

2014 Proposed Budget Executive Summary

This section describes the 2014 Proposed Budget as transmitted to the City Council by Mayor Mike McGinn in September 2013. It describes at a high level the details of the Mayor's Proposed Budget. While most of the recommendations in the Mayor's Proposed Budget remain in the 2014 Adopted Budget, a few proposals described in this section were altered by the City Council as it finalized the budget. Those changes are described in the previous section – the Executive Summary to the Adopted Budget.

The 2014 Proposed Budget totals \$4.4 billion, including the \$1 billion General Fund, representing increases of 1.9 percent and 3.4 percent respectively relative to the 2014 Endorsed Budget. As the gradual recovery from the Great Recession continues, the 2014 Proposed Budget marks the first budget since 2009 that does not include major programmatic reductions in the City's General Fund. Rather, the 2014 Proposed Budget makes a series of modest investments to address the many needs that have emerged since 2009.

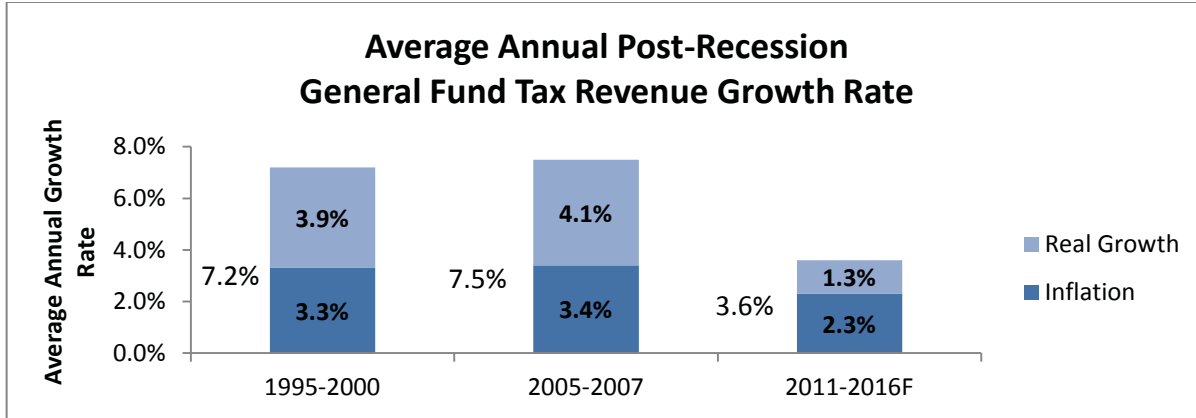
General Fund Budget Outlook

The General Fund outlook for 2014 is markedly improved compared to recent years. While there are signs that economic growth moderated slightly in the second quarter of 2013, the economy continues to slowly recover from the economic downturn. Current forecasts suggest ongoing improvement in 2014 and 2015. Locally, the Puget Sound regional economy continues to outperform the United States and the rest of Washington state. The Seattle Metropolitan area, which includes King and Snohomish counties, has seen a 9.3 percent increase in employment post-recession through July 2013, led by the strength of Boeing. This compares favorably to the U.S. growth rate of 5.2 percent and the rest of Washington at 3.1 percent.

Another bright spot locally is the significant construction activity, which bolsters the General Fund's sales tax revenues. The Department of Planning and Development (DPD), which issues construction permits, projects a 117 percent increase in construction permit revenues by yearend 2013 relative to 2009 – the year construction permit revenues bottomed out. Based on these projections, DPD anticipates 2013 revenues will 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.

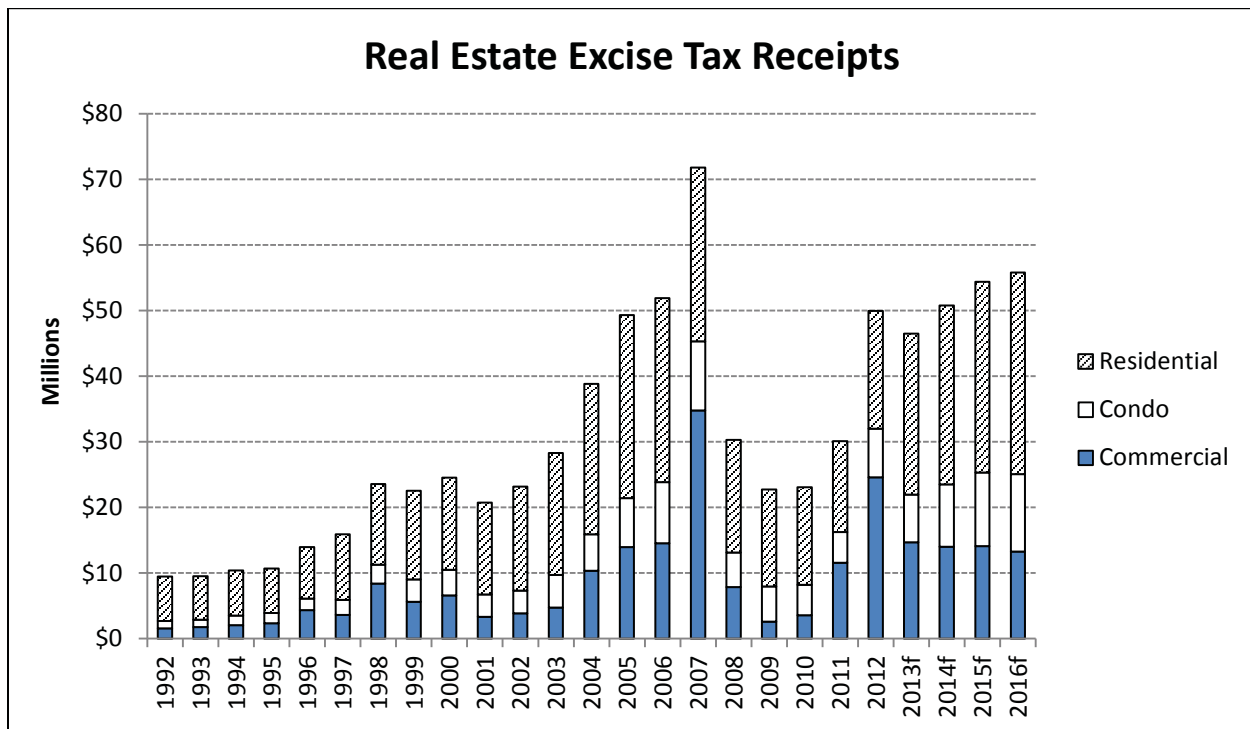
In total, the City forecasts a 5.3 percent increase in General Fund revenues relative to 2013 Adopted assumptions. While the revenue outlook for 2014 is relatively positive, long-term revenue trends remain subdued as compared to other post-recessionary periods. In previous post-recessionary periods, the City saw General Fund tax revenues grow at a rate in excess of 7 percent per year. For the period 2011-2016, the City forecasts General Fund tax revenues to increase an average 3.6 percent annually.

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Out-year forecasts project total General Fund revenue growth from 2014 to 2015 to slow slightly to 2.6 percent. One-time boosts to 2014 property tax revenues as a result of a change in state law, expected renewal of the Medic 1/Emergency Medical Services levy, and strong growth in the assessed value of property in the city of Seattle help improve the property tax picture for 2014. Beyond 2014, Initiative 747 and related state laws will continue contributing to muted property tax growth as a result of the cap on property tax growth of 1 percent plus new construction. Nonetheless, the 2014 increase presents an opportunity for the City to invest in much needed services in the 2014 Proposed Budget.

Another source of optimism in the budget – also tied to the relative strength of the local economy – is Real Estate Excise Tax (REET) revenues. REET, which is a tax on real estate transactions, supports many of the City’s general government capital investments. The local real estate market is gaining strength, fueled by a very strong commercial sector, boosting anticipated REET revenues to \$50.8 million in 2014.



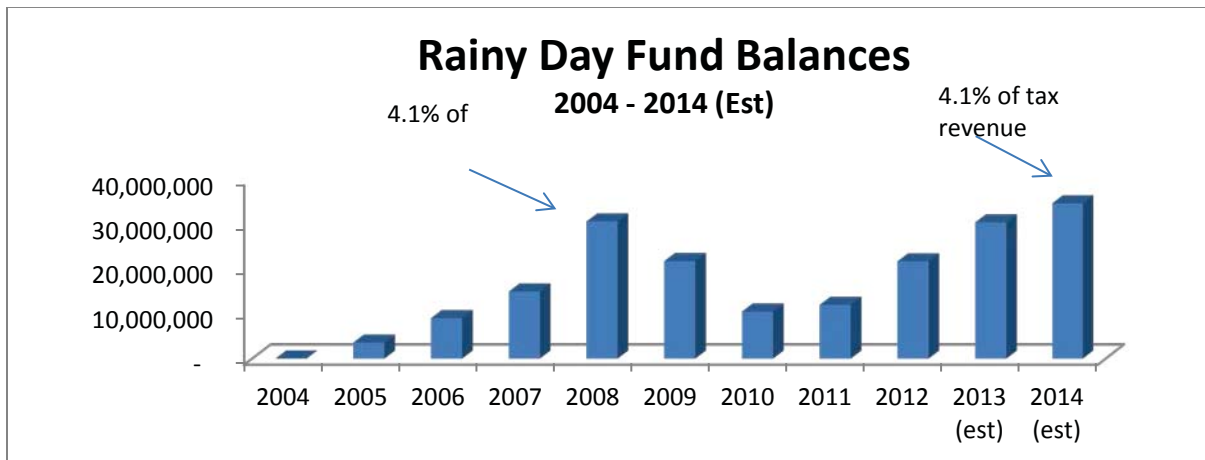
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Saving Before Spending – Rainy Day Fund is Funded at the Pre-Recession Level for 2014

In addition to an improved revenue outlook, the City's financial picture is considerably better as a result of concerted efforts by Seattle Mayor Mike McGinn to restore the health of the City's General Fund financial reserves. The City relies on its reserves, including the Rainy Day Fund, to protect it from unexpected revenue or expenditure challenges. When Mayor McGinn took office in 2010, the Rainy Day Fund, which had reached a peak funding level of \$30.6 million in 2008, or 4.1 percent of General Fund tax revenues, totaled only \$10.5 million following a significant draw down of the fund to address the City's budget challenges. Despite persistent financial challenges, the Mayor, adopting a philosophy of "saving before spending," contributed to the Rainy Day Fund in each of the last three years.

- 2011 - \$1.5 million
- 2012 - \$9.7 million
- 2013 - \$8.7 million

The 2014 Proposed Budget makes a \$4.3 million contribution to the Rainy Day Fund – equivalent to 0.5 percent of projected General Fund tax revenues for 2014, in keeping with the policy changes the Mayor proposed and the City Council adopted in 2011. This contribution will bring the Rainy Day Fund balance to \$34.7 million – its largest dollar value ever.



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 is an important variable in maintaining the City's high bond rating, which helps keep the City's borrowing costs low.

The City also maintains the Emergency Subfund (ESF). While money in the Rainy Day fund is available when the General Fund experiences an unexpected contraction in revenues, the City draws upon the ESF in the event of expenditures in response to an unexpected emergency, most commonly costs to respond to significant storms. By state law, the City can maintain the equivalent of 37.5 cents per \$1,000 of assessed property values in the City in the ESF. Because the city experienced contractions in assessed property values since the onset of the Great Recession, the City of Seattle has not contributed to the ESF since 2009. In fact, the reduction in assessed values resulted in the City actually reducing the amount of money in the ESF to stay within the state-mandated funding level. Another sign that Seattle's economy is gaining strength, the City forecasts an increase in 2014 in assessed property values, meaning the City can once again contribute to the ESF. As such, the 2014 Proposed Budget contributes an additional \$3.7 million, on top of the \$900,000 contribution assumed in the 2014 Endorsed Budget, to the ESF, bringing the total value of the fund to \$48 million, the largest dollar value ever.

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The 2014 Proposed Budget allocates 56.4% of the General Fund to public safety, up from 56.2% in 2010.

Strategic Investments to Respond to Emerging Needs

In preparing the 2014 Proposed Budget, Mayor McGinn prioritizes investments to:

- Enhance **Public Safety**
- Protect and expand the **Human Services** safety net
- **Empower** Seattle residents
- Strengthen the vitality of Seattle's diverse **Neighborhoods**
- Maintain and grow the City's **Transportation** infrastructure
- Improve the efficiency and effectiveness of City **Government**

Collectively, the 2014 Proposed Budget investments will expand the City's work force by 167.17 full-time equivalents (FTEs), bringing the City's total work force to 11,195.53 FTEs.

Investments to Enhance Public Safety

Protecting the public safety of Seattle's residents and visitors remains a paramount responsibility of City government. The 2014 Proposed Budget allocates 56.4 percent of the City's General Fund to public safety functions, up from 56.2 percent in 2010. Mayor McGinn allocates additional resources in 2014 to improve public safety, as follows:

- Increase the size of the police force to improve 911 response times
- Strengthen the City's commitment to the Center City Initiative to foster public safety in downtown Seattle
- Expand the Park Ranger program to enhance public safety in Seattle's parks
- Promote pedestrian safety throughout Seattle by expanding the school zone camera program
- Improve Seattle Municipal Court's oversight of Driving Under the Influence offenders

Increasing the Size of the Police Force: The 2007 Neighborhood Policing Plan is the City's primary policy document governing the deployment of police resources. It sets three performance goals for the Seattle Police Department (SPD):

- Respond to high-priority emergency calls in an average of seven minutes or less. This is a commonly accepted response time for police forces in larger cities.

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The 2014 Proposed Budget adds 15 police officers, bringing the total number to 1,342.

- Allow patrol officers to do more proactive policing – a target of 30 percent of officer time – to help resolve the underlying conditions that create violations of law and/or public order.
- Deploy 10 additional "back-up" police vehicles citywide. These cars – two in each precinct – provide better area coverage and improve back-up capability to enhance officer safety.

Since 2010, SPD has met or exceeded these performance objectives. Crime in the city is down. Through July 2013, violent crimes in Seattle have decreased 9 percent compared to 2009. Property crimes have decreased 12 percent over the same time period. That said, public safety concerns in several Seattle neighborhoods, including downtown, suggest the City could benefit from additional police officers. In the 2014 Proposed Budget, Mayor McGinn provides funding for 15 additional police officers and continues funding for four police officer positions added in 2013, increasing the total sworn officer ranks to 1,342 by the end of 2014, up 19 officers from the 1,323 positions in the 2014 Endorsed Budget. By yearend 2014, SPD will have 42 more police officer positions funded than in 2012. SPD will deploy the 15 new officers provided in the 2014 Proposed Budget as follows:

- Eight officers will enhance SPD's 911 response capabilities in Seattle neighborhoods, including downtown.
- Three officers will work alongside Seattle's park rangers patrolling downtown parks, in support of the Center City Initiative.
- Two officers will staff SPD's Crisis Intervention Team, which is composed of specially trained staff who work to divert individuals in mental health crisis from the justice system by directing them to services elsewhere in the community.
- Two officers will process school zone camera citations.

Strengthening the City's Commitment to the Center City Initiative (CCI): By many measures, downtown Seattle is thriving. According to a recent study released by the Downtown Seattle Association, the number of people calling downtown Seattle home since 2000 is up 24 percent– more than double the rate of growth citywide. Downtown Seattle now supports 200,000 employees, up from a low of 183,521 in 2010. This represents 40 percent of all employees in Seattle – nearly the same number of jobs in Redmond and Bellevue combined.

Despite these positive economic trends, a significant homeless population in downtown struggles with the need for mental health and/or substance abuse treatment, stable housing and sufficient food. The Center City Initiative, which Mayor McGinn initiated in 2012, collaborates with residents, businesses, service providers, and government agencies on specific actions to help make

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The 2014 Proposed Budget doubles the City's investment in the Center City Initiative.

downtown streets safe and inviting. The 2014 Proposed Budget doubles the 2014 Endorsed Budget's investment in CCI by adding an additional \$3.5 million, including \$1.75 million for the Human Services Department (HSD) to increase funding for case management and services in the downtown core through the Law Enforcement Diversion Program (LEAD). The new CCI funding for 2014 also includes expanded funding for homeless services, additional police officers and park rangers, all of which are described elsewhere in this overview. The Seattle Police Department and multiple nonprofits in the Belltown neighborhood administer LEAD. LEAD allows the Seattle Police Department to refer individuals who engage in low-level crimes to services instead of arresting them. LEAD helps to identify and implement long-term solutions to the underlying problems that contribute to the individual engaging in low-level street disorder and crime. More than investments 230 individuals will receive intensive case management and services as a result of expanding LEAD to the entire downtown core. By accessing needed services, homeless individuals will achieve greater stability, and, as a result, create safer and more inviting downtown streets for residents, businesses and visitors.

Expanding the Park Ranger Program: To promote public safety in Seattle's parks, the 2014 Proposed Budget expands the City's commitment to the Park Ranger program by continuing to fund the two park rangers Mayor McGinn added in mid-2013 to patrol downtown and Cal Anderson parks. These additional park rangers bring the total number of park rangers to 10. Park rangers provide a wide variety of services including enforcing the Parks Code of Conduct and providing interpretive and historical information about the parks they patrol. In addition, park rangers cooperate with local outreach services to connect vulnerable park users with appropriate services, ranging from mental health counseling to housing. Park rangers also work closely with the SPD, including the officers previously mentioned, and the Metropolitan Improvement District Ambassadors to enforce park use policies and other laws. The park rangers will create safer and more inviting places for residents and visitors to congregate, supporting the objectives of CCI.

Promoting Pedestrian Safety by Expanding Seattle's School Zone Camera Program: The 2014 Proposed Budget extends the City's commitment to promoting pedestrian safety by expanding the automated school zone speed enforcement camera program and reinvesting the revenues it generates into school safety improvements. With the additional 2014 investment, six more schools will have automated speed enforcement cameras in place by the end of 2014, bringing the total number of schools to 15.

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The 2014 Proposed Budget invests \$7.1 million in school zone camera revenues in school-safety projects for 12 schools.

Speed is a persistent traffic safety issue that contributes to one out of every three collisions in Seattle. Speeding increases the severity of collisions and is especially lethal for pedestrians and cyclists. A pedestrian hit by a vehicle going 30 miles per hour has a 45 percent chance of dying, while 95 percent of pedestrians hit at 20 miles per hour are likely to survive. In 2007, the National Highway Traffic Safety Administration (NHTSA) reviewed 13 studies of automated speed enforcement and reported that all of the studies showed decreases in injury rates and crashes with the use of automated speed enforcement cameras.

Seattle expects to generate \$8.6 million in revenues in 2014 from school zone camera citations. The 2014 Proposed Budget reinvests all of these proceeds back into the school zone camera program, including \$7.1 million into pedestrian safety infrastructure improvements – such as curb bulbs, street crossing improvements, and installation and repair of sidewalks – near schools throughout Seattle, as well as maintains school zone warning beacons. The following schools will benefit from infrastructure improvements in 2014:

- Arbor Heights Elementary School (ES)
- Bailey Gatzert ES
- Broadview Thomson K-8 School
- Bryant ES
- Eckstein Middle School
- John Rogers ES
- McDonald International School
- Nathan Hale High School
- Olympic View ES
- Sacajawea ES
- Thornton Creek ES
- Wedgwood ES

The remaining citation revenues support program operating costs, including leasing the cameras.

Improving Oversight of Driving Under the Influence (DUI) Offenders: In 2013, the Washington State Legislature passed a new set of laws designed to strengthen the penalties against DUI defendants, resulting in expanded oversight responsibilities for Seattle Municipal Court (SMC) and other jurisdictions throughout the state. The new laws require DUI defendants who have previous DUI convictions to install an ignition interlock device (IID) within five business days after their first appearance. Judges will monitor this requirement as a condition of release from jail and can revoke release or increase bail if defendants fail to comply with the installation. Judges also frequently order pretrial breath testing and urine analyses for alcohol and drugs. Probation counselors in SMC's Day Reporting Center monitor defendants for compliance. The 2014 Proposed Budget funds an additional probation counselor to perform this monitoring and testing. The Budget also provides SMC with additional resources for expanded drug and alcohol testing

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of DUI defendants. The number of defendants under probation supervision will continue to increase as new DUI cases are filed and judges impose up to five years of probation oversight in more serious DUI cases in accord with changes in state law.

Investments to Protect and Expand the Human Services Safety Net

Recognizing that many families and individuals continue to suffer the effects of the Great Recession and from reductions in funding from other public-sector entities, the 2014 Proposed Budget demonstrates Mayor McGinn's strong commitment to protecting and expanding the human services safety net.

General Fund support for human services increases by \$5.6 million, or 9 percent, in the 2014 Proposed Budget relative to 2014 Endorsed Budget. The Budget preserves services and increases support in key program areas, such as:

- Homelessness
- Domestic violence
- Senior services

The 2014 Proposed Budget also provides resources to backfill for lost federal and state funding.

Expanding Services for the Homeless: The 2014 Proposed Budget provides an additional \$850,000 to support the needs of the homeless, allowing the Human Services Department (HSD) to:

- Keep the City Hall winter shelter and the women's shelter open year-round.
- Backfill lost federal Community Development Block Grant funds that previously supported shelter services – primarily through the Downtown Emergency Services Center.
- Increase hygiene center hours by 12 hours on Sundays, allowing these centers to remain open seven days per week, supporting the goals of the Center City Initiative (CCI).
- Support the operating costs of a new day center and shelter location south of downtown that will allow the services previously provided at the Roy Street shelter and Belltown hygiene center to co-locate, also supporting the goals of CCI.
- Serve more vehicular residents by tripling the number of safe parking spaces, for a total of 90, and enhancing connections to services for individuals and families sleeping in vehicles.

General Fund support for human services increases by \$5.6 million, or 9%, in the 2014 Proposed Budget.

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General Fund investments for domestic violence response have nearly doubled since 2010.

Investments in homeless services are also a critical component of the Center City Initiative as described previously.

Enhancing Domestic Violence Response Services: The City maintains its commitment to providing domestic violence (DV) response services in the 2014 Proposed Budget, expanding funding by \$450,000 for a total allocation of \$5.4 million. General Fund investments in DV services have nearly doubled since 2010. Although crime is down across the city, domestic violence assaults increased during the recession.

Working in partnership with the Seattle Police Department, the King County Prosecuting Attorney's Office, domestic violence service providers, and the Seattle Police Foundation, the Human Services Department (HSD) will launch a new domestic violence response center in mid-2014. By co-locating police officers, prosecuting attorneys, civil legal service providers, and community-based advocacy and social service providers, the response center will provide a one-stop shop for victims of domestic violence. The City will support half of the center's operating costs, with the balance of funding coming from King County and the Police Foundation. The Police Foundation and other private donors will provide the capital funding for the center.

As a result of increased demand and decreased federal funding, the 2014 Proposed Budget also adds funding to establish and maintain long-term housing for domestic violence survivors and their children. The expanded funding will allow the City to serve approximately 50 more families, increasing the number served by more than 40 percent. Finally, the 2014 Proposed Budget funds a domestic violence manager position in HSD that will oversee all aspects of the City's domestic violence response.

Supporting Seattle's Senior Service Centers: With the number of older people expected to nearly double in the next decade, Seattle's network of senior centers serve as an essential resource in providing easy-access to low-cost social and health services for elders and the people who care for them. The 2014 Proposed Budget provides \$210,000 in additional funding to nine senior centers:

- Ballard Senior Center
- Central Area Senior Center
- Greenwood Senior Center
- International Drop In Center
- Pike Market Senior Center
- South Park Senior Center
- Southeast Seattle Senior Center
- Wallingford Community Senior Center
- Senior Center of West Seattle

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The 2014 Proposed Budget backfills \$2.6 million in lost state, federal and external grant funding.

In 2012, these nine senior centers served more than 14,000 Seattle residents, of which 60 percent live alone and 65 percent are low-income. Additional funding will allow the centers to increase targeted programming and case management unique to neighborhood needs.

The City's investment in service for seniors comes at a critical time. HSD's Aging and Disability Services (ADS) division will lose \$483,000 in funding due to federal sequestration and other \$148,000 in funding from the state Department of Social and Health Services, which would reduce services to nearly investments 1,600 seniors in Seattle. The 2014 Proposed Budget provides ADS with General Fund dollars to backfill this lost revenue, allowing ADS to continue to provide meal services, volunteer transportation, adult day services, case management, family caregiver support services, and healthy aging programs to 13,500 low-income seniors.

In total, the 2014 Proposed Budget allocates \$4.3 million in General Fund dollars for senior services, up 25 percent from the 2014 Endorsed Budget.

Backfilling for Federal and State Budget Cuts: As other governments continue to struggle to recover from the Great Recession, Seattle's relative budget strength allows the City in the 2014 Proposed Budget to backfill \$2.6 million in services, including \$1.6 million in services provided by HSD, including the senior services described previously. Absent City funds, these services would be eliminated. Over the past four years, HSD has seen a significant reduction in funding from the federal and state governments and other outside entities. Since 2010, revenues from these sources are down 34 percent. Meanwhile the City's General Fund commitments to HSD are up 28 percent, partially offsetting reductions from external sources and allowing the City to serve those in need of a strong human services safety net.

Investments to Empower Seattle Residents

Creating an environment that promotes shared prosperity among all Seattle residents remains an important priority for Mayor McGinn. The 2014 Proposed Budget supports this priority by making a number of investments to help Seattle residents seek economic advancement, including:

- Creating a Civic Leadership Institute for Refugee Women
- Increasing Construction Employment Opportunities for Seattle Residents
- Improving Early Learning and Quality Child Care Opportunities

Creating a Civic Leadership Institute for Refugee Women: The 2014 Proposed Budget provides one-time pilot project funding to develop a Civic

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The 2014 Proposed Budget provides an additional \$500,000 to support high-quality early learning and child care.

Leadership Institute for refugee women. The goal of the institute is to better integrate Seattle's refugee communities into the City's civic, economic and cultural life by empowering women and encouraging them to share their knowledge with others in their communities. The Mayor's Safe Communities Initiative, a broad community outreach project that gave residents the opportunity to give their input on how the City could improve safety, identified the need for increased engagement with immigrant and refugee communities. The institute will train 10 to 20 refugee women in civic engagement and will also include officers from the Seattle Police Department (SPD) in an effort to increase cultural understanding and trust between SPD and refugee communities.

Increasing Construction Employment Opportunities for Seattle Residents:

The 2014 Proposed Budget invests \$715,000 in providing opportunities for Seattle residents, including young adults, to gain the training and skills needed to enter the construction industry and obtain a family-wage job. Thanks to Seattle's relative economic strength, the construction industry is experiencing rapid post-recession growth locally and offers living wage opportunities for trained workers.

The 2014 Proposed Budget includes \$465,000 to develop a Target Hire program to provide worker training and support to increase employment opportunities in construction work for individuals that historically face barriers to jobs in the construction industry. The Budget also provides \$250,000 to preserve YouthBuild, a non-profit program providing construction education and apprenticeships for homeless youth and young adults at risk of violence, jeopardized by the loss of federal grant dollars. These investments build upon the \$300,000 increase in the 2014 Endorsed Budget for the Seattle Conservation Corps, which will increase the number of Parks improvement projects from 15 to 25 parks in low- to moderate-income neighborhoods to provide additional training opportunities for formerly homeless adults.

Improving Early Learning and Quality Child Care Opportunities: Access to high-quality early learning opportunities is essential in ensuring that all Seattle children enter kindergarten ready to learn. Mayor McGinn underscores his commitment to improving the early learning and child care for all Seattle children by allocating \$500,000 in additional resources in the 2014 Proposed Budget. Through high-quality professional development for early education providers, outcomes for children will improve across the city. The City's new Early Learning Academy, launched in 2013, enhances training opportunities for early education teachers and family caregivers to improve their effectiveness in preparing children for kindergarten. The

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The 2014 Proposed Budget funds the Neighborhood Matching Fund at pre-recession levels.

Budget includes an additional \$150,000 to recruit and encourage existing child care providers serving low-income children to participate in the Early Learning Academy network. This expansion builds on existing outreach efforts to Somali providers and nearly double the size of the Comprehensive Child Care Program to 250 providers. The Budget also increases early learning provider training opportunities, incentives for participation, and City staff capacity to train and support additional child care providers, focusing on those who serve immigrant and refugee children.

Given the large gaps in the quality of early education across the city for all children, the 2014 Proposed Budget also includes funding for a plan to achieve universal prekindergarten education in Seattle. This analysis will identify costs and the most effective best practices for investing in universal prekindergarten education. In addition, the Budget also funds the Read and Rise program to engage some of Seattle's most at-risk families and communities to support literacy development and narrow the achievement gap in children pre-kindergarten through third grade. Improvements to early education participation and outcomes will empower children to succeed in school and in life.

Investments to Strengthen the Vitality of Seattle's Diverse Neighborhoods

Thriving neighborhoods are important to Seattle's success. The 2014 Proposed Budget demonstrates Mayor McGinn's commitment to shared prosperity among Seattle neighborhoods by making a number of key investments, including:

- Increasing funding for the Neighborhood Matching Fund
- Enhancing downtown traffic flow
- Supporting neighborhoods surrounding the Duwamish River
- Investing in Seattle's historic entertainment facilities
- Promoting coordination with neighborhoods during major construction projects

Increasing Funding for the Neighborhood Matching Fund: The Neighborhoods Matching Fund (NMF) program empowers residents to make positive contributions to their communities. The NMF is an important resource providing grants to neighborhood organizations wishing to initiate planning, organizing, and/or physical improvement projects. The 2014 Proposed Budget adds \$500,000 to the Neighborhood Matching Fund (NMF), bringing total available grant resources to pre-recession levels.

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The 2014 Proposed Budget invests \$4.1 million in Intelligent Transportation Systems to improve traffic flow downtown.

Enhancing Downtown Traffic Flow: Downtown serves as Seattle’s commercial, retail, and employment hub. It is also the site of a number of major construction projects, including the Elliott Bay seawall replacement project, the State Route 99 tunnel construction, and the waterfront redevelopment project. To improve traffic flows through downtown during these construction projects, the 2014 Proposed Budget invests more than \$4.1 million in Intelligent Transportation Systems, which utilize electronic communications technologies, such as sensors, cameras and electronic signs, to increase the efficiency of traffic flows. For example, the Seattle Department of Transportation will install new sensors and cameras on north/south streets in the Central Business District, including Alaskan Way and First, Second, Fourth, and Fifth Avenues, and on key east-west streets, including James, Spring, University, Howell, and Marion streets. Information from these sensors will allow the City’s signal control system to adapt to real-time traffic. In addition, four dynamic message signs will allow travelers to make informed decisions about their travel routes, based on travel time before they enter the area.

Supporting Neighborhoods Surrounding the Duwamish River: As Seattle and other jurisdictions embark on the clean-up of the Duwamish River, the City of Seattle intends to help ensure the vitality and economic health of surrounding neighborhoods. The 2014 Proposed Budget creates a \$250,000 reserve to create a Duwamish River Opportunity Fund. The opportunity fund will enhance existing programs and/or support new programs focused on addressing challenges faced by communities in the Duwamish River area. Supported programs may be run by the City or through partnership with other jurisdictions and community organizations. The community recently identified the need for assistance for a broad set of challenges including environmental, economic and health issues. This opportunity fund is one component of a broader City, King County, and Port of Seattle effort to improve the quality of life and restore the health of Duwamish River communities. The City will work with the community to establish the specific process and criteria for the disbursement of these funds in early 2014.

Investing in Seattle’s Historic Entertainment Facilities: Entertainment facilities are often the heart of a neighborhood, providing local residents, as well as neighbors from other parts of the City, a place to recreate. Mayor

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The 2014 Proposed Budget increases SDOT funding by 27% relative to the 2013 Adopted Budget.

McGinn allocates more than \$455,000 to three historic entertainment facilities:

- The Moore Theater
- The Egyptian Theater
- Washington Hall

The City funds will help these facilities address their significant maintenance and repair issues, preserving their place in the community.

Promoting Coordination with Neighborhoods during Major Construction

Projects: The City has a number of major construction projects underway throughout the city, including the Mercer corridor, the First Hill streetcar, the Alaskan Way Viaduct/Elliott Bay Seawall project, and the 23rd Avenue corridor. The 2014 Proposed Budget adds funding to the Department of Neighborhoods to hire a capital projects coordinator to assist departments in performing effective outreach for large City capital projects. Too often, community outreach is not sufficiently effective, resulting in a negative community response to a capital project. The new capital coordinator position will improve the City's outreach by identifying projects with significant community impacts and developing neighborhood-specific outreach plans before the project starts. In addition, the capital coordinator will ensure that residents get timely, accurate responses to their comments, concerns and questions. Residents can have difficulty getting responses from City employees whose primary focus is running the capital project rather than its effects on the community. The coordinator will act as the main point of contact for residents who reach out to the City about capital projects in their neighborhoods.

Investments to Maintain and Grow the City's Transportation Infrastructure

To continue fostering Seattle's success as a thriving and growing metropolitan area, the City must invest in its transportation infrastructure – to both maintain existing systems and expand transportation options to meet evolving needs. The 2014 Proposed Budget demonstrates Mayor McGinn's commitment to the City's transportation system, providing \$407.2 million, including \$40.4 million from the General Fund, for transportation purposes – a 4 percent increase relative to the 2014 Endorsed Budget and a 27 percent increase relative to the 2013 Adopted Budget. The Budget allocates funds to neighborhoods throughout Seattle, supporting multiple modes of transport, including

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walking, biking, driving, freight, and transit. Some of the programmatic areas benefiting from increased funding in 2014 include:

- Road, bridge and signal maintenance
- Pedestrian and bicycle improvements
- Transit
- Multi-modal improvements to the 23rd Avenue corridor

The investments described below are over and above the \$7.1 million school zone and the \$4.1 million Intelligent Transportation Systems investments previously mentioned.

Prioritizing Investments in Road, Bridge and Signal Maintenance: For decades, Seattle deferred maintenance of its aging transportation infrastructure due to funding constraints. Spending on road maintenance has increased 37 percent since Mayor McGinn took office in 2010. The 2014 Proposed Budget allocates \$37.1 million to road maintenance – a \$2.2 million increase from the 2014 Endorsed Budget. The additional funding supports the following activities:

The 2014 Proposed Budget dedicates \$37.1 million to road maintenance, up 37% from 2010.

- **Investing \$1 million to repair approximately two lane miles of the City's arterial roadways.** The Seattle Department of Transportation (SDOT) will select projects based on pavement condition; cost; transit, bicycle, pedestrian and freight use; traffic volume; coordination opportunities; and geographic balance across the city. The 2014 Proposed Budget increase builds on a \$1 million increase for arterial road maintenance already included in the 2014 Endorsed Budget, together representing a 34 percent increase from the amount in the 2013 Adopted Budget.
- **Designing and installing traffic calming devices on approximately 10 blocks of neighborhood streets.** These improvements, costing \$100,000, will help to achieve 20 miles-per-hour speed limits on residential streets near parks, schools, libraries, senior housing, neighborhood business centers, and walking routes to transit. This represents a 25 percent increase in funding from both the 2013 Adopted and 2014 Endorsed budgets.
- **Restoring approximately one mile of the city's non-arterial streets.** Seattle has 2,412 lane-miles of non-arterial streets. This \$1 million investment in the 2014 Proposed Budget builds on a \$1.1 million increase already included in the 2014 Endorsed Budget, together representing a 121 percent increase in funding from the 2013 Adopted Budget.
- **Developing small-scale capital improvements at four or five street ends annually during 2014 and 2015.** Improvements may include stairs,

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The 2014 Proposed Budget provides an additional \$921,000 to more proactively maintain traffic signals.

benches, seating, viewing platforms, plantings or landscaping, and habitat enhancements.

The City fully maintains and operates 122 bridges throughout Seattle. The 2014 Proposed Budget provides more than \$13 million to maintain these bridges, a \$500,000 increase from the 2014 Endorsed budget. The additional funds for 2014 allows SDOT to begin conceptual design work necessary to rehabilitate or replace up to four of the City's most structurally deficient bridges. Doing this work now will better position SDOT to obtain grants to complete the work and potentially include some costs in the next Bridging the Gap Levy.

The 2014 Proposed Budget also allocates an additional \$921,000 to more proactively maintain and improve the City's traffic signal system. The signal system, especially in the downtown core, was last upgraded in 1985 and has many technological limitations, some of which were highlighted in a 2013 efficiency analysis commissioned jointly by the City Council, the City Budget Office and SDOT. The efficiency analysis noted that SDOT should be retiming its signals more frequently, but that long-standing resource deficiencies limited its ability to do so, resulting in increased congestion and longer travel times. The new 2014 investments, which augment \$7.1 million already in SDOT's signal maintenance budget, will allow SDOT to:

- Reduce the preventative maintenance cycle from once a year to once every six months for traffic signals, Intelligent Transportation Systems (ITS) devices, and the communication system supporting the ITS network.
- Replace the oldest and most vulnerable traffic signals and install pedestrian countdown signals at new locations.
- Re-time approximately 40 additional traffic signals annually, with priority given to arterials with the oldest timing and highest traffic congestion.
- Install railroad crossing improvements at the intersection of Clay Street and Alaskan Way to maintain the quiet zone along the waterfront. This funding augments \$786,000 already included in the 2014 Endorsed Capital Improvement Program for this project.

Investing in Infrastructure that Supports Walking and Biking: Walking and bicycling are increasingly popular modes of transportation in Seattle. The 2010 census showed a 105 percent increase in the number of people biking to work as compared to 2000. There was a 25 percent increase in the number of people walking and an 11 percent increase in transit use over the same time period,

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The 2014 Proposed Budget increases support for multi-modal improvements to the 23rd Avenue corridor.

while the number of people driving to work decreased by 2 percent. Recognizing the increasing importance of alternative modes of transportation, the Proposed Budget prioritizes the following investments for 2014:

- \$2.5 million for new sidewalks on Aurora Avenue North and other locations throughout the city,
- \$1 million for sidewalk repair and curb ramp installations.
- \$2.4 million for a new bicycle greenway parallel to the 23rd Avenue corridor.
- \$500,000 for improved pedestrian and bicycle facilities near the Northgate light rail station.
- \$350,000 for stairway rehabilitation and a new pedestrian crossing near the Montlake light rail station.

Promoting Additional Transit Alternatives: Recognizing that more people rely on transit to travel through the city, Mayor McGinn allocates an additional \$3.2 million to improve the city's transit network in the 2014 Proposed Budget, including:

- Preliminary engineering and environmental analysis for bus rapid transit on Madison Street.
- Station area planning and study of various pedestrian, bicycle, and transit connections across the Lake Washington Ship Canal near Ballard.
- Final design for the Center City Connector project, linking the First Hill and South Lake Union streetcars through downtown.

Supporting Multi-Modal Improvements to the 23rd Avenue Corridor: The 2014 Proposed Budget allocates \$2.9 million of Real Estate Excise Tax and state grant funding to support improvements to the 23rd Avenue Corridor. This investment supplements an additional \$13.8 million in other funding sources supporting the project. A vital multi-modal corridor, 23rd Avenue connects much of southeast and central Seattle with Capitol Hill, the University District, and other northeast Seattle neighborhoods. In response to community feedback, SDOT will change the street from four lanes to three lanes between East John Street and Rainier Avenue South and develop a parallel greenway route for bicyclists.

The three-lane design allows for substantial pedestrian improvements by reconstructing sidewalks and reducing the curb-to-curb width by eight feet in most places. It also allows SDOT to adjust the traffic lanes to conform to lane-width standards, as opposed to the narrow lanes existing today. SDOT will reconstruct pavement and upgrade signals to meet transit signal priority needs and accommodate ITS features, such as travel time information. SDOT

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will also install poles for future trolley wires to close two gap segments of the trolley network, thereby advancing Route 48 transit electrification development in the corridor. Trolley buses reduce greenhouse gas emissions and provide a quieter, more neighborhood-friendly service. Work on the project began in April 2013, with completion slated for the end of 2016.

Investments to Improve the Efficiency and Effectiveness of City Government

Mayor McGinn has made investments to improve the efficiency and effectiveness of City government a priority in his three previous budget proposals. The 2014 Proposed Budget is no exception, allocating resources to:

- Enhance the City's customer service functions
- Further "Green" the City's fleet
- Promote gender equity in the City's workforce
- Evaluate programs to assess effectiveness
- Invest in the City's critical business technology infrastructure

The 2014 Proposed Budget adds staff to improve customer service.

Enhancing the City's Customer Service Functions: The 2014 Proposed Budget enhances the City's in-person and telephone customer service capabilities. In mid-2013, the Department of Finance and Administrative Services (FAS) converted newly vacant space in the lobby of the Seattle Municipal Tower in downtown Seattle into a drop-in customer service center where people doing business with the City can pay their taxes, purchase a license, and obtain information about City services. In its first months of operation, the customer service center processed 1,400 transactions. FAS received positive feedback from customers noting how easy it is to visit and use the center. Currently, FAS staffs the customer service center with existing staff resources. The 2014 Proposed Budget provides FAS with additional staff to further support the new customer service center. The 2014 Proposed Budget also provides FAS with additional staff resources to handle calls it receives on the City's Information and Complaint telephone line. The volume of calls has increased by 69 percent since 2010, generating a need for additional staff to ensure that 80 percent of the calls are answered within 60 seconds.

Further "Greening" of the City's Fleet: For more than two decades, the City of Seattle has been at the forefront of green fleet management practices. The 2014 Proposed Budget continues this tradition by investing resources to help the City of Seattle cut its annual use of petroleum-based fuels by 1 million gallons by 2020. Specifically, the Budget allocates resources to allow FAS to:

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- Update the Green Fleet Action Plan;
- Purchase alternative fuel vehicles;
- Design an alternative fueling infrastructure plan for electric vehicle charging stations;
- Prepare existing storage tanks for the transition to biodiesel; and
- Install and use in-vehicle technologies to track vehicle usage data and identify potential efficiencies.

In addition, in 2014 the Seattle Police Department will replace 18 gas-powered parking enforcement vehicles with all-electric vehicles.

Promoting Gender Equity in the City’s Work Force: The City of Seattle is committed to gender equity in the workplace. A recent report from the National Partnership for Women and Families (NPWF) ranked Seattle as having the widest gender wage gap among the nation’s 50 largest metropolitan areas, highlighting the fact that much work remains. In response to this report, Mayor McGinn directed a review of the City’s salary structure to determine if the salaries of City employees contributed to gender-based pay difference in the local metropolitan area. Key findings from this initial review include:

- Two-thirds of the City work force is male.
- Men are employed more often in higher paid job classifications.
- Men and women in the same job titles earn approximately the same; however, the City’s female employees are paid 9.5 percent less, on average, than men because women are employed more often in lower-paid job classifications.

Mayor McGinn also convened the Gender Equity Task Force to develop recommendations for how the City can eliminate the gender pay gap. The task force will issue its short-term recommendations in September 2013 and long-term recommendations by the end of 2013. By January 2014, the City will identify an implementation plan, including next steps for a Gender Justice Initiative. To cover implementation costs, including correcting salary inequities, the 2014 Proposed Budget establishes a \$1.5 million reserve.

Evaluating Programs to Assess Effectiveness: Mayor McGinn is committed to strong performance management practices. Since 2011, the Mayor has posted on the Internet for public view his [performance expectation agreements](#) with individual City departments. As the City continues to place a greater emphasis on strong program design and evaluation as it attempts to meet the growing need for services with its limited resources, the 2014 Proposed Budget provides resources for the City Budget Office (CBO) to

The 2014 Proposed Budget establishes a \$1.5 million reserve to address gender salary inequities.

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The 2014
Proposed
Budget invests
in the City's
business
technology
infrastructure.

hire staff with in-depth experience in program design and evaluation to serve as a Citywide resource for program evaluation and outcomes measurement. Under the leadership of this new position, CBO will develop a training program to help develop this expertise among staff in departments who develop new programs and manage existing ones. These new resources will allow the City to develop standard approaches and policies on program design and evaluation, leading to more consistent, robust and thoughtful program evaluations with the ultimate goal of integrating this into all aspects of the budget development process.

Investing in the City's Critical Business Technology Infrastructure: The 2014 Proposed Budget allocates funding to support on-going work to upgrade the City's aging technology infrastructure, including:

- the accounting system
- the budget system
- the data center

The Department of Finance and Administrative Services (FAS) continues its work to improve financial reporting and access to information for decision-makers with the Citywide Financial Management and Accountability Program (FinMAP). FinMAP is a multi-year effort that is seeking to establish Citywide standards for the use of the City's main financial system (Summit) by departments and provide better financial management and accountability for the City. In conjunction with FinMAP, in 2013, FAS started the process to upgrade Summit. In 2014, project staff will work with departments on creating standards for use in the new financial system. A mixture of FAS fund balance and general obligation bonds funds the project in the 2014 Proposed Capital Improvement Program.

In 2013, the City Budget Office (CBO) and the Legislative Department began an effort to redesign the budget development process. The goal is to streamline processes, replace outdated software systems with a consolidated system, and ultimately improve the accuracy and transparency of information available to decision-makers and the public. The 2014 Proposed Budget includes funding to allow CBO, in collaboration with Council central staff, to purchase software and work with a consultant to redefine City business processes, and configure and implement software to best meet the City's business needs. CBO plans to phase in the new software over the development of the 2016 and 2017 budgets, including integration with the City finance system.

Finally, the Budget includes resources for the City to continue its efforts to develop the next generation data center. This effort began in 2012 following

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an electrical system problem with the City's primary data center in the Seattle Municipal Tower. The electrical problem highlighted the need to identify a different data center approach with an emphasis on integration, redundancy, and reliability. The new approach for the data center will:

- Use two locations to maximize data recovery capabilities in the event of an emergency.
- Locate the new data centers in existing facilities rather than building a new facility, reducing up-front costs and allowing for a faster move-in.
- Adopt guiding principles for how departments will share network services, storage, management services, and space in the new facilities.

In 2014, the City will begin detailed design work; start purchasing equipment, test and pilot systems; and choose the final locations. The City's three-year timeline calls for completing the project in 2015.

The outlook for the 2014 budget is the most positive in five years.

Looking Ahead

While the budget outlook for 2014 is positive as compared to the last five years, the City's long-term revenue trends remain subdued as compared to other post-recessionary periods. The 2014 revenue growth rates are supported by one-time boosts in the growth rate of property taxes that will temper to the more normal 1 percent plus new construction growth rate for 2015 and beyond. Thus, the General Fund's annual revenue growth will moderate to 2.6 percent and 3.6 percent respectively in 2015 and 2016. As a result, the City is not expected to enjoy the same level of budget expansion in the next biennium as is the case for the 2014 Proposed Budget. While the current forecasts suggest that the 2015 and 2016 budgets are in balance within a percent or so, swings in the economic outlook – good or bad – could adjust this outlook, creating opportunities for further expansion if good or necessitating reductions if bad. The most immediate economic concern centers on the federal budget and debt ceiling debates that will unfold in Washington, D.C., this fall. The overall outlook suggests the need for continued diligence as the City meets existing and emerging needs with its limited resources. The City weathered the fiscal turmoil of the Great Recession relatively well, putting in place a number of budget and financial management practices that should better position it in the years to come. However, it is clear that the revenue growth trends of the past are not likely to return in the near future, meaning that the City still needs to carefully manage how it allocates its limited resources to meet needs of Seattle residents, being sure to invest for rainy days.