from development.

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**Enhance Small Business Outreach, Engagement and Support.** Micro and small businesses provide job creation, innovation and wealth creation opportunities that are an important aspect of the economic vibrancy of Seattle. Supporting entrepreneurs in accessing the appropriate information, resources and training is critical to ensuring the success and growth of their enterprises. The proposed budget provides \$210,000 of additional resources to increase the level of technical assistance, outreach and engagement, and financial services provided to small businesses.

The proposed budget also increases support for the existing Only in Seattle (OIS) program in 2015 and 2016 to support neighborhood business district economic development efforts, with targeted focus on better serving ethnic, minority, and immigrant and refugee-owned small businesses. OIS promotes a safe and healthy business environment for business organizations and neighborhood business districts. Significant one-time and ongoing resources are added to OIS to expand the reach of the program and increase the number of grants made available.

**Expand Investments in the Central Area.** In conjunction with the proposed budget, the Mayor has proposed legislation to broaden the uses of the Central Area Equity Fund. The Central Area Equity Fund was created in 1995 to provide support to community development organizations to assist with the acquisition and development of real estate in the Central Area. Maintaining a commitment to the community and economic development purpose of the fund, the Mayor proposes to expand potential uses of the fund to include supporting several community-based projects and initiatives, all with the goal of celebrating the Central Area's identity, culture and history, and enhancing the economic opportunities for its residents.

**Further Invest in the Creative Advantage Initiative.** The arts are a critical part of Seattle's vibrancy and arts education is essential for the future arts in the city. The Creative Arts Initiative, led by the Office of Art and Culture, addresses inequality in arts education by partnering with the Seattle School District to provide arts educational programming to a targeted group of schools, serving over 6,500 students. The program also supports professional development for the artists themselves, building their educational and classroom management skills. The 2015-2016 Proposed Budget increases funding to expand this program.

**Foster Environmental Equity.** Seattle's Equity & Environment Initiative is a City-community partnership to ensure everyone benefits from Seattle's environmental progress, and to engage communities most impacted by environmental injustices in setting environmental priorities and designing strategies. An additional \$80,000 investment will support community engagement and partnership development to advance the initiative, resulting in an Equity & Environment Action Agenda by the end of 2015.

### An Interconnected City

Mayor Murray is committed to developing a comprehensive, multi-modal transportation strategy for Seattle. His goal is to integrate and prioritize the City's pedestrian, bicycle, transit and freight plans, staying true to the goals of each while recognizing they must work together as a system. The investments included in the 2015-2016 Proposed Budget move toward such an integrated system, while

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at the same time “taking care of basics,” including funding for repair and maintenance, and greater emphasis on the needs of individual neighborhoods.

**Invest in Neighborhoods.** The proposed budget doubles annual funding for the Neighborhood Street fund, from \$1 million to \$2 million. These resources, which are allocated through a process that is driven by neighborhood priorities, will support investments that improve safety and mobility in neighborhoods across the city.

**Build Sidewalks.** Installing new sidewalks is a key priority for Mayor Murray. Therefore, the proposed budget redirects funds within the Pedestrian Master Plan and the Pedestrian Master Plan - School Safety CIP projects to establish a "Pedestrian Master Plan - New Sidewalks" CIP project. An additional \$2,000,000 from Real Estate Excise Tax (REET) funds have been directed to the new sidewalk project in 2016.

**Provide transportation options.** To address increased demand for multi-modal transportation options, the 2015-2016 Proposed Budget makes important mobility investments, including funding to implement the Transit, Pedestrian and Bicycle Master Plans and to make multi-modal improvements in the busy 23rd Avenue corridor. The 2015-2016 Proposed Budget includes funds to:

- Expand investments that make biking, riding transit, and walking easier alternatives to get around in Seattle, by including increased funding for sidewalks (see above), \$800,000 for development of a Downtown Cycle Track Network, and \$2.4 million for new bicycle greenways parallel to the 23rd Avenue Corridor.
- Launch a bike sharing program in the Central District neighborhood in 2015.
- Improve the 23rd Avenue corridor, which is a major north-south thoroughfare connecting the Rainier Valley and Central Area to the University of Washington.
- Activate streets and right-of-way areas so people can walk, bike, shop, and explore their community in a new way by increasing funding for the Summer Streets program and supporting new concepts for plazas and parklets.

**Enhance Road and Bridge Maintenance.** The Seattle Department of Transportation maintains a total pavement network of more than 3,900 lane miles. Of these, approximately 1,500 lane miles are arterial streets and 2,400 are non-arterial streets. The proposed budget provides an additional \$3,000,000 in 2015 and an anticipated \$5,000,000 in 2016 to re-surface and repair the city's streets. SDOT manages approximately 137 bridges with a replacement value of more than \$2.5 billion. This year SDOT is submitting \$10,440,000 in federal grant applications for four bridge projects (Post Alley, Cowen Park, Schmitz Park and the 45<sup>th</sup> Street Viaduct). In total, these projects will require \$5,143,000 in total local matching and related funds during 2015-2017, if the grant applications are successful.

**Mitigate Construction Impacts.** The 2015-2016 Proposed Budget builds upon the Access Seattle program's successes in 2014. The Access Seattle program aims to keep businesses thriving, travelers moving safely, and construction coordinated during the significant growth and development boom in many parts of Seattle. The program actively plans, coordinates, and monitors construction activity in downtown as well as in neighborhoods, and will become even more important as major downtown construction activity is expected to continue in 2015. Current construction hubs include: Central

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Waterfront, Pioneer Square, South Lake Union, North Downtown/Denny Triangle, Ballard, Capitol Hill, and West Seattle. The proposed budget also includes funding to upgrade the City's Transportation Operations Center, which helps coordinate real-time traffic data and improve traffic flow as congestion develops in particular parts of the overall transportation network.

**Improve Freight Mobility.** The 2015-2016 Proposed Budget makes significant investments in freight mobility; large-scale projects are now underway near the freight corridor south of downtown, including State Route (SR) 99 tunnel construction, seawall replacement and other improvements along the waterfront. To help mitigate potential traffic congestion spots, SDOT will install traffic cameras, upgraded signals, vehicle detection devices and fiber communication as part of an Intelligent Transportation System (ITS) in the freight corridor. The projects will improve signal timing and allow SDOT to measure travel times along South Michigan Street and First Avenue South. In addition, ITS will provide real-time information to improve traffic flow for freight operators and the general public travelling between Georgetown, the stadium district, SR-99, SR-509 and I-5. Additional investments will also be made in the proposed Heavy Haul Corridor, which is being jointly planned by the City of Seattle and the Port of Seattle.

### A City that Fosters Innovation

For Seattle to achieve the Mayor's vision, it will be necessary to harness the kind of innovation and creativity that has long defined this community. The City can help promote creativity within the private sector and support the region's innovation-driven economy. At the same time, within its own operations the City must embrace the innovation and change needed to deliver services in a more effective and efficient manner. This will mean replicating what has been successful elsewhere, discontinuing what is not producing the desired results, and having the energy, encouragement and initiative to generate new solutions to experiment with and see what's truly possible. Accordingly, the 2015-2016 Proposed Budget makes investments to advance innovation across the broader community of Seattle and within City government itself.

**Create the Department of Education and Early Learning.** Access to a well-educated workforce is a key to maintaining the city's strength as a hub of innovation. At the same time, ensuring every Seattle child has access to a quality education provides a path for each of them to fulfill their greatest potential. Consistent with these board goals, the Mayor's proposed budget would create the Seattle Department of Education and Early Learning. The creation of the new department demonstrates the City's strong commitment to education and particularly to early learning. The new department will:

- align the various education and early learning programs and initiatives to provide the best learning outcomes for children;
- prepare for implementation of a voluntary, high-quality, universal preschool program for the city's three- and four-year-olds;
- collaborate closer with Seattle Public Schools to boost the academic achievement of students;

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- work with the school district to better address issues of shared interest including school safety, transportation and planning for growth;
- embed the goals and principles of the City's Race and Social Justice Initiative into the department's day-to-day approach to advancing its mission related to education;
- develop a plan to address disparities in academic outcomes;
- facilitate an education summit to support an ongoing citywide discussion of the state of education in our city;
- develop and execute strategies for Seattle to become a 21<sup>st</sup> century model for excellence in public education;
- enhance strategic partnerships with colleges and universities; and
- improve the process for data-driven decision-making and program development.

**Develop an International Profile for the City of Seattle.** To help further promote development in Seattle's innovative industries and to better attract foreign investment in Seattle's business community, the Mayor believes the City needs staff that can better represent Seattle to foreign investors. To address this need, the proposed budget provides funding for a new position in the Office of Intergovernmental Relations. Working closely with the Mayor's Office of Policy and Innovation, the Office of Economic Development, and local partnering entities, this position will develop, facilitate and track international business, innovation hubs, foreign direct investment and international funding for capital projects within the city.

**Centralize the City's Internal Information Technology Services.** To ensure City government helps keep pace with the innovation drive within the private sector, the Mayor intends to develop the Department of Information Technology (DoIT) into an agency that provides leadership across City government. DoIT's central role in implementing the City's Next Generation Data Center, which is fully funded in the proposed budget, is an example of the centralized leadership that DoIT will take going forward.

**Improve Customer Service within the City.** To serve its residents better, the City itself must be ready to innovate and change. Customer service is a critical element of the City's role in providing basic services like water and electricity, and in issuing the permits and licenses associated with an array of regulatory activities. For many residents, these are the most frequent reasons they interact with local government. To help improve these interactions, the proposed budget funds a customer service kiosk in City Hall, enhanced staffing at the Seattle Municipal Tower's customer service center, a new position to support public disclosure activities across the City, and an updated feasibility assessment for a 311 customer service function.

**Launch FileLocal.** In 2015 FileLocal will launch, a multijurisdictional tax-filing website to significantly simplify tax compliance for business throughout the region. Seattle has partnered with several local jurisdictions, including Bellevue, Tacoma and Bellingham, to develop the site.

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### **Looking Ahead**

While the budget outlook for the 2015-2016 biennium is generally positive, the City still faces some basic financial challenges. Growth in City costs continue to run ahead of inflation and essentially match the growth in revenues projected for the next few years. In this context, departments will be asked to underspend by an average of roughly 1.5% in order for the City to balance to its revenues and expenditures. This target is consistent with historic patterns of underspend, but will still require financial discipline. Looking forward, additional revenue growth beyond forecasted levels may help relieve the pressure for underspending. On the other hand, any shortfall in revenues relative to forecast will require immediate service reductions, or draw in resources from the “Rainy Day Fund,” as there will not be margin within department budgets to absorb additional underspending.