



2024 COUNCIL BUDGET ACTION

V1

CBO-001-B

Add \$706,000 GF in AUD and 5.0 FTE to increase auditing capacity, add \$760,000 GF in ITD to implement the Internet for All Seattle Action Plan, add \$250,000 GF in DON and \$50,000 GF in HSD for community safety initiatives, and add \$250,000 in HSD support food banks, and reduce proposed funding for central services' allocations in FAS (\$1.4 million GF) and in ITD (\$600,000 GF)

SPONSORS

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BALANCING SUMMARY

Fund	2024 Increase (Decrease)	2025 Increase (Decrease)
General Fund	\$0	
Other Funds	\$(2,016,226)	
Total Budget Balance Effect	\$(2,016,226)	

DESCRIPTION

This Council Budget Action would add:

- (1) 706,000 GF and 5.0 FTE Strategic Advisor - Audit to the Office of City Auditor (AUD) to increase the City's auditing capacity,
- (2) 583,600 GF (one-time) and \$176,400 GF (ongoing) to the Seattle Information Technology Department (ITD) to implement items described in the Internet for All Seattle Action Plan (per Resolution 31956), and
- (3) \$250,000 GF (one-time) to the Department of Neighborhoods (DON) and \$50,000 GF (one-time) to the Human Services Department (HSD) for community safety investments; and
- (4) \$250,000 GF (one-time) to HSD for the Rainier Valley Food Bank.

This CBA is balanced by reducing the proposed funding for central services' allocations in the Department of Finance and Administrative Services (FAS) by \$1.4 million GF (one-time) and in ITD by \$600,000 GF (one-time).

Auditing Capacity Investments

To increase the City's range of audit topics and City programs and departments that are evaluated, this CBA would add five new Auditor positions, which represents a 50 percent staffing increase. Current staffing levels in AUD only allows for a limited number of audits that are requested or mandated by the City Council. The proposed funding will increase the number of auditors from 7.0 to 12.0 FTEs, allowing the AUD to broaden the range of audit topics and the City programs subject to evaluation, and to



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conduct additional audits based on the office's assessment of subject matter and risks posed to the City. In addition, increased staffing levels will allow AUD to respond in a timelier fashion to Council requests and will help with succession planning by enhancing efficiency during staff transitions.

Given that development of performance auditing skills is a gradual process, the office expects newly hired auditors to reach average levels of productivity in one to two years. The standards required for City audits necessitate qualified staff members who conduct thorough, well-documented, objective, and independent performance audits. The professional development of a performance auditor involves a combination of formal training in these standards and hands-on experience under the guidance of senior auditors. This Council Budget Action assumes a start date of April 1, 2024 for the new positions.

Internet for All Seattle Action Plan Investments

Adopted by the City Council in 2020, RES 31956 established the City Council's goal to implement Internet for All Seattle, a vision of enabling all Seattle Residents to access and adopt broadband internet service that is reliable and affordable. Based on estimates provided by ITD staff, this CBA would add \$583,600 GF (one-time) and \$176,400 GF (ongoing) for several items identified in RES 31956, including: \$300,000 GF (one-time) for a pilot program to provide internet service to one or more of 600 areas identified as under served in Federal Communications Commission broadband mapping data, including matching amounts for grants to internet service providers and program management staff; \$120,000 GF (one-time) for establishing free public Wi-Fi in six cultural community centers and \$176,400 GF (ongoing) to maintain and operate them; \$100,000 GF (one-time) for a referral system, shared resources, train-the-trainer workshops, access to devices and hotspots, and additional partnership for Digital Navigators at community based non-profits; and, \$63,600 GF (one-time) for 0.5 FTE temporary project staff for community engagement of its Affordable Connectivity Program Outreach efforts.

Community Safety Investments

\$300,000 GF (one-time) would support two contracts related to community safety. The 2024 Proposed Budget Adjustments includes \$537,000 GF in HSD for the Seattle Neighborhood Group's (SNG's) Safe Communities program; if this CBA passes, that would bring total funding in HSD for this program in 2024 to \$587,000. This program provides community-based crime prevention education and public safety services, including business outreach and Safe Rental Property workshops. In recent years, annual contract inflation has not kept pace with SNG's wage costs. \$250,000 GF (one-time) to DON would replace expiring funding from King County's Best Starts for Kids program, that supports a contract for Rainer Beach: A Beautiful Safe Place for Youth (ABSPY). ABSPY is an evidence-based, community-led, place-based violence prevention initiative that seeks to reduce youth victimization and crime in the Rainier Beach neighborhood. The funding added in this CBA would be used for positive behavioral interventions and support, restorative justice programming, and additional project staff. The DON 2024 Proposed Budget Adjustments include \$591,000 for contracts related to ABSPY. If this CBA passes, that would bring total funding in HSD for ABSPY to \$791,000 in 2024.

Food Bank Investments

\$250,000 GF (one-time) is intended to support the capital campaign of a new food bank facility (Rainier



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Valley Food Bank). Rainier Valley Food Bank is the busiest food bank in Seattle, and this proposed appropriation would match the current funding level from King County for this capital project. Council has identified the Rainier Valley Food Bank for this funding and requests that the HSD Director waive the requirements of Seattle Municipal Code subsection 3.20.050.B, as authorized by subsection 3.20.050.C.

Central Services Rate Reductions

These proposed investments totaling \$2 million GF in AUD, ITD, HSD, and DON are balanced by reductions to central services allocations in FAS and ITD. However, since central services rates are supported by rates charged to all City funds, generating \$2 million of GF savings requires reducing the overall rate, which applies to all funds. Specific GF splits between FAS and ITD are \$1.4 million and \$600,000 respectively. According to FAS staff, in order to generate a \$1.4 million GF reduction, the total reduction across all funds would be \$2.8 million. Similarly, in ITD, a \$600,000 GF reduction would require a \$2 million overall reduction across all funds. The following section outlines the impacts of these reductions, as identified by FAS and ITD.

Executive staff provided feedback that is summarized below about the potential impacts of this proposed reduction. The impacts described are substantial and Central Staff does not have enough information to confirm or dispute the impacts to City staffing, operations, and services. The sponsor assumes that in the context of a +\$500 million overall budget for FAS and ITD managed central services the proposed reductions to the Executive's proposed 2024 budget could be absorbed without significant impacts.

FAS Central Service Reduction Impacts:

According to the Department, a \$2.8 million overall reduction for non-labor related central service costs would require a reduction in the City's Fleet, which would significantly impact fire and police related operations. If the Executive chose labor reductions instead of non-labor reductions, a personnel reduction of the same amount would require reducing 18 Full Time Equivalent (FTE) positions. This is in addition to 34 positions being held vacant in order to meet the six percent vacancy rate across the Department that is assumed in the 2024 Proposed Budget Adjustments. According to department staff, this level of reduction would result in layoffs and either a reduction or elimination of certain services.

In addition, according to the Department, these reductions could increase the overall costs to the City if the executive chose to de-centralize core functions and shift the costs out to departments. As an internal service fund intentionally set up as a centralized service to all departments to create consistency and cost efficiencies, FAS' functions are designed to minimize expenses that departments would pay for directly. For example, mechanic services through a vendor are more expensive, private building leases and associated services cost more, building maintenance is more expensive, and the cost of fuel will likely go up if departments are not centrally purchasing it.

The following list of service impacts resulting from this proposed reduction in central services was provided by FAS staff. The list below includes initial considerations, as the Executive will need more time to identify specific central service reductions and impacts of those reductions.



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- Reduce hours or close customer service counters.
- Reduce janitorial services across City buildings and ask departments to manage trash and other cleaning services.
- Reduce maintenance and property management services, including not servicing and repairing fire and police stations, City Hall, and the Seattle Municipal Tower.
- Delayed City fleet maintenance.
- Delayed invoice processing and reduced grant management activities.

ITD Central Service Reduction Impacts:

According to the Department, a \$1.8 million overall labor reduction for IT related central service costs would require a reduction of 11 FTEs, adding to the already reduced levels of staffing in the Department. In 2021 and 2022, ITD abrogated a total of 57 positions, and in 2023 further reduced budgeted staffing by an additional 12 positions to meet the 6 percent vacancy rate. These reductions came at a time when more is required of ITD staff to support the City due to impacts from the pandemic and remote work options, creating increased stress levels among ITD staff. Therefore, would exacerbate the staffing issues described.

The following list of service impacts resulting from this proposed reduction in central services was provided by IT staff. The list below includes initial considerations, as the Executive will need more time to identify specific central service reductions and impacts of those reductions.

- Delays in answering service requests, fixing damaged equipment, or obtaining replacements.
- Reduce Technology Fund Matching funds down to \$320,000 which eliminates the additional General Fund contributions and solely rely on the cable fund contributions to this program. This is one of the few places where just GF funding can be reduced.
- Increase the vacancy rate
- Assume greater risks in the security and compliance areas.
- Reduce support for applications, including maintenance and enhancements.

Once again, Central Staff does not have enough information to confirm or dispute the impacts to City staffing, operations, and services. The sponsor assumes that, in the context of a +\$500 million overall budget for FAS and ITD managed central services the proposed reductions could be absorbed without significant impacts.

This CBA includes a \$4.8 million underspend assumption in 2024 in the Finance & Administrative Services Fund (\$2.8 million) and Information Technology Fund (\$2 million).

This CBA worsens the projected ongoing operating deficit in the GF beginning in the 2025-2026 biennium by \$1.1 million in each year.

ATTACHMENT: No



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TRANSACTIONS - ONGOING

Dept	BSL	BCL	Year	Revenue	Expenditure
AUD	Office of the City Auditor	00100-BO-AD-VG000	2024		\$706,226
ITD	Frontline Services and Workplace	00100-BO-IT-D0400	2024		\$176,400

TRANSACTIONS - ONE-TIME

Dept	BSL	BCL	Year	Revenue	Expenditure
DON	Community Building	00100-BO-DN-I3300	2024		\$250,000
FG	Finance General - Revenue	00100-BR-FG-REVENUE	2024	\$2,016,226	
FG	Appropriation to Special Funds	50300-BO-FG-2QA00	2024		\$1,416,226
FG	Appropriation to Special Funds	50410-BO-FG-2QA00	2024		\$600,000
HSD	Supporting Affordability and Livability	00100-BO-HS-H1000	2024		\$250,000
HSD	Supporting Safe Communities	00100-BO-HS-H4000	2024		\$50,000
ITD	Frontline Services and Workplace	00100-BO-IT-D0400	2024		\$583,600

POSITIONS

Dept	BCL	Year	Position Title	Positions	FTE
AUD	00100-BO-AD-VG000	2024	StratAdvsr-Audit - BU	5	5.0