



SEATTLE CITY COUNCIL

VIA ELECTRONIC MAIL ONLY

July 17, 2019

Mayor Jenny Durkan
600 Fourth Avenue
Seattle, WA 98124

Re: Sweetened Beverage Tax (SBT) funded programs

Dear Mayor Durkan:

We write today regarding alarmist and inaccurate rhetoric used by your Interim Human Services Director (HSD) Jason Johnson and Department of Education and Early Learning (DEEL) Director Chappelle in communicating with community-based organizations awarded SBT funding designed to support or address public health, early learning, education, worker retraining, food insecurity, food access and meal programs consistent with [Ordinance 125324](#).

Interim Director Johnson and Director Chappelle, via email communication, described legislation being considered by City Council, Council Bill 119551, as putting community-based organizations at risk of losing their SBT funding in the 2019 adopted and 2020 endorsed budget. We are hearing concerning reports that this funding scenario was further affirmed by direct outreach from the Mayor's Office to community-based organizations. This narrative is incorrect nor reflective of the conversation [Council had at the July 10th Finance and Neighborhoods committee](#), which unanimously voted to recommend that the Council vote to adopt Council Bill 119551, as amended.

To be clear, the policy goals of CB 119551 would ensure that SBT revenue stays true to the intention of Ordinance 125324. Per the ordinance, SBT revenue allowed 20 percent of proceeds for one-time funds to administer the tax and spend on programs that support education and training programs. The ordinance continues to detail that **the remainder of proceeds of the sweetened beverage tax shall support** programs detailed in Section 3, part B of the legislation. CB 119551 does not defund any programs in 2019 but does seek to provide additional clarifying language for Ordinance 125324 by ensuring that SBT proceeds shall only be used to grow programs or create new programs in areas identified as priorities in the original ordinance.

The SBT was always intended to be a dedicated revenue source to fund the programs that are detailed in Ordinance 125324. When the City Council first considered the SBT, your City Budget Officer Director made clear that his revenue forecast was conservative; meaning that it was

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possible that the SBT would generate more revenue than projected early on. Indeed, the SBT has generated revenue beyond initial projections by CBO during the legislative process that created this tax. For example, the initial projections of SBT revenue for 2018 was \$15 million, but CBO updated estimated revenues for 2018 to exceed \$20.6 million. This should have been a win for low-income communities and people of color most impacted by this regressive tax. This meant the excess \$6.3 million of SBT revenue, under your direction, was used to supplant general funds and effectively sustain them at status quo levels in the 2019 and 2020 budgets rather than expand programs like the Parent-Child Home Visiting program, urban farming programs connecting community to food, and more per the legal directive of Ordinance 125324.

CB 119551 is a response and result to the 2019 and 2020 budget that your office transmitted to Council for deliberation. Community advocates led the fight to ensure sweetened beverage tax revenue have a direct community benefit for the most impacted community by this regressive tax. Council has pursued this legislation to codify this revenue source to stay true to its original intent, goals, and crafting by keeping SBT revenue embedded in communities long affected by food insecurity, education divestments, and poor nutrition and their long-term health impacts. It is imperative we honor this agreement between community and City government, and it is Council's intention to do so.

Council Bill 119551, as passed by committee, will leave the 2019 adopted budget intact; meaning that community-based programs funded with SBT revenue this year would not lose funding, contrary to what Interim Director Johnson and Director Chappelle communicated to dozens of our community partners. Their email communication has unnecessarily caused shock waves of fear amongst dozens of community-based organizations.

As Councilmembers, we understand that the Mayor's Office is currently at work to develop the details of the 2020 budget; it is our hope that you will utilize this opportunity to keep the 2020-SBT funded programs whole, per Ordinance 125324, and use SBT revenues to increase these services before transmitting your proposed 2020 budget to Council for legislative action beginning in September of this year. If your 2020 budget does not do so, then the City Council, as the sole, Charter-authorized budget appropriation authority, will make every effort to restore funding consistent with Ordinance 125324 and Council Bill 119551, as amended.

Very truly yours,



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Councilmember Lisa Herbold
District 1, West Seattle, South Park
Chair of Civil Rights, Utilities, Economic Development & Arts

cc: Director Dwane Chappelle
Interim Director Jason Johnson