

## 2017-2018 Proposed Budget Executive Summary

The City of Seattle's 2017-2018 Proposed Budget totals approximately \$5.6 billion per year, including more than \$1.2 billion of General Fund spending per year. General Fund revenues are projected to increase at an average annual rate of 3.5% over the biennium. This increase reflects both the impacts of the healthy local economy, and modest tax and fee increases approved by the City Council in 2016. These additional resources will allow the City to meet the increased costs associated with providing the existing level of municipal services, while at the same time expanding services in a number of areas to help meet the demands of our rapidly growing city.

Mayor Murray's proposed budget increases staffing for basic public safety activities, including both police and fire, while at the same time investing in core functions such as the recreational services offered by the Department of Parks and Recreation (DPR), the transportation infrastructure managed by the Seattle Department of Transportation (SDOT) and permitting processes overseen by the Seattle Department of Construction and Inspections. In addition, the Mayor has proposed increasing investments in areas to help ensure more of Seattle's residents share in the economic vitality of this region. Equity and shared prosperity has been a hallmark of Mayor Murray's administration and the proposed budget reflects a continued commitment to this principle. In particular, the proposed budget increases support for the newly independent Office of Labor Standards, provides funding for the City's Equitable Development Initiative, increases access to the City's community centers and expands support for youth employment.

In developing the proposed budget, the Mayor has also maintained and enhanced his commitment to good governance and ensuring that Seattle government is both more efficient and more effective in delivering basic municipal services. Consistent with this commitment, the proposed budget continues with the work of consolidating the City's information technology functions, standardizing human resource policies, enhancing the measurement and monitoring of department performance, increasing accountability and oversight of the City's human services contracts, better coordinating the City's infrastructure investments to support development and growth, and implementing a new accounting system to ensure consistent and transparent financial practices.

Details of these and other proposals are provided below, following a brief overview of the local economy and City revenues.

### General Fund Budget Outlook

While the General Fund revenue projections for 2016 anticipated continued growth in the Seattle area economy, the pace of that growth has outpaced that forecast. As recently as April 2016, the General Fund revenues for 2016 were projected to grow by 3.2% relative to 2015. The revised forecast, which underlies the proposed budget, projects a growth rate of 7.0% for 2016. Looking forward to 2017 and 2018, revenue growth is expected to moderate some, but still maintain an annual average increase of 3.5% over the next two years. As noted above, this growth reflects both the continued strength of the local economy and the impacts of recently approved tax increases for Business & Occupation and Solid Waste as well as increased business license fees coming into effect during 2016, 2017, and 2018. If the

## Proposed Executive Summary

increase associated with the new revenue sources is removed, the underlying growth attributable to forecast economic conditions is about 2.8% per year.

Construction activity remains a key driver of this growth. Revenues from the sales tax on construction labor and materials and the business and occupation taxes paid by businesses in the construction sector continue to grow. Construction now represents a historically large percentage of General Fund revenues. While this represents good news in the short term, it also creates risk in the long term. Reviewing the history of our local economy, it is clear Seattle cannot sustain this level of construction activity forever. When the sector cools, revenues will fall. The current revenue forecast assumes that 2016 will be the peak year for construction activity and anticipates a gradual slowing over 2017 and 2018. If a sharper decline occurs, revenues could fall substantially and spending reductions relative to the proposed budget would become necessary. In this context, the proposed budget makes some investments in ongoing programs, but seeks to invest some of the new General Fund resources in one-time expenditures to address current needs, but not create future obligations.

The national economy is now in its eighth year of recovery, and there are no immediate indications that a downturn is in the offing. National forecasters anticipate continued growth through 2018, but have identified the slowing Chinese economy and continued economic turmoil in Europe as potential risks. Barring a significant impact from such factors, the strength of the national economy will help support continued growth locally. While the pace of local economic growth is expected to slow, this simply reflects the fact that the current expansion has been so rapid that it is unlikely to continue at the current pace. In addition to the projected cooling off in the construction sector, job creation in the technology sector is expected to slow and Boeing is planning to reduce employment in the aerospace sector.

The relatively strong performance of General Fund revenue is also reflected in real estate excise taxes (REET), which are collected as a 0.5% tax on the sale of real property. These revenues are deposited into the Cumulative Reserve Fund, not the General Fund. REET revenues support many of the same functions that General Fund revenues support, including transportation, parks and libraries. The difference being General Fund revenues are used for operational budgets and REET revenue must be used for capital purposes. By policy a significant share of the funds are dedicated to asset preservation, which generally involves major maintenance investment in existing facilities. The strength of the local real estate market, as reflected both in the escalating prices and the volume of transactions, has contributed to a large increase in REET revenues. The forecast for 2016 is now \$65 million, up from \$56 million projected in April 2016. For 2017 and 2018, the forecast projects revenues of \$66 million and \$68 million, respectively. The proposed budget allocates these resources to a number of pressing capital needs, including construction of the Lander Street overpass, restoration of the Seattle Asian Art Museum and expansion of athletic field capacity.

### Maintaining Appropriate Financial Reserves

While the proposed budget does include spending increases, it continues to take a prudent approach toward planning for unforeseen circumstances by also contributing to the City's financial reserves. The

## Proposed Executive Summary

City maintains two separate reserves to help address potential financial stresses on the General Fund: the Revenue Stabilization Account, and the Emergency Subfund.

The Revenue Stabilization Account, better known as the Rainy Day Fund, buffers the General Fund from unanticipated shortfalls in revenue. A healthy Rainy Day Fund is an essential tool in creating financial stability for the City. It allows the City to preserve services in times of an unexpected revenue contraction, and helps protect the City's high bond rating, which in turn keeps the City's borrowing costs low. By adopted policy, 0.5% of General Fund tax revenues are directed into the fund each year, until it reaches a maximum amount. This maximum is set at 5% of these same revenues. In 2016, a relatively small contribution was needed to maintain the balance of the Revenue Stabilization Account at 5% of General Fund tax revenues. With continued growth in General Fund tax revenues, additional contributions of \$4.6 million are planned over the next years to maintain the balance at 5% of these revenues. This will generate a balance of \$52.1 million by 2018.

The City's other large reserve, the Emergency Subfund (ESF), protects the General Fund from the risks of significant and unanticipated expenditures, such as recovery from a major natural disaster. The City's current financial policies call for the ESF to be maintained at the maximum level allowed by state law. This statutory limit is linked to the assessed value of all property in the City. In particular, the City can maintain the equivalent of up to 37.5 cents per \$1,000 of assessed property values in the ESF. This translated into a balance of nearly \$60 million for 2016. Given the rapid escalation in local property values, the balance in the ESF has grown by more than 35% over the past five years.

Looking forward, contributions of \$13.7 million would have been needed over the biennium to maintain the ESF at the maximum allowed by state law, as property values are projected to increase by an additional 19.4% over the next two years. While perhaps good news from an economic standpoint, increasing property values do not translate into a proportional increase in City property tax revenues. To the contrary, state law limits the growth of property tax revenues to 1% plus the value of new construction. In this context and recognizing that the State of Emergency declared in response to the homelessness crisis has created the need for additional resources to be directed toward related social services, the Mayor's proposed budget includes a proposal to modify the existing financial policies for the ESF. The proposal would require that the City maintain a minimum balance of \$60 million, essentially the current level, and further require that purchasing power of this balance be maintained by increasing this minimum required balance at the rate of inflation. This implies that the ESF would continue to grow, but at somewhat lower rate than under existing policies. This proposal strikes a balance between ensuring resources will be available to address unanticipated expenditures and making resources available to address current needs. Consistent with this new proposal, the proposed budget will increase the ESF balance by approximately 5% (\$3 million) over the biennium, the cumulative rate of inflation forecast for next two years. This will result in a balance of \$63.2 million by 2018. Between the two funds, the City will have General Fund reserves of more than \$115.3 million by the end of the 2017-2018 biennium.

# Proposed Executive Summary

## Investing in Public Safety

Public safety, as provided most directly by the Seattle Fire Department (SFD) and the Seattle Police Department (SPD), is perhaps the most fundamental service the City offers. While staffing levels for these two departments have remained relatively stable in recent years, the rapid growth of Seattle's population has had a large impact on the demand for both police and fire services. The Mayor's proposed budget responds to these pressures by increasing investment in both SFD and SPD.

With regard to SFD, significant funding (\$2.4 million) is allocated to expand the department's recruitment efforts in 2017. This will not result in an increase in the number of firefighters on duty at any given time, but with a larger force available to meet the department's staffing needs, less overtime will be demanded of each individual firefighter. Current work levels are not sustainable and some relief is needed. In addition, the proposed budget provides the funding needed to put a new aid car into service in 2018. The volume of aid calls continues to increase, particularly in the downtown core, and this additional resource will help improve responsiveness. This proposal is innovative in that the aid car will be deployed on a 12-hour basis, rather than as a 24-hour resource. This provides a cost-effective way to match the increased demand for services that is seen during daytime and early evening. Investments in SFD are not limited to emergency response, but also extend to fire prevention, which is the responsibility of the Fire Marshall's Office (FMO). The proposed budget calls for increasing the staff of fire prevention inspectors and replacing a long-outdated permit and inspection tracking system to ensure more effective and efficient fire prevention efforts. Much of the cost associated with these service enhancements will be offset by increases in the fees charged for reviewing building plans and conducting fire inspections.

The proposed additions to SPD include a comparable mix of staffing increases and information technology (IT) investments. Consistent with the Mayor's commitment to increasing the police force by 200 officers, relative to 2013 levels, the proposed budget has sufficient funding to add an additional 72 officers over the biennium. Hiring will continue in 2019 and 2020 to achieve the final goal of 200 new officers. Funding is also provided to increase staffing at the 911 call center. The additional staff will improve responsiveness and reduce the current reliance on overtime. These staffing additions will complement physical and IT upgrades that are now underway at the call center. Earlier this year, the Mayor proposed and the Council approved, two revenue increases to help offset the cost of the additional officers and the new call center staff. Over the next two years, the City's business and occupation tax rates will be increased by just over 3%, and the fees charged for a City business license will also be increased. When fully implemented, these changes will generate roughly \$14 million in additional General Fund revenue per year.

Information technology upgrades to support SPD officers are also a major component of the proposed budget. Resources are provided to complete the development and deployment of the Data Analysis Platform (DAP), which will allow the department to better track officer performance, as required under the Department of Justice Settlement Agreement. Additional IT investments are proposed to support deployment of body-worn cameras to all patrol officers. Funding for the required hardware was provided in 2016, but additional funding will be needed to address ongoing support and required data

## **Proposed Executive Summary**

storage. In addition, new staff will be needed in the future to address the increased volume of video that will be available for judicial proceedings. Resources are also allocated to technology upgrades to help improve the efficiency and effectiveness of the existing force. The Records Management System (RMS) that officers now use to complete required reports is not user friendly, inefficient with officers' time and produces data that is not conducive to analysis and review. Funding is provided to fully replace the existing technology and train officers how to operate the new system. Resources are also made available for implementation of a scheduling and timekeeping system to allow for better management of staff resources and overtime. Finally, SPD will use grant resources to deploy another innovative technology – an acoustic gun locator system (AGLS) – on a pilot basis to determine its potential effectiveness in improving enforcement and reducing crime.

### **Homelessness – Transition to a New Approach**

Providing food and shelter to those most in need is a responsibility that the City of Seattle has stepped up to as state and national government agencies have fallen short of their basic duties. Last year, in response to the homelessness crisis that is manifest throughout Seattle, the Mayor declared a civil State of Emergency (SOE) and more than \$7 million was allocated as a one-time response to the crisis. In recognition that the crisis has not abated and demand for services remains, the proposed budget increases the overall funding for homelessness services.

However, beginning in 2017 and continuing in 2018 and beyond, the Mayor has proposed a transition toward a different approach to providing services to the homeless. Over the past year, the administration has worked with national experts to review the region's existing approach to providing these services, and received strong and compelling recommendations that only a shift in focus can provide a path to a long-run solution to the crisis of homelessness. Accordingly, the proposed budget reflects a commitment to a new plan, entitled Pathways Home.

The goal and proposed outcomes of the Pathways Home plan are focused on:

- creating a person-centered systemic response to homelessness that is based on the principles of housing first and progressive engagement and that prioritizes households experiencing literal homelessness;
- investing in models demonstrating success in exits to permanent housing, using competitive funding processes, performance-based contracting and data driven decision making;
- addressing racial disparities using results-based accountability and analysis of outcomes by race;
- improving investment alignment within the City of Seattle and also with external partners;
- improving HSD procedures to result in routine, competitive funding processes that are focused on outcomes-driven and performance-based contracts; and
- investing in data and evaluation capacity that is necessary to support systemic transformation.

## Proposed Executive Summary

In response to the recommendations, the 2017-2018 Proposed Budget for homelessness investments is focused around four areas:

1. commitment to families living unsheltered;
2. continuing SOE best practices, and investing in new best practices such as the Navigation Center;
3. investing in capacity to support system transformation; and
4. maintaining stability in shelter and encampments through system transition.

The 2017-2018 Proposed Budget includes almost \$1 million in investments that will help to create capacity to house the families living unsheltered on the waitlist for homelessness services. These investments include diversion and rapid rehousing funding, as well as funding for motel vouchers for families. The proposed budget also includes a \$200,000 investment in Domestic Violence and Sexual Assault (DVSA) housing-first programs.

The 2017-2018 Proposed Budget also includes \$5 million to continue best practices, initially funded as part of the State of Emergency, as well as investments in new best practices. The continuing SOE investments include funding for rapid rehousing and diversion for single adults, outreach to unsheltered individuals and families, youth case management, and mobile medical van services. The new investments include funding to convert an existing shelter to a 24-hour model and funding for a new Navigation Center.

In addition to these specific investments, an additional reserve has been set aside to address emerging needs in regard to homeless services. The Mayor and City Council are currently engaged in efforts to modify encampment cleanup protocols and examine options to provide safe alternatives to camping in public spaces, additional services and supports for people living unsheltered. A task force has been convened to develop potential recommendations and the 2017-2018 Proposed Budget includes \$2.8 million to improve coordination and outreach; increase safe sleeping locations, shelter and housing options; address public health and safety issues and the storage of belongings. . Additional resources will also be made available for both Seattle Public Utilities and the Department of Finance and Administrative Services to expand clean-up services in areas affected by unsanctioned encampments. The cost of these services will be partially offset by an increase in the tax on solid waste utility services, which was approved by the Council in 2016.

Furthermore, in order to support system transformation with regard to the City's approach toward homelessness services, the proposed budget includes \$1 million in investments for staffing and data capacity, enhancing the Coordinated Entry System and standing up the Housing Resource Center. Implementation will require HSD to make significant changes to their current business practices around homelessness investments.

These investments in a new approach toward homelessness will be complemented by the increased investments in affordable housing, made possible by renewal of the Seattle Housing Levy. On August 2, 2016, Seattle voters approved this new seven-year, \$290 million housing levy to produce affordable housing for seniors, people with disabilities, low-wage workers and people experiencing homelessness.

## Proposed Executive Summary

During the 2017-2018 biennium, the Office of Housing will begin to deploy these new resources to develop more low-income housing opportunities.

### Opportunity for All

The vibrant local economy has provided opportunity to many, but the growth has also been uneven. While many individuals have prospered and many communities have benefited from growth, others have not found opportunity and some neighborhoods are struggling to deal with the displacement and gentrification associated with the City's rapid growth. The Mayor's proposed budget takes on these challenges in a number of ways.

Looking forward, the Mayor recognizes that providing better opportunities for Seattle's youth is essential to broadening the base of those who are able to participate in Seattle's prosperity. With this in mind, the Mayor convened a Youth Opportunity Summit in 2015. The summit focused most specifically on improving outcomes for young men of color. As an outcome of the summit, the City has committed to three related national initiatives including: President Obama's My Brother's Keeper, Cities United, and the National Forum on Youth Violence Prevention. The Mayor's Youth Opportunity Initiative builds on this work, and is focused on five pillars, including education, employment, free of criminal justice, health, and positive connections to community. To support this work, the 2017-2018 Proposed Budget includes \$400,000 to expand the Career Bridge program, which provides a pathway to success through job training and life skills for individuals, including young adults, who are reentering our community after a period of incarceration. In addition, the proposed budget completes the City's commitment of \$150,000 of existing resources to expand a successful mentoring program, which in partnership with the Seattle School District provides support to middle-school students. Youth employment is another element of the Mayor's Youth Employment Initiative and nearly \$600,000 is provided to the Office of Economic Development to replace one-time grant funds and continue a program that increased the number of employment opportunities for youth in 2016, and to add a new staff position to ensure better coordination with the private sector. The skills learned during this first exposure to the workplace should improve access to future employment.

Building upon the Youth Opportunity Summit, in 2016, the Mayor held two major events--Community Conversations and the Education Summit--to bring Seattle together to address the disparities in the school district that often leave ethnic minority and low-income students behind in academic achievement. The proposed budget provides \$1 million to begin implementing several preliminary recommendations including increasing the number of high-quality Summer Learning slots for students and piloting a high school investment modelled on the Families and Education Levy middle school innovation program that has significantly improved students' academic achievement.

The proposed budget also adds funding to provide for an expansion of the Parent-Child Home Program to improve literacy education for young children. The Parent-Child Home Program is an evidence-based, two-year home-visitation literacy program for two- and three-year-old children. A recent study of the Seattle PCHP program shows that participation leads to better preparation for kindergarten and higher

## Proposed Executive Summary

reading and math scores in the third grade for participating children compared to their non-participating peers

While access to jobs and improved education outcomes are essential elements of providing a path to opportunity, they are not sufficient. The rights of those who work in all different sectors must be established and protected. To this end, the Mayor's proposed budget moves the existing Office of Labor Standards (OLS) from within the Office for Civil Rights and establishes it as an independent office. At the same time, the budget expands OLS staffing from nine to 22. These staff will have responsibility for enforcing four City-enacted labor standards laws: minimum wage, wage theft, paid sick and safe time, secure scheduling, and the fair chance employment ordinance. OLS will also be responsible for other labor standards the City may enact in the future.

Internal to the City, the focus on improved access to opportunity has manifested as a strong commitment to workplace equity, with the goal of addressing both gender- and race-based workplace inequities. The Seattle Department of Human Resources (SDHR) has developed a Workplace Equity Action Plan that calls for increased training, a more standardized approach to employee performance evaluations and expanded leave benefits for employees to care for children and other family members. The Mayor's proposed budget provides the resources needed to begin implementation of this plan and calls for expanding SDHR's staff in support of this work.

Seattle's economic prosperity has also had uneven impacts on neighborhoods throughout the City. Many have been transformed for the positive by increased density and the vitality that it has brought. Others have struggled to attract the investment they seek, and some are dealing with the impacts of displacement as rising property values and rapid redevelopment have squeezed out long-time residents and businesses. In 2016, the City established the Office of Planning and Community Development (OPCD) to help the City better navigate this landscape and work with communities to plan and adapt to growth. The Mayor's proposed budget builds on this commitment with a specific focus on supporting the City's Equitable Development Initiative, which is designed to help existing residents and businesses enjoy the benefits of development, rather than being displaced by it.

In support of the Initiative, the 2017-2018 Proposed Budget increases OPCD's capacity building capability through the creation of a real estate advisor position. This position will provide implementation expertise for specific community-driven projects that may involve financial and legal negotiations with multiple local and regional stakeholders. To help leverage outside investments, the proposed budget also includes \$200,000 in both 2017 and 2018 to support additional equitable development related projects and initiatives. In 2017, the City's first equitable development project will be the redevelopment of the former Fire Station 39 site in Lake City. The proposed budget also includes \$430,000 of Community Development Block Grant (CDBG) funding in 2018 to replicate this successful public-private partnership model. OPCD will work with communities to determine how to best allocate this funding to leverage other funding sources and increase community capacity to advance projects and initiatives.

At the same time, the Office of Economic Development (OED) will expand its work with neighborhood business groups to increase their capacity and ability to form supportive networks that can assist existing businesses and attract new ones. In particular, the proposed budget adds a new position



## **Proposed Executive Summary**

dedicated to the Business Improvement Areas (BIAs) that have been formed and are forming across the city. This position will enable OED to accelerate the development of new BIAs, and improve the functionality of the City's existing BIAs.

The work of OPCD, OED and many other departments relies on successful engagement with Seattle's residents and business owners. Effective outreach is essential for the City to gather public input, and due to cultural barriers, limited time and other pressing priorities, many residents and business owners have not had their voices heard. Through Executive Order 2016-06, the Mayor tasked the Department of Neighborhoods (DON) with leading an effort to implement equitable outreach and engagement plans across all City offices and departments. The proposed budget supports this new body of work with the funding needed to make permanent two previously temporary staff positions that will lead the re-envisioning of DON's Outreach and Engagement Division, and work with other departments to better coordinate their individual outreach. At the same, the proposed budget also includes funding to continue intensive outreach for the City's Housing Affordability and Livability Agenda (HALA). Resources are also provided to review the City's historic preservation process, and to develop more effective online tools for the submission and processing of preservation applications.

### **Investing in Infrastructure for the Future**

With growth has come the need to invest in the basic physical infrastructure that supports our community. Transportation infrastructure is needed to move people and goods, and utility infrastructure is needed to provide the water, electricity and other services that support residents and businesses alike. In November 2015, Seattle voters approved a nine-year levy that will provide roughly \$95 million a year in funding to support new transportation investments. This past year saw the initial ramp-up toward implementation, and the 2017-2018 biennium will see implementation of a range of levy-supported projects. For example, the proposed budget moves forward the Lander Street grade-separation project that will ease east-west traffic flow in the City's southern industrial area. A federal grant has been secured to leverage the funding available from the Move Seattle Levy. A funding gap remains, but the Mayor is confident that the total City investment of \$33 million can leverage additional funding from state and local partners. Move Seattle Levy funding will also fund projects that support both walking and biking. For example, resources from the Move Seattle Levy will be combined with school zone camera revenues to build sidewalks that provide safer access to schools.

Additional resources for SDOT will come from the General Fund, as well as the Move Seattle Levy. In response to recommendations that the City be positioned to better respond to traffic incidents that can quickly impact the daily commute of thousands, the proposed budget provides the resources for the Seattle Department of Transportation (SDOT) to establish a dedicated incident response function. At an annual ongoing cost to the General Fund of \$1.25 million, the response team will have the resources needed to clear accidents quickly, minimize the associated disruptions and avoid the very real costs imposed by long traffic delays.

However, the Mayor's proposed budget recognizes that transportation is evolving, and that our investments must recognize that the means and methods of transportation are changing. Most

## **Proposed Executive Summary**

fundamentally, transit must play an ever-increasing role in moving people to and from work. To this end, the Mayor's proposed budget includes the funding needed to implement the Center City Connector, which will build a streetcar line to link the First Hill and South Lake Union streetcars, creating a single unified network. These types of transit investments will improve mobility while at the same time avoiding any increase in greenhouse gas emissions, another critical goal for this forward-looking City.

Also supporting greenhouse gas reductions, the Mayor's proposed budget includes funding to expand the recharging network needed to support expanded use of electric vehicles. Seattle City Light will build 20 public fast charging stations and provide financing to help customers defray the cost of installing 200 private stations.

City Light's proposed budget includes additional capital investments totaling more than \$300 million, and much of that will be spent to maintain the existing generation, transmission and distribution system. Also included is funding for the Denny Substation and City Light's Advanced Metering Infrastructure program, both examples of investments being made to support future growth and to improve the efficiency of City Light's services.

Seattle Public Utilities will maintain a comparable balance of spending to maintain its existing systems, while also developing infrastructure to serve further growth and to protect the environment as this growth occurs. Investments to reduce sewer overflows are being made to protect regional water quality. Drainage infrastructure is also being developed to both minimize flooding and enhance the opportunities for the natural treatment of run-off before it reaches Lake Washington and Puget Sound.

### **Enhancing Parks Services and Expanding Support for the Arts**

Proposed infrastructure investments are not limited to transportation and utilities. The Mayor's proposed budget also includes a number of investments in both recreational and cultural facilities, as well as expanded operational spending for both the Department of Parks and Recreation (DPR) and the Office of Arts and Culture (Arts). At DPR, the availability of REET revenues will allow the City to address a number of major maintenance needs, while at the same time leveraging other resources to expand athletic field capacity. For example, REET dollars will be used to help stabilize the now closed pedestrian bridge at Lake Union Park, and to also address water intrusion issues at Pike Place Market's Victor Steinbrueck Park. In addition, when combined with increased field fee revenues, REET resources will be used to upgrade two or three athletic fields. Funding made available through the voter's support for the Seattle Parks District will be used to both upgrade facilities and enhance services at DPR's network of community centers. Staffing will be increased to improve programming and hours will be extended to improve access. Perhaps most importantly, drop-in fees will be eliminated at the community centers to ensure more equitable access for all.

Increased access is a theme that extends to the proposed budget additions for the Office of Arts and Culture. The share of admission tax revenues dedicated to the office will increase from 80% to 90% in 2017, and then further increase to 100% in 2019. With these additional resources, Arts will expand the Creative Advantage program that provides arts educational programming to Seattle School District students. In addition, funding will be provided for cultural organizations in communities vulnerable to

## Proposed Executive Summary

displacement due to development and gentrification. Capital funding will also be made available to a number of specific cultural agencies in 2017, including the Burke Museum, the Nordic Heritage Museum, Town Hall, the Seattle Opera, Benaroya Hall, the Seattle Symphony and the Seattle Asian Art Museum. Beginning in 2018, funding of more than \$1 million per year will be available through a competitive process for these types of projects.

### More Effective and Efficient Government Operations

The Mayor's proposed budget continues efforts to improve the effectiveness and efficiency of the City's various internal support functions, including both information technology (IT) and human resources. As of April 6, 2016, the IT functions of the City have been formally consolidated in the new Seattle Information Technology Department (Seattle IT). This move placed all the City's IT staff under the direction of single department for the first time in the City's history. The 2017-2018 Proposed Budget represents the initial opportunity for Seattle IT to plan IT spending from a central perspective, and the benefits of this approach are already becoming apparent. The proposed budget calls for significant investments in a number of IT systems across the City, but the level of coordination in these investments is something the City has not seen before. Requests for upgrades to permit systems in SDOT, the Seattle Department of Construction and Inspections, FAS and SFD are being advanced as a coordinated proposal that will develop these systems on a single platform. A similar approach is being taken to multiple requests for project management software and customer relationship management systems. In addition, Seattle IT will provide better and more consistent oversight of IT investments that will serve individual departments, including SPD, DPR and the Municipal Court.

Work also continues toward standardizing the City's human resource (HR) practices. The Seattle Department of Human Resources has pulled together the City's HR managers into the Human Resource Leadership Team, and this group meets regularly to discuss HR practice and policies. The department has developed a plan to move to a more fully consolidated HR function, and the Mayor's proposed budget includes the resources needed to advance this effort, including a new staff position to coordinate the transition.

At the same time that the Mayor has provided the leadership needed to achieve IT and HR consolidation, he has also continued to support Citywide efforts to develop and implement a major upgrade to the central accounting system. This system will provide an opportunity to standardize department approaches to both day-to-day financial transactions and long-term financial planning. The new system will be an essential component of efforts to hold departments accountable for the financial resources they are provided and the outcomes they promise in return. System implementation will require more than just the installation of new software, but also a wholesale review of current business practices and financial operations.

In an ongoing effort to be a more efficient, effective, and accountable City government, Seattle is also expanding and deepening its work to track city government's performance. In addition to the Performance Seattle dashboard launched in 2015 that describes 93 goals spanning 24 departments, the 2017-2018 Proposed Budget is on its second year of the performance budgeting pilot. For the proposed

## Proposed Executive Summary

budget, 19 new measures were developed for a total of 34 measures across nine departments. Budget book measures add another dimension by connecting performance information to actual spending and changing budgets over time. These new measures add a wide array of essential services to the conversation, including topics such as affordable housing, homelessness, transit, condition of arterials, universal Pre-K, permitting, and library collections, among others.

Building on the Performance Seattle website and this proposed budget's focused pilot work, the City will spend the next 18 months developing a data-focused performance management framework for each City department that draws on lessons learned and enhanced by the financial information available from the new accounting system referenced above. This process will seek to bring together data, performance measures, outcomes and departmental lines of business into a coherent and comprehensive way of thinking about the connection between the way we allocate our resources as a City government and the value we create for the residents of the City of Seattle.