



**City of Seattle**  
City Budget Office

**MEMORANDUM**

DATE: July 16, 2010

TO: The Honorable Jean Godden  
Chair, Budget & Finance Committee

FROM: Beth Goldberg  
Acting Director

SUBJECT: Department Director Confirmation Questionnaire

I am pleased to submit my written responses to the Department Director Confirmation Questionnaire for your review. I look forward to the opportunity to discuss my responses with you and your colleagues as you begin the formal hearings on my confirmation on July 20, 2010. In the meantime, please do not hesitate to contact me if you need any additional information.

Enc.: Department Director Confirmation Questionnaire Response of Beth Goldberg,  
Appointee, City Budget Director

cc: Mayor Mike McGinn  
Seattle City Council Members  
Ben Noble, Director, Central Staff  
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**DEPARTMENT DIRECTOR CONFIRMATION QUESTIONNAIRE  
RESPONSE OF BETH GOLDBERG, APPOINTEE, CITY BUDGET DIRECTOR**

1. What are your major goals for (i) the City Budget Office, (ii) the City Budget development and review process, and (iii) the City Budget, overall?

*Goals for the City Budget Office*

My primary goal for the City Budget Office (CBO) is to foster a cohesive and collaborative team. CBO is a strong office with dedicated employees. I am building on this foundation by proactively developing solid working relations with CBO staff and with City departments. I have built an effective management team – comprised of me, the deputy director and six budget leads - that meets on a daily basis. In January, we collectively established workload assignments to ensure appropriate coverage and subject matter expertise, while also considering employee interest. CBO has continued to work as a team in developing a series of updated budget forecasts for 2010 and 2011-2012 and in successfully developing mid-year reductions to close the anticipated \$12 million mid-year General Fund shortfall. The CBO team works alongside departments to conduct on-going subject-matter briefings for the Mayor’s Office on a number of budget-related topics. Finally, CBO is working closely with Council staff on a number of issues of mutual interest, including strategic capital planning, the potential annexation of North Highline into the City of Seattle, understanding and assessing the deployment of human resources functions throughout the City of Seattle, City Light financial issues, Parks funding issues, and span of control. The ultimate goal of this inter-branch collaboration is to establish mutual understanding of the financial and policy issues with the intent of providing both branches of government access to the full array of information needed to facilitate thorough policy discussions.

*Goals for the City Budget Development & Review Process*

The goal of creating an open dialog about the information underlying various policy issues extends into the development and review of the City budget. First, I am working with CBO staff to enhance the analytic tools used in evaluating the City budget. I have encouraged the use of Summit – the City’s accounting system – to understand past expenditure trends in order to inform future budget decisions. Summit is a tool that was not widely used by CBO staff previously. In June, all CBO staff completed training on how to use Summit to query information. As part of the 2011-12 budget process, CBO staff is working with departments to create long-term financial planning documents for each City fund. These documents will show expenditure, revenue, and fund balance trends for the recent past and four years into the future. This form of comprehensive and transparent reporting was not done by the City in the past. These long-term financial plans will allow the Executive and Legislative branches – as well as the public – to have a more accessible and comprehensive snapshot of the financial health of City funds. They are also a tool that can facilitate discussions around the long-term financial sustainability of present-day decisions.

Furthermore, I plan to improve the presentation of budget information so that the information related to the drivers and specific impacts of decisions is more complete and transparent to the Legislative branch and the public. As a relative outsider to the City's budget, I have not found the presentation of information in the budget book to be particularly meaningful or easy to digest. Over the long-term, I am looking at ways to provide a clearer crosswalk of budget changes in the proposed and adopted budget books, as well as enhanced discussions about the policy rationale and implications of various budget recommendations. While some steps toward this goal will be evident in the presentation of the 2011-12 budget, system limitations as well as the challenge associated with closing a \$56 million budget shortfall will require a longer timeframe for the complete implementation of this objective. Finally, in actively working with Council staff on the front-end on major financial and policy issues as described above, it is my intent that the budget review process will be enhanced as both branches will have the benefit of a comprehensive dialog and information sharing as policy deliberations unfold.

### *Goals for the City Budget Overall*

In terms of my goals for the City's budget, my number one priority for 2010 is working with the Mayor to develop a budget that addresses the projected \$56 million deficit for 2011 and that begins to put the City on a more sustainable fiscal path. Based on current forecasts, and assuming we can close the \$56 million shortfall for 2011 with sustainable and on-going reductions or revenue enhancements, the City will address the projected \$53 million shortfall for 2012. The extent that one-time strategies are employed for 2011 and/or the economic recovery falters, additional reductions will be required for 2012. We also know that the City is facing a number of looming budget issues – including demands for capital investments and asset preservation. In addition to closing the \$56 million budget gap for 2011, the City must also develop comprehensive long-term financial planning that meets these important obligations.

Beyond the General Fund, the City's non-General Funds – including the Seattle Department of Transportation, Seattle City Light, Seattle Public Utilities, and the Department of Planning and Development – are also struggling with their own set of financial challenges. Moreover, the City's source of funding for General Government capital programs, Real Estate Excise Tax (REET) I and II are under strain. REET revenues, the source of funding for much of the General Government capital program, are down 68% from 2007. Further complicating this matter is the fact that 76% of REET I revenues in 2011 are dedicated to debt service, reflecting among other things a previous policy decision by the City to use REET I dollars to backfill for cost overruns in the Fire Levy. Based on these variables and the 2010 – 2015 Adopted CIP spending plan, REET I faces a \$1.4 million deficit for 2011 and REET II is looking at a \$1.7 million shortfall. Additional long-term planning for these funding sources is needed and difficult decisions lie ahead.

Over the long-term the City clearly does not have unlimited resources. In developing the City's budget it will be critical to have a transparent discussion centered on the resources available and how they match up with the various funding priorities of the Mayor and the Council both for basic services and obligations, as well as enhancements that are important to our residents.

2. What do you see as the City's primary fiscal, budgetary, and organizational challenges in the next four years? What is your perspective on addressing the widening gap between the City's financial needs and the City's financial resources?

I see maintaining service levels to residents in the face of constrained financial resources as the City's primary fiscal, budgetary and organizational challenge over the next four years. The City faces the immediate challenge of a \$56 million General Fund shortfall in 2011 (as well as the financial limitations within other City funds), which will require budget reductions and potential revenue enhancements in the short term. In addition, the economic recovery beyond 2011 is projected to be more modest compared to past recoveries, resulting in more subdued revenue growth relative to what the City has previously enjoyed. This will present challenges for the City, not only when it comes to maintaining existing services, but also in meeting obligations that have been deferred in the past, such as asset preservation and the addition of new Parks facilities to the City. Moreover, the City will see increased cost pressures from things like financial obligations to the retirement system, the desire for continued implementation of the Neighborhood Policing Plan, and the need over the long-term to replenish the Rainy Day fund – not to mention new programs and policy objectives that will undoubtedly emerge.

In the face of these competing demands, it is essential that the City take a long-term view on its financial outlook. The development of long-term financial plans as described above will help facilitate these discussions. It is essential that the long-term implications associated with policy decisions be acknowledged, discussed and planned for at the time such commitments are made – with appropriate resource levels set aside on the front end. In the face of the new economic reality, the City no longer has the luxury of having revenues growing at a rate to allow these issues to be addressed later. Taxpayers have a growing expectation that the public sector spend their tax dollars efficiently. In this regard, it will be important for the City to explore opportunities to maximize efficiencies for 2011 and beyond. This could include a critical review of *how* services are delivered and the major costs drivers to the City, including labor and benefit costs.

3. Please discuss your perspective on City services and the City's main lines of business, particularly in light of the multi-year deficit scenarios the City currently faces. Are there lines of business that the City might consider eliminating, reducing or delegating to others (e.g. non-profits, philanthropic organizations, other government entities)? Put another way, what is your perspective on the appropriate Priorities of Government for the City of Seattle?

Seattle residents enjoy a vast array of services and have been very generous in their willingness to provide tax dollars to support those services. However, the current economic realities put the City in a new situation – a situation where the City does not have sufficient resources to sustain funding for its current array of functions. –On account of its balanced revenue sources (e.g., sales, B&O, utility and property taxes) and because the Puget Sound region typically lags the nation in experiencing the implications of a contracting economy, up to now the City of Seattle has been largely insulated from the difficult budget realities facing other nearby governments such as King County, the State of Washington, and jurisdictions in places like California. After facing year after year of contracting budgets, these entities have had to make some very difficult choices. For example, after nearly a decade of deficits resulting from an inherent structural imbalance in the revenues provided to it by the State and the cost of delivering services, King County provides virtually no General Fund dollars to support human services in 2010. In California, a recent article in the San Francisco Chronicle notes,

*Three years into excruciating budget cuts, cities throughout the Bay Area are morphing into skeletal remnants of the solid, middle-class towns they once were. Faced with few options city councils have decimated funding for libraries, senior centers, recreation programs, museums, swimming pools and countless other services once considered essential to modern city life.<sup>1</sup>*

The City of Seattle has not had to contemplate these types of decisions until now. However, having exhausted virtually all of its flexible reserves in 2009 and 2010, the City of Seattle is now embarking on a budget path for 2011 that more closely mimics the realities of other jurisdictions around the nation.

Before contemplating the elimination or scaling back of direct services to Seattle residents, it is critical that the City examine *how* services are being delivered in order to maximize efficiencies. For instance, the City will be able to avoid the costs of building a new jail as a result of a recent agreement with King County and SCORE (the South Correctional Entity) to continue to house City of Seattle misdemeanants through 2020. Looking ahead, the Executive Branch is actively exploring a number of potential efficiencies. For example, are there opportunities to redeploy existing staffing within the Seattle Police Department to

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<sup>1</sup> Carolyn Jones, "Cities' services shrinking as recession takes its toll," *San Francisco Chronicle* (4 July 2010), <<http://www.sfgate.com/cgi-bin/article.cgi?file=/c/a/2010/07/04/MNMV1E6AN5.DTL>> (4 July 2010).

maintain or prioritize patrol functions? Are there opportunities to explore the fee structure for the Parks Department to allow the City to derive more revenues in order to preserve services? Are there opportunities to partner with community groups to maintain community center operations? Are there opportunities in the Seattle Department of Transportation to change the way potholes are repaired in order to save money and increase the number of potholes that are repaired? Do opportunities exist in City Light and other departments to change the way staff is deployed in order to reduce costs? Are there opportunities to consolidate contracts with community agencies? Are there opportunities to consolidate and streamline how internal functions, such as human resources and technology, are deployed? The Executive branch is actively exploring these ideas for 2011 and beyond.

Whether these ideas and others will generate enough savings for 2011 and beyond (and can be implemented in time for the 2011 budget) is the work that faces the Mayor and CBO in the months to come. Every attempt will be made to maximize these opportunities. To the extent that the deficit cannot be closed with these types of innovations and efficiencies, we will have to explore lay-offs and the elimination or scaling back of direct services – a decision that ultimately lies with the Mayor and the Council.

My role in this discussion is to offer to the Mayor various options and highlight the pros and cons of each option for closing the deficit. It is ultimately his decision as to what he establishes as the Priorities of Government in the funding choices he makes. The Council, in its deliberations on the budget, has the opportunity to debate and modify those priorities. While my role in this debate is to advocate for the Mayor's preferences, I also play role in providing the Council with the factual and analytic information needed to formulate their opinions on the proposed budget and the Priorities of Government reflected therein. Ultimately, I need to understand the interests of both branches in order to effectively assist in negotiations toward a balanced adopted budget.

4. How do you approach making decisions about maintaining the City's infrastructure? Are there changes you anticipate making to the City's approach? How do you oversee City departments to ensure that capital projects are completed on time and under budget?

From what I have observed over the past six months, the City appears to have a relatively decentralized and hands-off approach to prioritizing, coordinating, budgeting and monitoring capital projects. The capital sub-cabinet and various oversight groups monitor individual capital programs such as the Fire Levy and Bridging the Gap. However, from an overall perspective – particularly as it relates to general capital investments – the process appears to be more loosely overseen from a central perspective. In the face of constrained resources, this is an area that I plan to change.

Previously, the Department of Finance (now known as CBO) appears to have handled capital budget decision-making on an ad hoc department-by-department basis. There are limited existing processes to allow for prioritization across departments. And, the capital

needs are great – extending well beyond our current capacity to pay for all of them. In my six months with the City, I have worked to establish a more centralized approach, having at least two staff members within CBO dedicate their time to coordinating capital budgeting within the City – starting with the General Fund. During this time, we have assessed the financial position of various capital funding sources and have identified funding shortfalls for capital projects supported by REET and have identified \$67 million worth of 2011 capital projects, including the Rainier Beach Community Center, adopted in the 2010 CIP with a funding source designated as ‘to be determined’-, taken stock of ‘looming’ capital needs (including asset preservation) and have begun collaborating with council staff on a strategic capital agenda. The initial results of this work were presented to the Council on July 6, 2010. The next round of work will be reflected in the 2011 budget – including the start of an out-year funding plan for 2012 and beyond, including the non-General Funds. The City’s General Fund debt service limitations will largely be used to support the programs described in the strategic capital agenda presentation. Additional priorities include asset preservation and basic maintenance of the City’s assets. Beyond this, any additional significant capital priorities, including those that address public safety needs, would likely result in the need for additional voter approved revenues.

Getting the initial budgeting structure in place is my first priority. Once this work is done, CBO will turn our attention to the non-General Funds, as well as systems and processes to allow for the centralized monitoring of capital projects to ensure that they are completed on-time and under budget.

5. How will you ensure that Councilmembers and our staff receive the information we will need from your department to make policy and financial decisions?

I have a strong and proven track record of open and transparent communication both during my tenure at the City and at King County. While I work directly for the Executive branch and need to take direction from the Executive/Mayor regarding priorities and strategies, I am committed to collaborating with representatives of the Council and providing factual information to both branches of government.

As Acting Budget Director at King County, the 2010 budget process, by all accounts, was more open and transparent than it had been in recent memory. I achieved this by closely communicating with my counterparts on Council staff. In addition, I provided the King County Council’s Budget & Fiscal Management Committee with bi-weekly updates on the status of thematic issues related to the development of the 2010 proposed budget and other pertinent issues, including financial implications of preparations for the potential flooding along to Green River and regular updates on the County’s revenue picture. The result of these efforts was an agreement between the Executive and Legislative branches on the 2010 budget earlier than had ever been achieved in the past.

At the City, I have continued to keep the lines of communication open and to provide the Council with the level of information needed to make policy and financial decisions. A good

example is the analysis of the financial implications of the potential annexation of North Highline into the City of Seattle. In its initial assessment, CBO provided the Council with a preliminary range of potential costs to the City associated with providing services to the residents of North Highline should the area annex. The analysis provided a clearly defined range of policy assumptions to start to assist the Mayor and the Council in making informed decisions about service levels and cost implications of the potential annexation. This is a level of information that had not previously been provided by the Executive to the Council. Moreover, it set the foundation for an Executive-Legislative work team that is now doing a more detailed assessment of potential costs to allow for a full policy discussion by the Mayor and the Council early next year as to whether to put the issue on the ballot.

I have every intention of continuing this pattern of open and transparent communication and information sharing.

6. How do you define the roles of Executive and Council with respect to your department? How have you worked collaboratively with and communicated with the Council when there has been a difference of opinion between the Executive branch and the Council? Do you anticipate making any changes to the way you operate in the future?

While the City Budget Office is an Executive department with the primary role of serving as the Mayor's advisor on budget and financial-related matters, it also plays a key role as an intermediary for budget and financial information to pass between the Mayor's Office and the Council. In this role, CBO must work closely with the Council to understand their policy perspectives and provide the basic information needed for the Council to facilitate its deliberative process. My tenure with the City has featured regular and strong collaboration with Council and Council staff on numerous issues, including: capital strategic planning, the potential annexation of North Highline into the City of Seattle, the human resources and span of control statement of legislative intents (SLIs), and details related to mid-year budget reductions for the General Fund, Seattle Department of Transportation, and the Department of Planning and Development.

In instances where there is a difference of opinion between the branches, it is important for me to understand the perspectives of the Council and to continue to provide factual information as requested. A good example of this relates to the collaboration between my office and Council central staff on the capital strategic plan presentation earlier this month. The Mayor's desire to put the seawall project on the ballot this fall spurred this project. The Council has a different opinion from the Mayor on the timing of putting the financing package on the ballot. Nonetheless, my office and Council staff were able to work together to pull information on the City's overarching capital needs, as well as provide options for covering the costs associated with these projects.

I do not anticipate this philosophy and approach changing in the future.

7. How is your department addressing issues of the evolving workforce of the future, such as filling positions vacated by aging city workers, and welcoming more people of color, women and people with disabilities to the City workforce where they have not traditionally been represented in large numbers? What is your department doing to recruit and train people of color, in particular, to become supervisors and managers? How have your recent hires, if any reflected this ethos of diversity in the workplace?

It is important to provide women, people of color and people with disabilities with opportunities to work and succeed in the City Budget Office. One successful way to recruit people from traditionally under-represented classes is to publicize employment opportunities in multiple venues, including publications that specifically target and appeal to women, people of color and/or people with disabilities. In addition, I have successfully broadened recruitments in the past by doing specific outreach (e.g., brown bag lunch sessions about employment opportunities) with educational programs that provide people with the type of training needed to succeed in a budget office setting. In terms of retaining employees (including managers), the City Budget Office has traditionally allowed for flexible and part-time work schedules. This is particularly valuable to people with young families. This is a practice I have continued since arriving at CBO.

In terms of recent hiring decisions, I recognize that the City is also operating in a time of layoffs as a result of budget reductions. In light of this, I made a decision, in consultation with my management team, to fill positions recently vacated in CBO through internal hiring processes. We filled a vacant budget lead position through a competitive process internal to CBO. All CBO budget analysts were encouraged to apply. Separately, we filled two vacant budget analyst positions by doing a competitive recruitment internal to the City, by targeting previous participants in the City Leadership Institute program. These processes produced strong candidates, but ones that did not give me an opportunity to hire people from traditionally under-represented classes.

As additional positions become vacant over time, I will work to provide opportunities to all qualified applicants including, women, people of color and/or people with disabilities. Moreover, I will continue to encourage all CBO employees to succeed and look for opportunities for personal and professional advancement within CBO and where ever their career advancement opportunities take them. Finally, CBO is actively using the Race and Social Justice filter in evaluating the impacts of budget decisions on people of color.

8. How do you provide clear two-way communication and employee involvement in key departmental decisions?

I am committed to maintaining an office with strong two-way communication and employee involvement. One of my first tasks when I assumed the role as Acting Budget Director was to establish an environment of trust and mutual respect in the office. I started this by having open office 'hours' when I was not in meetings. While my daily meeting

schedule of late does not always allow me to have open office 'hours' I try to be accessible when I am in the office and am regularly available by email. I have also continued the tradition of weekly all staff meetings with CBO staff as well as daily meeting with members of the CBO management team. In addition, I meet with each budget team once a month.

As a new member of the City Budget Office, I am fortunate to have inherited a strong and dedicated team of professionals. I intend on continuing and building on the past success of this team. Many of the ideas described above (e.g., changes to the budget process, etc.) are intended to take the work of CBO to the next level. Successfully achieving this objective requires involvement and participation from all levels of CBO staff. While I bring an outside perspective on how other budget processes work, it is critical that I also take into account the internal operations that are unique to the City. This is a perspective that only people internal to the City can provide. In melding the two perspectives, I am confident we can enhance the work produced by CBO.

The CBO budget leads have been a valuable resource and sounding board. Together we have collectively developed ways to begin implementing some of these changes, as well as continue the everyday work of the office. Examples of this include decisions related to the allocation of work assignments described in my response to question number 1. In addition, the budget leads have been active in the discussions about how to develop long-range financial plans for each City fund. I have described to the budget leads the goals and objectives of this work and together we have collaborated to develop a path to achieve these objectives. The results of these efforts will be shared with the Council when we transmit the Mayor's proposed budget in September. On a more immediate basis, the success of the CBO team in working together is demonstrated in our successful development of the mid-year reduction package.

9. How do you approach communication with external stakeholders – when speaking on behalf of the City and on behalf of the Mayor – including members of the press, community groups and citizens? What criteria do you use to determine when it is appropriate to speak on behalf of the City?

I work closely with the Mayor's Office as it relates to communications with external stakeholders. When the question or communication relates to straight-forward and factual budget questions, I respond directly, keeping the Mayor's Office informed of the question and the response. If the communication ventures into the policy arena, I consult with the Mayor's Office in advance to determine the nature of the response and whether I or my staff should respond directly or whether the Mayor himself or another representative of the Mayor should respond. Regardless, the critical element in all communications with external stakeholders is coordinating with the Mayor's Office and keeping the Mayor's Office informed.

10. How does your department address sustainable decision-making (e.g. asset management, returning the highest values on investments, addressing social and environmental benefits)?

Sustainable decision-making – particularly as it relates to financial sustainability – is something that I intend on strengthening as part of the budget process. The City has made a number of financial and policy obligations over the years without comprehensively planning for how the future costs of these decisions will be met. A good example of this is 2010 adopted budget and its \$67 million worth of 2011 capital projects with a funding source of ‘to be determined’. The costs of these stated obligations further exacerbate the City’s current budget shortfall. In addition, the City has policies in place (Resolutions 31083 and 31203) that indicate that certain dollar amounts should be devoted to asset preservation. Based on these policies, the City should have set aside \$44 million for general government asset preservation for 2010. Yet, the City’s budget has never met these obligations. Because of the City’s current financial challenges, the 2010 budget only allocates \$28 million for general government asset preservation. As the City’s financial strains persist, sufficiently funding asset preservation will continue to be a challenge. Nonetheless, it is critical that the City begin mapping out a long-term plan to address these important financial obligations. The long-term financial plans that the City Budget Office is preparing in conjunction with the 2011 – 2012 budget will provide an important tool for starting to clearly and consistently document the long-term financial sustainability of potential budget and policy decisions by presenting the out-year costs implications of present day decisions.