

**REGULAR MEETING NOTICE/AGENDA OF THE
SPOKANE CITY COUNCIL**

**MEETING OF THURSDAY, NOVEMBER 18, 2021
11:00 A.M. – STREAMED ONLINE**

A regular meeting of the Spokane City Council will be held at **11:00 A.M. on Thursday, November 18, 2021**. Council Members will be attending virtually and the meeting will be aired on CityCable5 and streamed live at www.facebook.com/spokanecitycouncil and my.spokanecity.org/citycable5/live.

The meeting will be conducted in a study session format. The physical meeting will not be open to the public and no public testimony will be taken. Discussion will be limited to appropriate officials, presenters and staff. The public is encouraged to tune in via the options above or by calling 408-418-9388 and using access code 146 949 7507.

Agenda:

[2022 Budget Discussion](#) - CP Beggs, CM Kinnear, CM Wilkerson

Executive Session

At any time during or after the regular Study Session Agenda, the City Council may choose to adjourn into Executive Session for the purpose of discussing privileged legal matters. This portion of the meeting would be closed to the public pursuant to RCW 42.30.110.

Memo

From: Breean Beggs, City Council President

To: City Council Members

Cc: Mayor Nadine Woodward; Johnnie Perkins, City Administrator; Tonya Wallace, CFO; Paul Ingiosi, Budget Director; Terri Pfister, City Clerk

Date: November 17, 2021

Re: Discussion topics for potential amendments to the 2022 Proposed Budget

Please find some initial responses to the Administration's Proposed Final Budget from the City Council Budget Workgroup, focused mainly on the general fund, below. We based these recommendations on your written comments to our workgroup, your comments at Chief Financial Officer Wallace's three budget workshops and the written comments provided by Council to the Administration in response to the October 1st Preliminary Budget. When opinions from Council differed on a specific item, we used our judgment in proposing the options with the weight of council support, but any option can be raised by any Council Member. We welcome a full Council discussion at this week's study session and at the December 2nd study session. Over the next few weeks we will use Council feedback and any further information from the Administration to craft a proposed final budget memo to enact as an amendment to the pending budget proposal no later than December 13, 2021.

The Workgroup had four key concerns:

First, the proposed budget has \$20 million in deficit spending for items identified as unfunded by a specific source in the budget. This response and future responses will either identify a specific source of funding within eligible city funds, defer/reduce the spending, or eliminate it from the budget until such time as the American Recovery Plan Act process for allocating funds has been completed.

Second, despite the fact that the City recently lost revenues of over \$20 million, the proposed budget doesn't appear to eliminate any positions and instead proposes the addition of over 50 new positions. This response eliminates multiple positions that have been vacant for a significant time and do not appear to be critical to delivery of essential city services and eliminates several proposed new positions.

Third, the proposed budget does not appear to set aside sufficient savings to pay for the numerous labor agreements that will be completed in 2022 and will require substantial back payments and future compensation costs. This response utilizes vacant position eliminations and other general fund cost savings to create a down payment on projected increased labor costs in 2022. The Workgroup plans on working with the Administration to identify further savings to fully fund these likely new labor agreement obligations.

Fourth, we are concerned with some of the funds identified for spending items, particularly the designation of HB 1590 and HB 1406 funds for homeless services instead of the permanent housing funding that was intended when the City adopted ordinances to accept these funds. The Workgroup will propose different funding sources for homeless services and other items in a subsequent memorandum along with other budget adjustments outside the general fund.

GENERAL FUND:

Department not yet created

- 1) Create budget authority for the long-awaited Office of Civil Rights by creating director position and two support staff
 - a. Approximate cost of \$325,000, but offset by \$90,348 reclassification of position from 0450 position 039019

**this represents a net impact increase to the general fund expenditures by \$234,652*

Non-Departmental (0020)

- 1) Increase the reserve for total cost of compensation to have necessary reserves for ongoing bargaining unit salary adjustment negotiations (will require further spending reductions or increased revenues to be negotiated with the Administration).
 - a. Increase line item – 0020-88100-18900-59954 from \$727,398 to \$3,000,000
- 2) Based on the current sales tax performance, increase overall sales tax projected revenue
 - a. Increase line item – 0020-88100-99999-31310 from \$55,250,000 to 56,100,000

**this represents a net impact increase the general fund expenditures by \$1,422,602*

City Clerk (0320)

- 1) Delete **vacant** Clerk III position (003104)
 - a. Various salary and benefit line items from \$81,088 to \$0

**this represents a net impact decrease to the general fund expenditures by \$81,088*

Engineering Services (0370)

- 1) Delete **vacant** Engineering Tech III position (203007)
 - a. Various salary and benefit line items from \$75,134 to \$0

**this represents a net impact decrease to the general fund expenditures by \$75,134*

Mayor (0520)

- 1) Delete **proposed** position for Deputy City Administrator and all salary costs
 - a. Various salary and benefit line items from \$196,953 to \$0
- 2) Delete **proposed** position for Legislative Policy Advisor and all salary costs
 - a. Various salary and benefit line items from \$78,492 to \$0
- 3) Delete **vacant** Staff Assistant-Mayor position (829001)
 - a. Various salary and benefit line items from \$78,492 to \$0

**this represents a net impact decrease to the general fund expenditures by \$353,937*

Finance (0410)

- 1) Delete **proposed** Revenue Management positions (122901, 122902, 116901)
 - a. Various salary and benefit line items from \$105,856 to \$0 (116901)
 - b. Various salary and benefit line items from \$76,364 to \$0 (122902)
 - c. Various salary and benefit line items from \$76,364 to \$0 (122901)
- 2) Delete **vacant** Performance Auditor position (832018)
 - a. Various salary and benefit line items from \$146,890 to \$0
- 3) Decrease Investment Advisory contract need to utilize program employees
 - a. Line item – 0410-30400-14230-54202 from \$110,000 to \$65,000

**this represents a net impact decrease to the general fund expenditures by \$450,474*

Legal (0500)

- 1) Delete **vacant** Attorney Assistant position (027005)
 - a. Various salary and benefit line items from \$72,390 to \$0
- 2) Delete **vacant** Assistant City Attorney L-IV position (823005)
 - a. Various salary and benefit line items from \$177,076 to \$0
- 3) Reduce contra account associated with deleted positions

- a. Line item 0500-33200-15300-59953 from (\$249,175) to 0\$

** this represents a net impact decrease to the general fund expenditures by \$291*

Human Resources (0620)

- 1) Charge **proposed** CDL Program Position to departments that carry CDL licensures on allocation basis of overall licenses per department
 - a. Increase revenue \$40,000 for direct allocation to affected departments
- 2) Delete **proposed** position Human Resources Analyst – Labor Relations (042901) and associated contra account
 - a. Various salary and benefit line items from \$107,337 to \$0
- 3) Delete **proposed** position Human Resources Analyst – Compensation Analyst (042902) and associated contra account
 - a. Various salary and benefit line items from \$107,337 to \$0
- 4) Reduce contra account associated with deleted positions (042901 & 042902)
 - a. Line 0620-31100-18100-59953 from (\$208,000) to (\$104,000)

** this represents a net impact decrease to the general fund expenditures by \$150,674*

Non-General Fund Departments:

Housing Sales Tax (1595) and Criminal Justice Fund (1910)

- a. Per preliminary budget, the following projects were listed as being funded from 1590 funds (Housing Sales Tax – 1595) – Cannon Flex Shelter for \$900,000, Rapid Rehousing \$1,000,000, and expanded emergency shelter program \$2,800,000 (with a potential additional \$1,500,000 in ARPA funds). Proposed budget states that these projects are to be funded by “TBD” revenue sources but included in the contractual services line item in Fund 1595. Therefore, it is the intent to decrease the contract services fund and utilize the Criminal Justice Fund which the legislature has designated for this purpose and which has healthy reserves.
 - a. Reduce the line item 1595-53121-99999-54201 from \$6,800,000 to \$2,500,000
 - b. Increase the line item 1910-53121-65430-54201 from \$0 to \$4,300,000

Affordable and Supportive Housing (1725) and REET (1610)

- a. Per the preliminary budget, the VOA Crosswalk project was budgeted to utilize 1406 fund dollars to fund the project. Therefore, it is the intent to decrease the use of this fund and to utilize Real Estate Excise Taxes.
 - a. Reduce the line item 1725-53121-99999-54201 from \$1,062,274 to \$62,274
 - b. Increase the line item from 1610-48400-94000-56301