

City of Spokane
2025-2026 Budget Overview

Executive Summary

The City of Spokane follows the process described in the Revised Code of Washington (RCW 35.34) and submits the Mayor's 2025/2026 Proposed Budget for all funds amounting to \$2.5 billion. The new administration has focused on restoring financial stability amid inheriting a large structural gap. Despite improvements in economic indicators, the City of Spokane maintains a conservative, data-driven outlook for 2025. Public safety, housing, and economic development are identified priorities, with personnel accounting for 85 percent of the City's operating costs. Recent staffing adjustments helped reduce costs without tapping into reserves.

While the City of Spokane has historically prepared an annual budget, leadership determined moving to a biennial budget promotes long-term balance across government funds and supports Spokane's overall financial health through the 2025-2026 period.

The 2025/2026 Proposed Budget assumes the following:

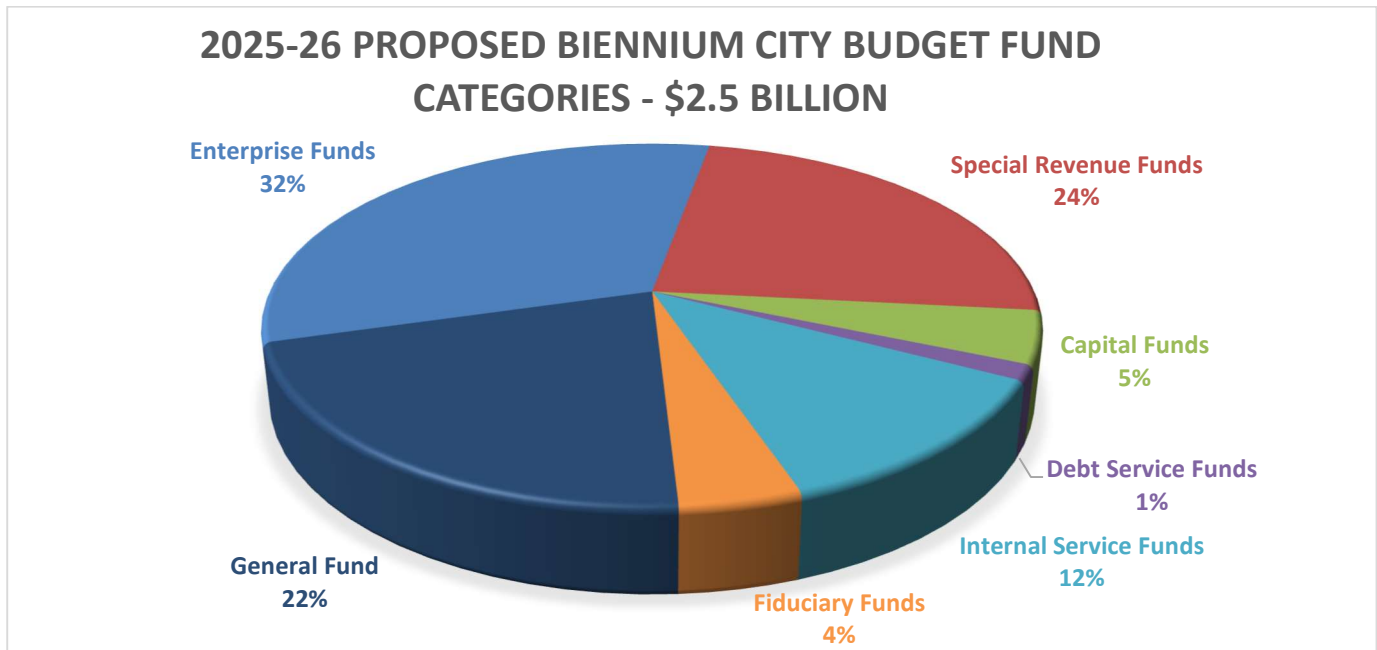
- Levying the 1% allowable property tax increase.
- A conservative sales tax growth of 2% and 2.9% in 2025 and 2026, respectively.
- Continued residential growth but less robust commercial construction until interest rates begin to decrease.
- The passing of the Community Safety Sales Tax initiative.

As Mayor Brown took office, the City of Spokane faced a projected \$60 million deficit in the General Fund for the 2025/2026 biennium, alongside rising costs for streets, county services, public safety, and housing needs. The Mayor's \$2.5 billion proposed budget, filed for public review on November 2, 2024, outlines a balanced approach to support essential services, enhance public safety, and invest in capital projects. This budget serves as a policy, financial, and operational guide, structured around the General Fund, Restricted Funds, and Capital Budget to prioritize sustainability and quality services for Spokane residents.

2025/2026 Total Proposed Budget by Expenditure Type

The Mayor's 2025/2026 Proposed Budget is nearly \$2.5 billion with 2,434.5 Full-Time Equivalent (FTE) positions to provide services to more than 230,000 residents and thousands of annual visitors. While personnel costs are the most expensive operating expenditure and previously-approved union contracts have contractually obligated cost-of-living increases, the Mayor has already reduced net positions by 22 FTE and continues to find operational efficiencies while avoiding service impacts.

The following chart shows the 2025/2026 Proposed Budget by fund category. Approximately 22 percent of the Mayor's 2025/2026 Proposed Budget, or more than \$535.2 million, makes up the General Fund. These funds pay for general government services, including police, fire, streets, parks and recreation, and the city library system.

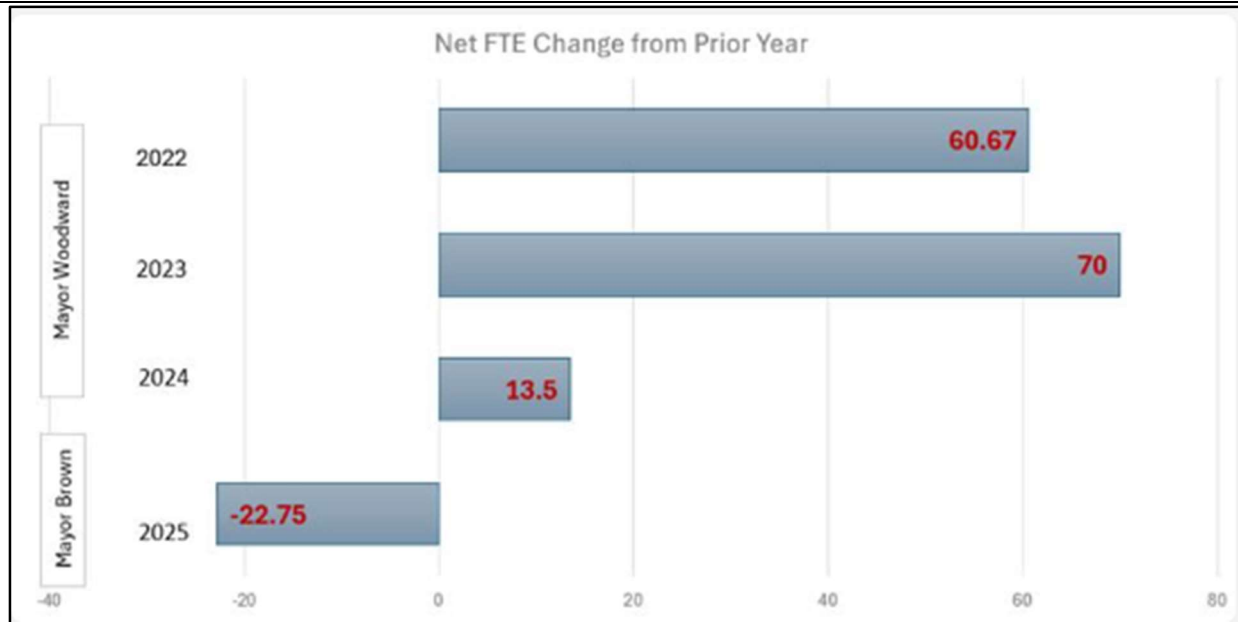


About 24 percent, or \$593.9 million, of the 2025/2026 Proposed Budget is attributed to Special Revenue Funds. These funds are dedicated to specific purposes legislated by the federal, state, or city government and include the Fire/EMS Fund, Public Safety Personnel Levy Fund, Parks and Recreation Fund, Library Fund, Street Maintenance Fund, and numerous community and human services grant funds.

The Mayor's 2025/2026 Proposed Budget includes 2,434.5 Full-Time Equivalent (FTE) positions for all funds, reflecting a decrease of 22.75 FTE from the 2023/2024 Adopted Budget staffing level. The overall decrease is largely from efficiencies created as the Mayor identifies cost-saving measures.

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The City also has internal services funds, which charge fees for services to other city departments. The City's Internal Services Funds include fleet services, utility billing, IT services, purchasing, risk management, worker's and unemployment compensation funds, and the self-funded medical/dental fund.

Interfund charges and transfers make up 24.4 percent of the total 2025/2026 Proposed Budget. With interfund charges removed, the 2025/2026 Proposed Budget total is \$1.88 billion.

2024/2025 General Fund

The General Fund is the primary operating fund for the City, supporting essential services and operations that benefit the entire community. Revenues for the General Fund come from a variety of sources, including property taxes, sales taxes, and fees. This fund is the backbone of city finances, covering a wide range of services like public safety, parks, community services, and general administration.

Expenditures from the General Fund are carefully allocated based on priorities set by the city's budget, ensuring that critical services are maintained and operational needs are met. Unlike special revenue funds, which are restricted to specific purposes, the General Fund offers flexibility to address diverse community needs. However, it requires careful management to ensure long-term financial sustainability.

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**2025-26 Proposed Biennium Budget
General Fund Summary by Type Summary**

Type Summary	2021-22 Actual	2023-24 Adopted	2025-26 Proposed	Change	%
Taxes	\$358,609,837	\$381,082,785	\$426,082,239	\$44,999,454	11.8%
Licenses & Permits	13,888,505	14,366,791	14,777,571	410,780	2.9%
Intergovernmental Revenues	9,156,736	8,320,256	8,140,029	(180,227)	-2.2%
Charges for Goods & Services	38,776,531	42,371,408	52,742,680	10,371,272	24.5%
Fines and Penalties	3,367,885	4,334,350	3,209,100	(1,125,250)	-26.0%
Miscellaneous Revenues	(13,626,060)	15,012,081	10,156,725	(4,855,356)	-32.3%
Operating Transfers-In	2,839,088	6,111,130	20,893,450	14,782,320	241.9%
Other Financing Sources	83,037	80,000	40,000	(40,000)	-50.0%
Total Revenue	\$413,095,559	\$471,678,801	\$536,041,794	\$64,362,993	13.6%
Salaries and Wages	149,961,183	171,585,963	208,649,072	37,063,109	21.6%
Employee Benefits	41,807,156	43,279,541	54,687,052	11,407,511	26.4%
Supplies	2,818,864	3,309,958	3,644,768	334,810	10.1%
Services	31,521,784	32,381,170	37,757,497	5,376,328	16.6%
Capital Outlay	691,586	260,225	350,000	89,775	34.5%
Interfund Services	22,947,707	31,393,796	35,910,277	4,516,481	14.4%
Operating Transfers-Out	197,156,757	188,842,551	193,758,442	4,915,891	2.6%
Debt Service	201,537	-	-	-	0.0%
Budget Reserves	0	389,327	482,556	93,230	23.9%
Total Expenditures	\$447,106,574	\$471,442,530	\$535,239,664	\$63,797,134	13.5%
Surplus/(Deficit)	-\$34,011,015	\$236,271	\$802,130	\$565,859	239.5%

The Mayor's 2025/2026 Proposed Budget for the General Fund totals \$535.2 million. This proposed amount is \$63.8 million, or 13.5 percent, more than the 2023/2024 Adopted Budget. The largest increase is in salaries and wages, which is a result of the various collective bargaining agreements. Most other increases are due to funding formulas and inflationary impacts on operating costs, such as fuel.

About half of the City's employees work in departments funded by the General Fund. Revenues come into the General Fund through taxes and fees for service: property taxes, retail sales & use taxes, utility taxes & franchise fees, and business license fees. The top six divisions funded by general tax dollars are: Police, Fire, Public Works Streets & Utilities, Parks, Courts & Legal, and Library. Although Fire/EMS, Parks, Streets, and Library are not General Fund departments, they do receive a major portion of their funding from the General Fund via General Fund Allocations.

At the Police Department, tax dollars pay for services ranging from patrol and K-9 officers to major crimes investigation. Money also goes into facilities, equipment & vehicles, police records, crime analysis, officer training, and administration.

At the Fire Department, the City's General Fund, via an allocation to the Fire/EMS Fund in the amount of \$98.5 million, pays for firefighters, fire prevention, haz-mat & rescue teams, support for the City's fire stations, and fire administration.

2025-26 General Fund Allocations

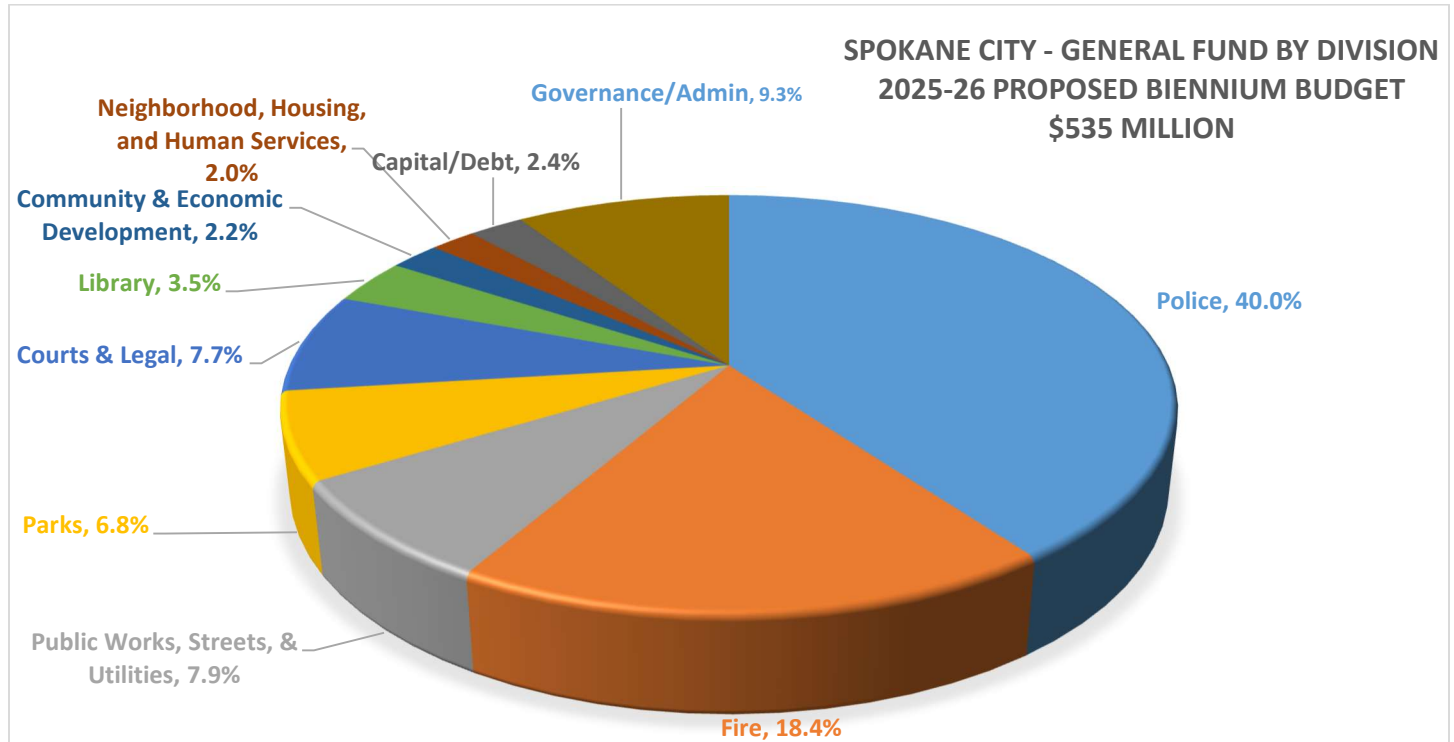
Fire/EMS	98,492,024
Parks & Rec	36,136,669
Arterial Streets	22,296,544
Library	18,534,308
Fire Capital	5,091,223
Police Capital	3,999,990
Facilities Capital	2,670,636
Code Enforcement	1,871,560
Parking System	1,517,267
SIP Debt	1,000,000
Urban Forestry	132,000
Total Allocations	\$ 191,742,221

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Per the City Charter, the Parks Department receives an allocation from the General Fund equal to 8 percent of General Fund expenditures using a two-year look-back. For example, the 2025/2026 allocation to Parks of \$36.2 million, equals 8 percent of the General Fund expenditures in 2023/2024. These dollars pay for maintenance of the City's numerous parks and pathways, including Riverfront & Manito Parks, and recreational programs.

The streets capital fund gets a General Fund allocation of \$22.3 million as a result of a streets levy. Streets capital is accounted for in a Capital Fund where the balance of the funding required to support street projects largely comes from state and federal grants.

The City contributes \$18.5 million to Spokane Public Library in 2025/2026 from the General Fund for services to the public, support services, automation, training, facilities, and administration.



Dedicated Funds

Dedicated funds include Special Revenue Funds, Debt Services Funds, Capital Projects Funds, and Fiduciary Funds. These are largely funded from dedicated funding sources and/or transfers from other funds.

The Mayor's 2025/2026 Proposed Budget for Dedicated Funds is \$852.4 million. This is a \$79.2 million, or 10.2 percent, increase compared to the 2023/2024 Adopted Budget. This is largely due to an increase in federal grant funds supporting community and human services, an increase in housing sales tax usage, and planned capital expenditures.

2025-26 Proposed Biennium Budget Dedicated Funds by Fund Category Summary

Fund	2021-22 Actual	2023-24 Adopted	2025-26 Proposed	Change	%
Special Revenue Funds	\$ 438,560,187	\$ 545,697,722	\$ 593,901,003	\$ 48,203,281	8.8%
Debt Service Funds	33,906,149	35,687,292	33,703,812	(1,983,480)	-5.6%
Capital Funds	125,353,141	89,465,206	116,913,726	27,448,520	30.7%
Fiduciary Funds	92,600,296	102,401,579	107,926,971	5,525,392	5.4%
Total Dedicated Fund Expenditures	\$690,419,773	\$773,251,799	\$852,445,512	\$79,193,713	10.2%

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Note: This table reflects the accounting software which includes depreciation/amortization and capital additions expenses even though they are not budgeted.

Enterprise Funds

Enterprise funds support clean drinking water, stormwater collection, wastewater management, garbage pick-up and disposal, building services, and golf operations. These services are supported by fees. Year-to-year, budgets for enterprise operations can vary widely depending on the cost and timing of capital projects. The Mayor's 2025/2026 Proposed Budget for Enterprise Funds amounts to \$805.4 million. This is an increase of \$29.5 million, or 3.8 percent, from the 2023/2024 Adopted Budget, largely due to infrastructure projects and operational demands in sewer and solid waste.

2025-26 Proposed Biennium Budget Enterprise Funds by Fund Summary

Fund	2021-22	2023-24	2025-26	Change	%
	Actual	Adopted	Proposed		
Water & Hydroelectric Services Fund	\$ 98,715,932	\$ 147,248,066	\$ 151,043,469	\$ 3,795,403	2.6%
Water/Wastewater Debt Service Fund	23,885,427	27,099,556	27,098,806	(750)	0.0%
Integrated Capital Management Fund	132,248,053	203,871,051	176,778,600	(27,092,451)	-13.3%
Sewer Fund	181,368,691	162,548,008	187,139,774	24,591,766	15.1%
Solid Waste Fund	165,977,009	201,855,811	221,791,224	19,935,413	9.9%
Golf Fund	9,393,150	12,088,238	13,648,185	1,559,947	12.9%
Development Services Center Fund	16,077,857	21,206,646	27,899,942	6,693,296	31.6%
Total Enterprise Fund Expenditures	\$627,666,120	\$775,917,377	\$805,400,000	\$29,482,623	3.8%

Note: This table reflects the accounting software which includes depreciation/amortization and capital additions expenses even though they are not budgeted.

Internal Service Funds

Internal Service Funds account for internal services, such as fleet, facility management, accounting, IT, and project & performance management. Users, typically other City departments, are charged for the services provided. The Mayor's 2025/2026 Proposed Budget for Internal Services is \$301.1 million. This is \$4.7 million, or 1.6 percent, more than the 2023/2024 Adopted Budget. This is primarily due to an increase in fire capital investment.

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Internal Service Funds by Fund Summary**

Fund	2021-22 Actual	2023-24 Adopted	2025-26 Proposed	Change	%
Fleet & Fleet Equipment Funds	\$ 32,910,182	\$ 40,202,261	\$ 43,590,292	\$ 3,388,031	8.4%
Public Works & Utilities Admin Fund	11,637,393	12,879,339	19,540,840	6,661,501	51.7%
Information Technology & IT Capital Funds	27,730,451	32,904,241	32,879,559	(24,682)	-0.1%
Reprographics Fund	1,154,972	1,256,506	-	(1,256,506)	-100.0%
Purchasing Fund	1,724,571	2,544,682	2,794,196	249,514	9.8%
Accounting Services Fund	8,629,175	11,711,885	13,313,261	1,601,376	13.7%
My Spokane	2,524,861	3,804,157	4,351,620	547,463	14.4%
Office of Performance Management Fund	2,587,037	3,277,124	3,153,283	(123,841)	-3.8%
Risk Management Fund	12,675,848	14,648,336	15,471,567	823,231	5.6%
Worker's Compensation Fund	11,532,945	13,187,085	13,252,580	65,495	0.5%
Unemployment Compensation Fund	484,774	1,025,502	989,940	(35,562)	-3.5%
Employee Benefits Fund	85,588,084	98,858,430	104,792,585	5,934,155	6.0%
Facilities Management & Capital Fund	7,402,542	13,043,648	13,202,782	159,134	1.2%
SIP Debt Fund	33,193,806	32,732,758	15,175,752	(17,557,006)	-53.6%
Police Capital	3,541,721	4,462,772	6,311,357	1,848,585	41.4%
Fire Capital	2,523,768	3,541,504	10,254,733	6,713,229	189.6%
Facilities Capital	121,020	6,283,262	1,977,524	(4,305,738)	-68.5%
Total Internal Service Fund Expenditures	\$ 245,963,149	\$ 296,363,491	\$ 301,051,871	\$ 4,688,380	1.6%

Note: This table reflects the accounting software which includes depreciation/amortization and capital additions expenses even though they are not budgeted