



Mayor Nadine Woodward

Statement of Conditions and Affairs
October 11, 2021

Good evening to everyone watching at home tonight on City Cable 5 and online, welcome and thank you for joining us for the annual Statement of Conditions and Affairs address.

A special thank you to Council President Beggs and the rest of the City Council for hosting me and my Cabinet this evening. We appreciate you having us.

Tonight, according to the Spokane City Charter, Article 4, Section 24, I am fulfilling my duty as Mayor to annually, at the second October meeting of the City Council, deliver the Statement of Conditions and Affairs. Let me start by saying how disappointing it is to once again to deliver this address with the backdrop of an ongoing global pandemic.

Our community... individuals, families, and businesses... continue to struggle under the health and financial burden that has weighed heavily on all of us for more than a year and a half. The City has likewise faced very difficult decisions as we do our part to carefully protect the services and safety of our community.

The pandemic has taken a financial toll on the City organization. Thanks in large part to the solid financial foundation established by the former Administration and Councils, which prioritized healthy reserves and

careful spending controls, and the continued commitment of my Administration and this Council, we are talking about a much more positive standing than many other communities.

Our outlook is cautious and thoughtful while being realistic about continuing revenue impacts resulting from the pandemic. The City will receive more than 80 million dollars in federal American Rescue Plan Act funding, some of which will be used to support City services, but we have also been in the very fortunate position with these and other federal funds to be able to make smart investments to meet immediate needs and anticipate future opportunities.

I want to take a moment to acknowledge that some of you on the current Council were part of previous Councils that made the budgeting decisions that allowed us to be flexible and adaptive in our approach to the pandemic. I know many on my Cabinet, department leaders, and other members of the City team have been part of the creative thinking and willingness to adapt to the community's needs. Thank you for that work and foresight.

Tough decisions, though, are still ahead as we spend the next three months finalizing the 2022 budget. As we all watch closely how the financial year wraps up, we are taking a strategic and modest approach to meet service needs and, in some cases, taking a first step toward enhancing resources.

It's a much better place than we forecasted as the pandemic took off and definitely better than it could have been as the health crisis has continued to be unpredictable. Forecasted revenue for the General Fund is 215 and a half million dollars in 2022, that's nearly 6 million

dollars over currently projected 2021 revenue. To illustrate the economic ups and downs, if 2022 revenue projections hold, that total will still fall 5.3 million dollars short of the pre-COVID revenue trend. And, the pandemic impact on the organization is approaching 20 million dollars.

Those kinds of qualifiers are the reality of our situation and still there is plenty to be thankful. I appreciate the Council's willingness to work collaboratively this summer on the budget and look forward to continuing the conversation over the next couple weeks in budget workshops. We have a lot of ground still to cover and these opportunities to work closely together produce the best end product for the community we all serve that is broad and diverse in thought and perspective.

At the heart of those conversations are people, those we serve and those we serve with. Our organization, like the rest of our community and nation, has been forced to adapt with the continuous change in direction and guidance related to this pandemic.

It's been a constant challenge to our operations, and mental health, and I want to acknowledge the stress and strain our City family and the community is under. These past 19 months have forced us to meet needs in new ways and tested our patience along the way.

I appreciate the work, contributions, and sacrifices everyone is making. We are all carrying burdens never imagined and tackling new obstacles. There have been many agonizing decisions, plenty of trying times, and through it all, we have kept our collective heads up and focused on the outcomes we all desire.

Emotionally there has been a price to pay and financially there has been an impact. That our business is so people-intensive makes those situations all too real and challenging.

People are a critical part of our services-intensive organization and, as a result, represent a very large portion of our costs. Most of our labor contracts have been recently renewed or are scheduled for renewal. We've been mindful of those facts as we strike a balance between demonstrating the value we place on their expertise and ensuring financial sustainability given our current constraints.

The uncertain financial reality and outcomes our City team continues to deliver makes those decisions difficult. I am proud of the accomplishments we have made and the service continuity we have achieved in the face of adversity. It's a credit and testament to the great City team that has worked tirelessly to make sure streets are maintained, calls for help are answered, spaces are accessible to host activities and events, wastewater is disposed of properly, businesses are supported, and people's everyday needs are met.

Much progress has been made to advance work in the priority areas of public safety, homelessness, housing, and economic development, and still much remains to be done.

We're enhancing programs and services to better meet people where they are with connections to resources. That includes more engaging and responsive public safety, better use of partnerships to pair mental health experts with police officers, and enhanced training to equip our responders with the tools to meet today's evolving needs.

As an example, we've invested heavily in new ways to prepare our officers to be part of the downtown experience. The new police precinct recently passed its one-year anniversary. In that time, we've added to the Behavioral Health Unit to redirect calls for service from a law enforcement solution to a behavioral health option.

I'd like to share a quick story to show how this partnership works successfully right here in Spokane about four times during the average BHU officer shift.

In August, a 60-year-old woman was aimlessly wandering the streets when a BHU team, which partners a uniformed officer with a behavioral health professional, got involved. She told them she attempted to go to detox, but was overwhelmed by the environment. She could not find a safe place to go and had lost her medications.

She told the BHU team, "If I go home, I am going to do meth and I don't want to do that."

The team quickly established enough rapport and trust with her to get her enrolled in Frontier Behavioral Health's stabilization program. There she was provided access to her daily medication, professionals to stabilize her mental health, and safely discharged to the Woman's Union Gospel Mission for follow-up care and case management.

A human touch and the willingness to seek help. Quick connection to the right resources, a place to stay, and a network for follow-up care. That's why we've continued to up our investment in the BHU.

That woman was one of 415 people reached by the BHU this past summer alone. More than half received referrals or immediate resources. Those interactions kept people safe, out of jail and the emergency room, and saved the Spokane Police Department hundreds of officer hours so they could focus on responding to crimes and helping other people. Each of those is important outcomes for people and our community.

Electric bikes have also become part of our downtown patrol to help officers be even more responsive and approachable. E-bikes help officers maneuver quickly through the downtown area. They've also produced a side benefit as a conversation-starter with people who approach them on the streets or in Riverfront Park, enhancing the community relations objective of the department.

The new tools and partnerships have also helped SPD evolve its approach to protecting the growing interest in gathering to raise awareness about current events. The size and frequency of those gatherings have presented unique opportunities that have once again put our department in a leadership position amongst their peers – by protecting the sometimes competing interests of participants while making sure people go home safely. The bicycles, early and frequent communication with organizers, and more approachable tactics have placed the department at the forefront of crowd management and safety.

A little over a year ago, we announced a plan to fill gaps in our homeless shelter system and enhance the resources available for a safe place to stay and move on to permanent housing. The idea of the plan

was to stabilize the system and remove any uncertainty before harsh winter weather hits.

Thanks to committed, hardworking City staff and our regional partners, we're delivering on that plan. Recently finalized contracts with service providers offer consistency, predictability, and flexibility into a system that has previously relied on seasonal City resources.

A new year-round contract with the Guardians Foundation to operate the City-owned Cannon Street as a 24-hour nightly drop-in resource with day space and supportive services moves away from the traditional winter warming center model. The approach allows staff to stay better connected to guests to develop the trusting relationships necessary to help them take the next steps in their journey out of homelessness.

A second year-long contract with Truth Ministries on East Sprague formalizes a relationship to offer overnight flex space with the shelter during extreme cold snaps and other emergent needs. The contract moves the City away from buying short-term access to low-barrier beds and helps Truth Ministries develop a consistent staffing plan.

A service-intensive, referral-based Bridge Shelter Program on Mission is set to open next month operated by The Salvation Army. This new program meets an existing need by moving people ready to exit homelessness and into permanent housing, thus clearing space in the night-by-night system behind them. It's also an example of an impactful regional and provider partnership borne out of the pandemic.

The City and our regional partners have also supported Volunteers of America to add dedicated shelter space for young adults 18-24 years old, and update VOA's youth services for those under 18. So far, 30 temporary young-adult spaces have opened in two locations as a bridge to a permanent facility currently being renovated near Spokane Community College. This project is part of a state Department of Commerce grant secured by the City on behalf of a regional collaborative of partners. VOA's new youth site is also being located just a block away to remove both shelters from a downtown core that currently caters to predominately chronically homeless.

Those resources, in combination with partnerships and cooperation with Catholic Charities, Union Gospel Mission, Family Promise, and others, are fundamentally shifting the system from one that has been largely City-dependent to a more regional model, filling gaps and meeting new needs. Our partners – providers and other governmental entities – are regularly around tables discussing challenges and working out solutions, which has helped in the transformation. We've focused our work during the past year and a half on smart investments in assets that meet immediate pandemic needs that have allowed us to focus on future additions.

One of those is a resource I've proposed in my draft preliminary budget for a new low-barrier shelter outside of the downtown core. The vision is for a facility that is larger than any we have now, with ready access to services through onsite resources and partners. Once a location, funding, and operator are identified, we believe a location could be open and operating within just a couple months. While conversations with partners are still in the early stages, we are encouraged by the

interest in this approach modeled after successful operations in other cities.

Of course, temporary shelter and services are just one part of the equation when it comes to meeting the demands of the unhoused. Years of a slow-and-steady approach to building our housing inventory and sudden pandemic-jolt to our housing market have sent home prices upward and pinched inventory. That led me to declare a housing emergency this summer and announce immediate actions to begin reversing that course.

In a few short months since that declaration we've sharply reduced wait times for residential plan review from six weeks to two. Two new planning specialists start this month to support the needs of complex residential and mixed-use projects, and an additional permit tech position is in the final stages of being filled. The Development Services Center has also expanded the use of consultant time to meet the record amount of building activity with an emphasis on multifamily permits.

New single-family permit activity has already exceeded the total in each of the previous two years. Activity currently in the pipeline has us on track to exceed the 20-year average with a quarter of the year still to go. Nearly half of the 531 units permitted in the last year and a half are at a price point of \$300,000 or less. Another one-third are priced under \$400,000.

Multifamily permits have also taken off. The 503 new permitted units is the third highest in 15 years and with a quarter of the year left. Even if half of the more than 300 units in plan review right now are permitted

by the end of the year – the total would easily be the most volume since at least 2005 and more than double the annual average adding badly needed inventory.

Residential activity is also strong. Construction valuations are up nearly 70% from 2019, the last full year of activity before the pandemic. Residential valuations have increased sharply, and so have single-family permit volumes – they're up 25% compared to 2019.

As an organization, we feel the urgency in the community to take steps to keep up with a pace that's preparing new inventory faster than we've seen in two decades.

Pandemic-related changes to how companies are operating have also created new opportunities to transform spaces left vacant by a suddenly remote workforce into housing. Our team is developing a framework to convert commercial buildings into residential and mixed-use. The approach will include policy recommendations and action requests to accelerate the work.

Hiring a housing policy specialist by the end of the year is also part of our plan to help with the efficient, transparent, and policy-aligned deployment of local affordable housing funds.

With many people looking for housing, and resources and regulations complicated and changing, the City has added a new civil rights specialist to help people better and more equitably navigate the system. His focus will be removing real and perceived barriers to those trying to access the City's housing programs and other resources.

These actions are beginning to take hold at the right time. Inventory is increasing and housing prices are starting to level off. The challenge now is to continue building on that positive momentum.

My draft preliminary 2022 budget includes additional planning and other immediate supports to accelerate housing solutions.

Help is also available for those currently struggling with rent and utility bills. The City has access to more than 31 million dollars in federal rental and utility assistance funds. Half of the funding has already been received and set up for distribution through community organizations. Requests to accept the remaining funds will come before Council this month.

So far, more than 5.3 million dollars has been distributed locally to nearly 1,000 recipients over the past three months. More information about accessing those funds to catch up on rent payments missed due to the pandemic and to stabilize households, is available on the City's website at [My.SpokaneCity.org](https://www.spokane.gov/MySpokaneCity.org).

Economic development is the final piece to recovery and maintaining a thriving community. The City recently hired a director of our newly formed Community and Economic Development division to focus on growing the long-term economic health of our community and fostering stronger partnerships and working relationships with regional organizations.

Currently, we're evaluating opportunities with our partners to bring new investment to our region that could develop valuable infrastructure, industries, and jobs. The investments would be in

addition to the federal pandemic relief funds coming into our community that are to be used for impacts other than economic development.

Smart, strategic, and coordinated efforts to invest each of those buckets of money will begin to make an immediate difference and have a long-lasting impact.

As I close tonight, you'll note that the common thread among all of the things I've outlined is partnership and collaboration.

As a City, we've prepared ourselves well to make a strong recovery and improve the quality of life for everyone in our community, and one thing the pandemic has repeatedly taught us... is that we are stronger together. Our best, most successful ideas, investments, and outcomes have been alongside our partners. When we've worked together, we've grown together and we've become stronger together.

That goes for opportunities within the organization and outside of the walls of City Hall. Collaboration and communication remain an important focal point for me and my Administration. We've spent a lot of time working on how we connect with the right frequency and right information to keep a productive flow of dialogue with the Council, other governmental and partner organizations, and stakeholders without overburdening. That's why, as I'm joined tonight by my Cabinet, we are renewing our commitment to seeking new ways to leverage our resources, exchange ideas, and work together toward common goals on behalf of our community.

Traditionally, the Statement of Conditions and Affairs focuses on the financial well-being of our organization. The dollars and cents are important, but as we look back over the list of accomplishments and the work still in front of us, more than anything, it's about the people who make it all happen.

It has not been perfect. We are not perfect. But – and this is an important but – the willingness and commitment to push forward, to be better, to persevere through a global pandemic, and work through legacy approaches to find new common ground, improved communication, and closer collaboration continues to give us hope that opens the door to new opportunities.

Our organization, our city, our region are strong, resilient partners that continue to impress me with their ability to pull together to achieve the unthinkable. Many of the things we discussed tonight are important connections to the bigger picture of a thriving community and region that is mightier for having gone through the challenges over the better part of the past two years.

Thank you all for listening tonight and to the City Council for hosting us. We appreciate the community's continued support of the City and its efforts, and the opportunity to update you on the advancements our hard-working 2,000 employees are making on your behalf.

Have a good evening.