



Mayor Mike McGinn's

2014 Proposed Budget

Our Approach

The City of Seattle's budget outlook for 2014 is the best it has been since 2009. Thanks to a slowly improving economy and solid budget management practices adopted over the past couple of years, Mayor Mike McGinn's 2014 Proposed Budget invests in emerging needs in a way that has not been possible in recent years.

Significant construction activity has strengthened sales tax revenues and a strong commercial real estate sector is boosting Real Estate Excise Tax revenues – both signs the local economy is starting to rebound. In the long term, however, revenue trends remain subdued as compared to other post-recessionary periods. This is why Mayor McGinn's 2014 proposed budget places an emphasis on saving before spending. As a result, with this proposed budget, the City's Rainy Day Fund – a reserve that protects City government from unexpected revenue or expenditure challenges – is increased to the largest dollar value ever: \$34.7 million. The Mayor also adds \$3.7 million to the Emergency Subfund, on top of the \$900,000 contribution assumed in the 2014 Endorsed Budget, bringing the fund's total value to \$48 million, the highest on record. This is yet another sign the economy is gaining strength as state law limits the size of annual contributions to a portion of assessed property values.

The Mayor's 2014 Proposed Budget makes strategic investments to respond to emerging needs by enhancing public safety; protecting and expanding the human services safety net; empowering Seattle residents; strengthening the vitality of Seattle's diverse neighborhoods; maintaining and expanding the City's transportation infrastructure; and improving the efficiency and effectiveness of City government.

Local Economic Strength is Key

- Since the end of the Great Recession, employment growth in the Seattle Metro area is 9.3 percent compared with the rest of the state at 3.1 percent and the U.S. at 5.2 percent.
- By yearend 2013, construction permit revenues are projected to almost return to the peak level of 2007. Thanks to all of the construction activity, sales tax revenues are forecast to increase by 4.7 percent from 2013 to 2014.
- Real Estate Excise Tax (REET) revenues support many of the City's general government capital investments. The local real estate market is gaining strength, fueled by a very strong commercial real estate sector, boosting REET revenues to a projected \$50.8 million in 2014.

2014 Proposed Budget by the Numbers

- **2014 Proposed Budget totals \$4.4 billion**, including the City's **\$1 billion General Fund**, representing increases of 1.9 percent and 3.4 percent respectively relative to the 2014 Endorsed Budget.
- Eliminates six full-time equivalent (FTE) positions, and adds 162 FTE positions to address **priority investments**. An **additional net increase of 11 FTEs** results from **changes impacting part-time positions**, resulting in a **net change of 167 FTEs**.
- **Adds \$4.3 million to the Rainy Day Fund**, bringing the 2014 balance to **\$34.7 million**, its **largest dollar value ever**.
- Reinvests revenues from school zone camera citations, including **\$7.1 million** into **pedestrian safety infrastructure and maintenance improvements** near **12 schools** throughout Seattle.
- **Adds 15 police officers**, bringing the **total number to 1,342**. **Eight** of these officers will work in **Seattle neighborhoods**, including downtown, and **three** will work alongside Seattle's park rangers, **patrolling downtown parks** in support of the Center City Initiative.
- Counting three of the additional police officers and two park rangers, **nearly \$2 million** will be **invested in the Center City Initiative**, including **\$1.7 million** for the Human Services Department to increase funding **for case management and services in the downtown core**.
- **Increases General Fund support for human services by \$5.6 million**, or 9 percent, including **\$1.6 million** to backfill lost state, federal and external grant funding.
 - **Expands homeless services** by adding **\$850,000** to keep the City Hall winter shelter and YWCA women's shelter open year-round; relocate and expand an encampment shelter; backfill lost federal dollars supporting other shelters; keep hygiene centers open seven days a week; and provide car campers safe places to park and connections to services for a total General Fund investment of **\$19 million, nearly doubled since 2010**.
 - **Adds \$450,000** for a total investment of **\$5.4 million** in **domestic violence response** – with a General Fund **investment that has nearly doubled since 2010**. Although crime is down across the city, domestic violence assaults increased during the recession.
 - **Nine Senior Centers** receive **\$210,000** in additional funding, for a total of **\$4.3 million** in General Fund for senior services, up 25 percent from the 2014 Endorsed Budget and **more than double the investments made since 2010**.
 - **Adds \$500,000** to support **high-quality early learning and child care** to ensure all Seattle children **enter kindergarten ready to learn**.

2014 Proposed Budget by the Numbers (continued)

- Invests **\$715,000** to help Seattle residents, including young adults, **gain the training and skills** needed to enter the construction industry and **obtain a family-wage job**.
- Adds **\$500,000** to bring the **Neighborhood Matching Fund** back to pre-recession levels.
- Creates a **\$250,000 Duwamish River Opportunity Fund**, supporting new and existing programs focused on addressing challenges faced by communities in this area.
- Makes **\$455,000** available to address **significant maintenance and repair issues** at three historic neighborhood treasures: **the Moore Theater, the Egyptian Theater and Washington Hall**.
- Dedicates **\$407.2 million** – including **\$40.4 million from the General Fund** – for **transportation**, a 4 percent increase relative to the 2014 Endorsed Budget and a **27 percent increase relative to the 2013 Adopted Budget**.
 - Provides **\$37.1 million for road maintenance**, up 37 percent from 2010.
 - Invests **\$1 million** to **repair approximately two lane miles** of Seattle’s **arterials** and **\$1 million** to restore **approximately one lane mile of nonarterial streets**.
 - Spends **\$100,000** to ensure **20 miles-per-hour speed limits on residential streets** near parks, schools, libraries, senior housing, neighborhood business centers, and walking routes to transit.
 - Adds **\$3.2 million** to improve the city’s **transit network**.
- Adds **\$765,834** to **expand the City’s green fleet** with a goal of **reducing use of 1 million gallons of petroleum fuel by 2020**.
- Establishes a **\$1.5 million** reserve to **address gender salary inequities in the City’s work force**.

Change in 2014 Full-Time Equivalents (FTEs)

The table below provides information regarding changes in the number of FTEs for 2014. A variety of funding sources support FTE increases, including bill-for-service revenues, multifund contributions for central services, and other fund-specific revenues. Added FTEs will support a variety of City programs across 18 departments and offices. Programs with FTE increases range from police 911 response to the City financial system upgrade. The majority of FTE changes in the Department of Parks and Recreation are technical in nature.

Department	Net Change in FTEs
City Budget Office	1.00
Dept. of Finance & Administrative Services	51.00*
Department of Information Technology	1.00
Department of Neighborhoods	1.50
Department of Parks & Recreation	23.88
Department of Planning & Development	2.50
Employees' Retirement Department	2.00
Human Services Department	4.00
Legislative Department	(1.00)
Neighborhood Matching Subfund	1.00
Office for Civil Rights	1.00
Office of Arts & Culture	2.75
Office of Economic Development	2.00
Office of Sustainability and Environment	0.50
Seattle Center	(0.96)
Seattle City Light	7.00
Seattle Department of Transportation	43.00**
Seattle Municipal Court	0.50
Seattle Police Department	21.50
Seattle Public Utilities	3.00
Grand Total	167.17

*The bulk of these positions support the City financial system upgrade.

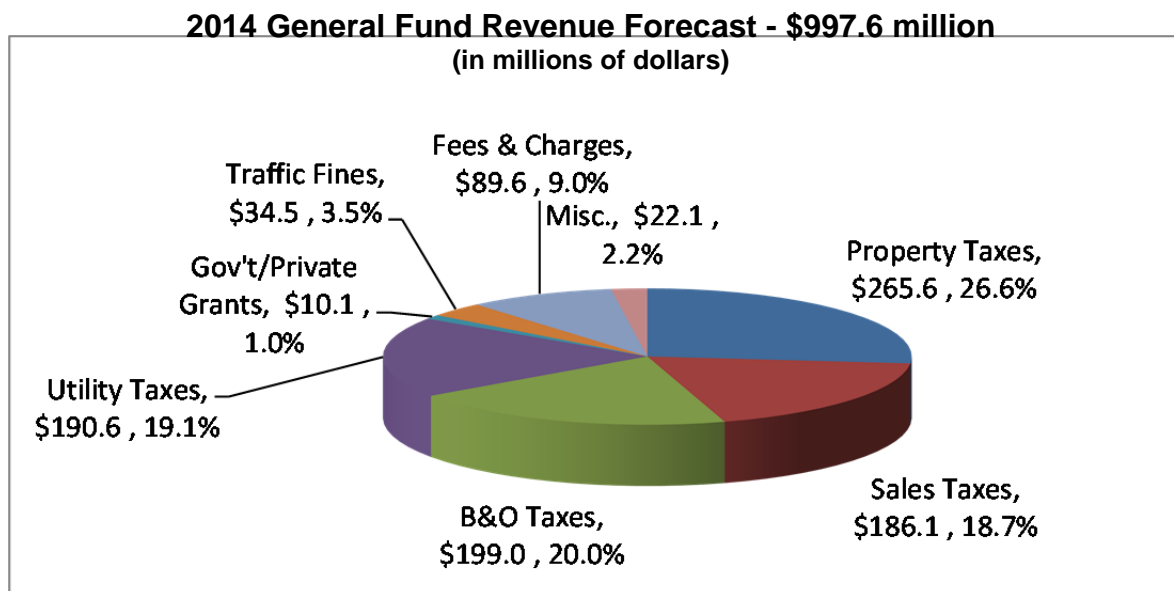
**These positions are spread throughout the department, supporting a variety of functions.

REVENUES: WHERE THE MONEY COMES FROM

Seattle City government has four main sources of revenue supporting the services and programs the City provides its residents:

- **Taxes, license fees and fines** support activities typically associated with City government, such as police and fire services, parks, and libraries.
- **Fees for services, regulatory fees and dedicated property tax levies** partially or completely support certain City activities. Examples of City activities funded in whole or in part with fees include Seattle Center, parks and recreational facilities, and building inspections.
- **Grants from private, state and federal agencies** support a variety of City services, including social services, street and bridge repair, and targeted police services.
- **Charges to customers for services** fund City utilities (electricity, water, drainage and wastewater, and solid waste).

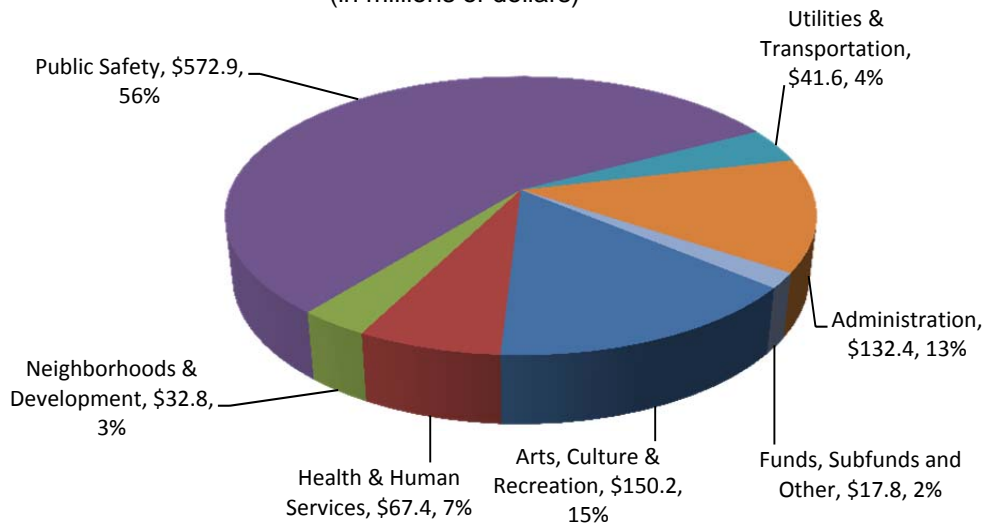
In 2014, general government revenue is projected to total \$997.6 million.



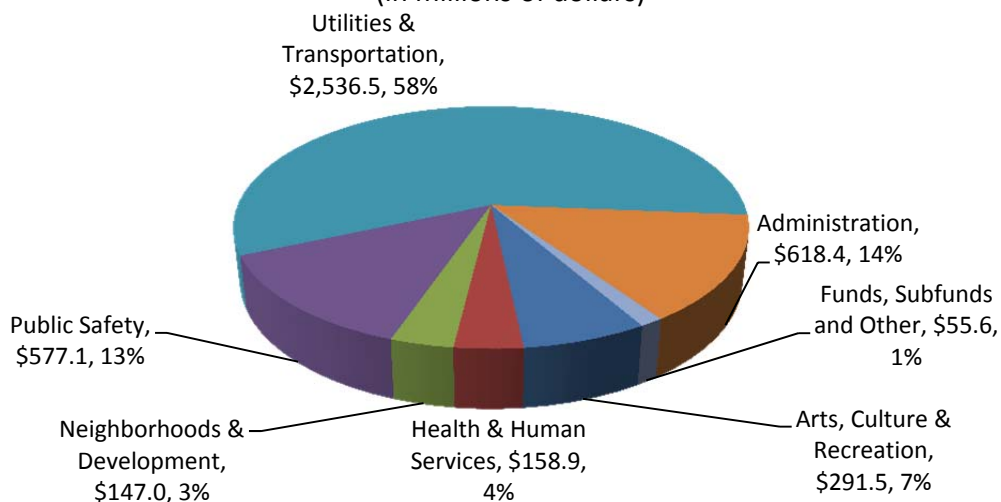
EXPENDITURES: WHERE THE MONEY GOES

The Mayor and Council have the most discretion over operating expenditures associated with the General Fund, which pays for services such as police, fire, parks and libraries. The following pie charts show total operating expenses for 2014 by major service category. The first chart represents General Fund expenses; the second the entire budget.

2014 Proposed General Fund Expenditures - \$1 Billion
(in millions of dollars)



2014 Proposed Expenditures - All Funds, \$4.4 Billion
(in millions of dollars)



Summary Charts and Tables

EXPENDITURE SUMMARY

(in thousands of dollars)

Department	2013 Adopted		2014 Endorsed		2014 Proposed	
	General Subfund	Total Funds	General Subfund	Total Funds	General Subfund	Total Funds
Arts, Culture & Recreation						
Office of Arts and Cultural Affairs ⁽¹⁾	0	7,145	0	7,244	0	8,354
The Seattle Public Library ⁽²⁾	48,044	66,998	50,131	68,825	48,003	67,341
Department of Parks and Recreation	85,230	166,852	90,655	160,699	89,014	172,399
Seattle Center	12,966	44,911	13,464	42,025	13,178	43,416
SubTotal	146,240	285,906	154,250	278,792	150,194	291,510
Health & Human Services						
Educational and Developmental Services Levy	0	24,581	0	28,941	0	28,941
Human Services Department	59,176	123,568	61,834	126,974	67,439	129,939
SubTotal	59,176	148,149	61,834	155,914	67,439	158,880
Neighborhoods & Development						
Office of Economic Development	6,250	9,384	6,230	7,439	7,139	8,668
Office of Housing	0	49,736	0	49,953	0	49,686
Department of Neighborhoods	10,217	10,217	11,002	11,002	11,722	11,722
Neighborhood Matching Subfund	2,891	3,211	2,966	3,293	3,530	3,951
Pike Place Market Levy	0	8,955	0	8,952	0	8,952
Department of Planning and Development	9,651	56,019	9,831	56,847	10,410	64,019
SubTotal	29,009	137,522	30,029	137,485	32,801	146,998
Public Safety						
Criminal Justice Contracted Services	22,492	22,492	23,236	23,236	23,236	23,236
Fire Facilities Fund	0	1,248	0	0	0	1,780
Firemen's Pension	18,273	20,017	18,060	19,829	18,048	19,320
Law Department	20,421	20,421	21,026	21,026	21,179	21,179
Municipal Jail	0	1,000	0	1,000	0	1,000
Police Relief and Pension	18,987	19,787	18,558	19,359	20,716	20,833
Seattle Fire Department	166,267	166,267	173,463	173,463	174,739	174,739
Seattle Municipal Court	27,507	27,507	28,289	28,289	28,662	28,662
Seattle Police Department	263,086	263,086	267,587	267,587	286,333	286,333
SubTotal	537,033	541,825	550,218	553,788	572,913	577,082
Utilities & Transportation						
Seattle City Light	0	1,142,280	0	1,199,983	0	1,172,784
Seattle Public Utilities	1,139	851,869	1,167	908,388	1,213	925,690
Seattle Transportation	36,701	320,993	38,976	391,981	40,425	407,228
Seattle Streetcar	0	731	0	5,737	0	5,737
Central Waterfront Improvement	0	9,890	0	595	0	16,480
School Zone Camera Fund					0	8,619
SubTotal	37,840	2,325,763	40,143	2,506,683	41,638	2,536,537

Department	2013 Adopted		2014 Endorsed		2014 Proposed	
	General Subfund	Total Funds	General Subfund	Total Funds	General Subfund	Total Funds
Administration						
Civil Service Commissions	373	373	386	386	380	380
City Budget Office	4,086	4,086	4,206	4,206	4,615	4,615
Office of the Community Police Commission					813	813
Department of Information Technology	4,609	56,120	4,977	87,268	3,975	79,590
Fiber Leasing Fund					0	428
Employees' Retirement System	0	13,941	0	14,134	0	13,425
Ethics and Elections Commission	898	898	783	783	771	771
Finance General	52,242	52,242	51,942	51,942	58,658	58,658
Finance and Administrative Services ⁽³⁾	22,003	208,544	22,803	201,787	24,151	213,563
Legislative Department	12,614	12,614	12,558	12,558	12,427	12,427
Office of City Auditor	1,913	1,913	1,461	1,461	1,403	1,403
Office of Hearing Examiner	635	635	656	656	648	648
Office of Immigrant and Refugee Affairs	356	356	368	368	459	459
Office of Intergovernmental Relations	2,026	2,026	2,089	2,089	2,067	2,067
Office of Sustainability and Environment	1,996	1,996	2,092	2,092	2,518	2,518
Office of the Mayor	3,641	3,641	3,758	3,758	3,759	3,759
Personnel Compensation Trust Subfunds	0	192,569	0	207,217	0	207,104
Personnel Department	11,815	11,815	12,171	12,171	12,774	12,774
Seattle Office for Civil Rights	2,723	2,723	2,886	2,886	2,969	2,969
SubTotal	121,931	566,492	123,137	605,762	132,386	618,371
Funds, Subfunds and Other						
Bonds Debt Service ⁽⁴⁾	13,947	19,475	18,101	18,724	16,999	25,226
Cumulative Reserve Subfund ⁽⁵⁾	0	16,735	0	5,178	0	3,046
Fiscal Reserve Subfunds	0	565	0	0	0	0
Judgment/Claims Subfund	633	15,034	756	16,859	756	18,614
Parking Garage Fund	2,813	9,359	2,032	8,688	0	8,688
SubTotal	17,392	61,167	20,888	49,449	17,755	55,573
Grand Total*	948,622	4,066,826	980,498	4,287,874	1,015,126	4,384,952

*Totals may not add due to rounding

Notes:

- (1) Includes a dedicated amount based on receipts from Admission Tax.
- (2) The 2014 Proposed includes a \$1.6 million reduction to account for technical errors in the 2014 Endorsed Budget.
- (3) The amounts in the "Total Funds" column include appropriations from the Asset Preservation Subfund. The total funds amount does not include the appropriation for Fire Facilities Levy Fund – see separate line for this in Public Safety section.
- (4) The amounts in the "Total Funds" column reflect the combination of the General Subfund Limited Tax General Obligation (LTGO) bond debt obligation and the Unlimited Tax General Obligation (UTGO) bond debt obligation. Resources to pay LTGO debt payments from non-General Subfund sources are appropriated directly in operating funds.
- (5) This amount does not include the Cumulative Reserve Subfund (CRS)-supported appropriations for Seattle Department of Transportation (SDOT) because they are included in the SDOT appropriations, and does not include appropriations from the Asset Preservation Subfund because they are included in the Finance and Administrative Services appropriations. The General Subfund contribution to CRS is included in the Finance General appropriations.

The 2014 Proposed Budget is available online on the City Budget Office's website:
<http://www.seattle.gov/citybudget>