To: MID Finance Committee
From: Elisabeth James, COO
Date: May 9 2023
Re: Summary of Proposed Fiscal Year 2023/2024 DBIA Budget

The 2023/2024 budget is oriented toward supporting the ongoing post-pandemic recovery of downtown Seattle and expansion and continuation of services resulting from the successful reauthorization of the MID. Our focus for the upcoming fiscal year will be to sustain our strategic initiatives and leverage our investments and activities to inspire further action and investment by the public sector through the Mayor’s Downtown Activation Plan. While we’ve made notable progress in the current fiscal year in improving the environment and returning more people to downtown, we still face the lingering negative impacts of the pandemic shutdowns on downtown businesses, nonprofits, residents, property owners, and public spaces. Our efforts to revitalize downtown must move with focus and urgency to leverage additional actions by the public sector to further restore confidence and activity in downtown.

General Budget Assumptions:
We believe downtown continue to see increases in returning workers and visitors and look forward to improving street conditions with the City’s Downtown Activation Plan and focus on reduction of public drug use and street crime, and on improving public safety. MID focus will remain as always on keeping downtown “Clean, Clear and Cared For.”

- Ambassador Services:
  MID will continue to build on the enhanced mechanization of services with trike ambassadors responding rapidly to address evolving conditions downtown.
    - Clean team will add 11 positions and equipment to support rapid response and ensure that downtown public realm is “Clean, Clear, and Cared for”. We will continue to use contractors to supplement services as needed.
    - The Community Safety & Hospitality team will add 4 positions to continue coverage of parks and public spaces throughout the MID, addressing street disorder (scooters, e-bikes and other right-of-way impediments) providing hospitality services as well as limited outreach services to connect individuals to available social services. Daily programming will be added to Pioneer Park and Bell Street Park, as well as Westlake and Occidental Parks with the expansion of the City Parks contract. This team will continue to work closely with SPD and the private contract security to enhance the perception of public safety throughout the MID.
    - The Public Realm Operations team will add 6 positions for continued coordination of parks and public space set-up for daily and special events and will maintain all MID assets including trucks, trikes, bikes and parks furniture and amenities. Parks set up will include the two new spaces added under the City’s Parks contract (Pioneer Park and Bell St Park).

- Economic Development and Research:
  We will continue our significant focus on public safety and revitalizing the downtown economy, and on increased ratepayer engagement. Our focus will be to organize ratepayer support for the implementation of the Mayor’s Downtown Activation Plan and Third Avenue Plan.
• **Communications:**
  We will continue to highlight ambassador activities and public space programing through social media and ratepayer newsletters which have proved to be an effective way to engage with rate payers.

• **Administration, Compensation and Employee Engagement:**
  Our Human Resources team will focus on housing and other personal support to our MID ambassador team members and ramp up our in-person training including EmpACT! and professional development programs to provide more robust leadership skills training and development opportunities for our MID team.

  Annual pay increases budgeted at $1.00 per hour for all ambassador positions will bring starting Ambassador wages up to $21/hour, with similar adjustments to all field positions. Administrative (indoor) positions are budgeted at a 4% increase along with implementation of our compensation survey recommendations and adjustments.

  We look forward to increased travel and conference opportunities for training and development. We will continue to build on our staffing success, improved retention and high level of employee engagement with all-hands and team-building events.

**Year over Year Income and Expense Comments**

**Revenues**
Revenue line items are projected to be up $6.569 million over the current fiscal year. This is primarily driven by:

**DBIA**

  - A 22% increase in assessment revenue with the MID renewal, assuming continuing strong MID assessment collections, including voluntary assessments  
    YOY +$3.4 million
  - Renegotiated City of Seattle parks management agreement with funding increased from $100K to $325K with the formal addition of Bell Street Park and Pioneer Park  
    YOY +$225K
  - Additional Private Fee for Service income from ratepayers for localized security patrols, and additional Public Fee for Service for sublease of office space to KCRHA.  
    YOY +$100K
  - Reduction in Public Fee for Service income from one-time Recovery funding  
    YOY -$(327K)
  - OED and Office of Arts and Culture funding for public art projects, and City funding for BRV Parks consultant  
    YOY +$166K
  - City of Seattle funding for additional MID services as part of Downtown Activation Plan  
    YOY +$3 million

**Expenses**
Total expense will be up $4.006 million, an increase of 21.8% compared to the current 22/23 year-end forecast, as follows:

  - Impact of full staffing levels in Ambassador vs 22/23 open positions  
    YOY +$ 600K
  - Additional 21 Ambassador positions in Clean, Community Safety & Hospitality and Public Realm Operations  
    YOY +$ 882K
  - $1.00/hour rate increase in Ambassador wages  
    YOY +$ 264K
- Compensation Survey-related pay adjustments for admin positions  YOY +$ 262K
- Annual 4% increases for admin positions  YOY +$ 52K
- Full year of Human Resources; added positions in Economic Development  YOY +$ 172K
- Related tax and benefit increases on additional headcount, increased retention driving higher benefit eligibility, and rate increases  YOY +$1,065K
- Increase in depreciation reflecting handover of Occidental Play Space to the City of Seattle  YOY +$ 154K
- Increase in program expenses including public realm and parks activations $421K, trash removal $55K, and security patrols $158K  YOY +$ 784K
- Program expense reduction of prior year one-time dedicated DT Recovery expenses  YOY -$ 655K
- Increase in management fee on additional income  YOY +$ 282K

**Operating Reserves** of $1.447 million will be maintained per current policy (9% of budgeted non-program expense)

**Uncommitted Fund Balance**
DBIA budgeted expenses will exceed assessment and typical fee for service income by $(2,333K), which will reduce the uncommitted reserve cash accumulated during the pandemic period, leaving an uncommitted fund balance of $315K. The additional $3 million in funding committed by the City of Seattle will enable us to maintain the higher staffing and programming levels necessary to bring us through the downtown recovery period. This enhanced level of spending on staffing and programming, including private security and supplemental SPD contracts, will need to normalize in future years commensurate with available assessment funding levels.