

November 2, 2024

Spokane City Council
808 W. Spokane Falls Blvd.
Spokane, WA 99201

Dear City Council President Wilkerson and Council Members,

When I was elected mayor, my administration inherited a projected General Fund deficit for 2025 in the amount of \$25 million. With our move to biennial budgeting, that meant we were grappling with a \$50 million deficit over the course of two years. Given the scale of this challenge, I am pleased to present a \$2.5 billion proposed budget in which resources and expenditures are balanced in each calendar year and over the biennium.

By making the most of the resources we have, bringing new funds into the City, finding budget efficiencies while prioritizing key community needs, and centering equity and sustainability, we are building a city that is interdisciplinary, efficient, and responsive.

Returning to Fiscal Responsibility

In recent years, the City of Spokane's financial health has deteriorated. One-time funds were repeatedly used for long-term investments, unallocated reserves were depleted by \$12.3 million, and funding sources set aside for long-term capital investments were redirected to fill the gaps.

To achieve a stable financial foundation, I am returning to key budgeting principles that have historically supported the City:

- Fund the highest priorities first.
- One-time revenues will only be used to cover one-time costs.
- Ongoing costs should not be greater than ongoing revenues.
- Debt shall not be utilized for operating expenses.
- Maintain an adequate level of reserves and support a strong bond rating.
- Maintain prudent management oversight and controls on hiring and spending.

As you will see, my budget proposal:

- Is balanced for each year and the biennium
- Ensures our unallocated reserve levels are not only maintained but enhanced
- Restores funding sources for long-term capital projects.

Efficiencies and Cost-Savings

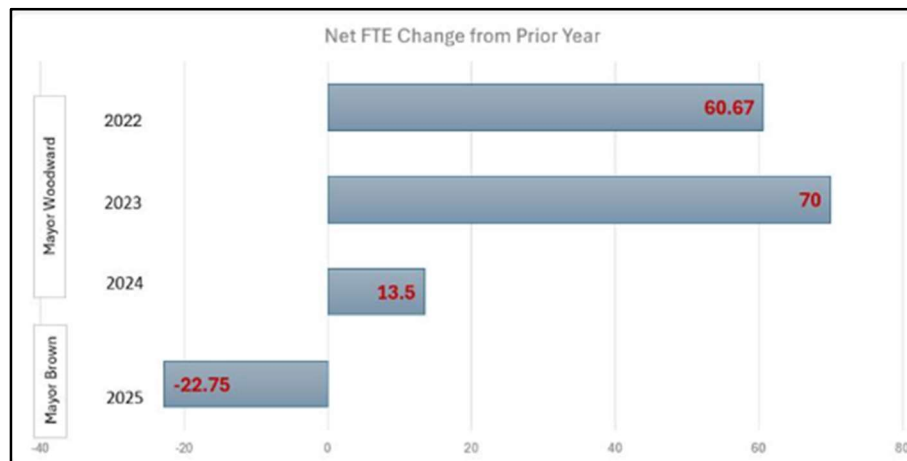
The path to this balanced budget has not been easy. I want to thank bargaining unit leadership, my cabinet, and team members across City government for their collaboration and commitment to delivering essential City services more efficiently.

Key actions taken:

- Cabinet furlough days and delay of cost-of-living increases
- 10 percent budget reduction exercise to identify cost-savings
- Postponing the 2024 Fire Academy
- Voluntary retirement incentives agreed to by Spokane Police Guild, Lieutenants and Captains Association, and Managerial and Professional Association
- Elimination of vacant positions and strategic reorganization of some departments

Approximately 85 percent of City expenses are in personnel. Therefore, it is impossible to achieve meaningful budget reductions without a workforce reduction.

After three straight years of personnel growth under the prior Administration, my proposed budget actually makes a small reduction in our city workforce.



Priority Investments and Actions

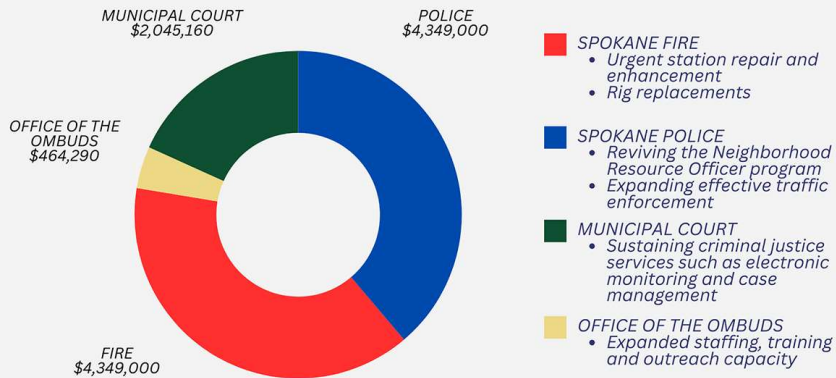
My 2025-2026 budget proposal ensures fiscal responsibility while addressing key issues like public safety, homelessness, and the opioid crisis. I have secured new resources and identified budget-neutral efficiencies to deliver on some of our community's key needs.

Community Safety Proposal

Public safety is a key priority in this budget. With increased demands on first responders and the Municipal Court, I recommended the Council place a community safety sales tax on the November ballot. This budget reflects the investments outlined in the tax proposal, including an expanded Neighborhood Resource Officer program, a revitalized SPD traffic safety unit, enhanced resources and equipment for the Fire Department, and increased case management in Municipal Court—all aimed at creating safer, more efficient outcomes.

COMMUNITY SAFETY INVESTMENTS

2025 -2026
BIENNIAL
BUDGET



Police and Fire Budgets Over Time

Year	PD Operating	FD Operating	FD Capital	PD Capital	
2023	\$76,932,406	\$72,523,373	\$1,398,636	\$1,398,636	
2024	\$89,336,863	\$75,127,510	\$2,142,868	\$3,064,136	
2025 (proposed)	\$108,083,138	\$79,766,969	\$4,557,433	\$3,268,997	
2026 (proposed)	\$113,411,536	\$82,903,435	\$5,697,300	\$3,042,360	

Securing New Resources

One of my top promises as I came into office was to work to bring in new resources. Over the first year of this Administration, we have secured:

- \$4 million from the state Legislature to support decommissioning TRAC and the move to a navigation center and scattered-site model
- \$1 million for street medicine outreach
- \$445,000 for gateway clean up
- \$8 million to establish community resilience hubs for extreme weather
- \$375,000 to speed up permit processing for housing development

To continue taking advantage of state and federal funding, we are establishing a centralized Grants Office within the Finance Division. This office will serve as a central clearinghouse for funding opportunities, helping us align our priorities with federal and state resources. This strategic approach will allow us to respond proactively as new funding becomes available.

Addressing Homelessness and the Opioid Crisis

Among our greatest challenges are the homelessness and opioid crises. The 2024 budget did not have adequate resources to address these issues. The budget included only six months of one-time funds for the Trent Resource and Assistance Center, set aside an inadequate \$250,000 for inclement weather sheltering, and let millions in affordable housing dollars sit unused.

To better address these challenges, my Administration has taken and proposed several key actions.

Key actions taken:

- Utilized \$500,000 of opioid settlement funds for the expansion of Spokane Fire's Community Assistance Response (CARES) program
- Dedicated \$500,000 of opioid settlement funds for the creation of the High Utilizer Initiative
- Proposed \$125,000 of opioid settlement funds to embed provider outreach with the Homeless Outreach Team
- Established the Spokane region's first navigation center
- Instituted a scattered-site shelter model
- Saved 80 women's shelter beds at Hope House

Proposed actions and investments:

- Increase annual funding for inclement weather sheltering from \$250,000 to \$1,000,000
- Conduct sequential intercept mapping to identify gaps in the criminal justice and behavioral health systems and plan for effective resource allocation
- Utilize cannabis tax funding to establish and sustain Special Assistant US Attorney position to prosecute narcotics crimes in the City of Spokane

Housing

Increasing the housing supply is crucial in addressing affordability and accessibility challenges. Council has passed legislation expanding affordable housing and now my Administration is set to play a key role in speeding up development. By allocating funds and removing regulatory bottlenecks, Spokane is positioned to accelerate the delivery of affordable housing units.

Key actions taken:

- Removed parking minimums
- Worked with the Department of Revenue on rulemaking for conversion of office buildings to housing
- Made more than \$18 million of previously unallocated funds available for affordable housing development

Proposed actions and investments:

- Develop a new permitting and licensing system to streamline permits, planning actions and licenses.
- Increase Development Services Center staffing to manage increased permit volumes

Other Initiatives

Utility Improvements

Our Water, Wastewater, and Solid Waste utility budgets are structured to ensure affordability while supporting vulnerable residents. Updated rates for 2025 and 2026 include increased discounts for seniors and disabled customers, a capped increase for low-water users, and a lower cost option for smaller garbage carts paired with Clean Green service. These measures support conservation and community health while ensuring the utilities maintain the resilience needed to plan for the future.

Transportation and Sustainability

Community feedback has highlighted the need for a more cohesive approach to transportation and sustainability. To address this, we are creating a cabinet-level position to lead this work. This role will lead efforts to coordinate strategy, resource allocation, and risk management across departments, strengthening our ability to address transportation and environmental challenges in a unified way.

Increased Focus on Neighborhoods

Transparency and accessibility are essential to my Administration. To enhance engagement, I have integrated the Office of Neighborhood Services into the Communications Department. This budget-neutral restructuring ensures a more direct connection to neighborhoods, promoting open communication, and faster response to community needs.

I also intend to reintroduce the Community Development Block Grant (CDBG) for neighborhood councils with a \$400,000 allocation. These funds will go directly to new development projects in neighborhoods across Spokane.

Conclusion

In closing, I want to thank you for your steadfast partnership in this challenging but essential work. Together, we are returning to fiscally responsible budgeting principles that will support the City's long-term health. Your commitment to sustainable finances has been instrumental in achieving these changes, and I look forward to continuing our work to create a vibrant, sustainable future for Spokane.

Sincerely,



Mayor Lisa Brown