

## **Statement of Conditions and Affairs**

October 12<sup>th</sup> – 6:00 pm

Good evening Council President Beggs and members of the City Council.

To those of you watching at home on Channel 5 and online, welcome and thank you for joining us for this annual address of the Statement of Conditions and Affairs of the City.

Tonight, according to the Spokane City Charter, Article IV, Section 24, I hereby fulfill my duty as Mayor to annually, at the second meeting of the City Council in October, communicate a statement of the conditions and affairs of the City.

2020 has proven to be a difficult year and brought so many unforeseen, unplanned, and unprecedented challenges to the hard-working citizens of our community.

The challenges have also affected City operations and will continue to affect our ability to deliver high-quality services through the next months and years.

With that, I very cautiously tell you that the condition of the City is stable. Through strict adherence to budget principles, we began the year with a solid financial foundation. But now, as we are all feeling the impacts of the global pandemic as a community and city government, concern for competing demands on reserves, including covering ongoing expenses, and the long-term sustainability of that temporary stopgap will require great fiscal discipline to ensure our continued financial health.

While we remain cautiously stable, this year has taught us some valuable lessons about the need for, and power of, effective collaboration not just within the City, but with key stakeholders and our regional partners. That collaboration guided our regional response to COVID-19, management of protests surrounding national justice reforms, and the quick deployment of a safer air center during a period of hazardous air quality. Communication and collaboration have gotten us this far, and it will be vital to our success in the future.

As we prepare the City for orderly, planned movement through the global health pandemic and into economic recovery, three key areas have taken shape.

First, our 2021 proposed budget has shifted to a priority-based budget to force difficult conversations and better emphasize the need to build expenses within revenue limitations. The City, however, will still be guided by our longstanding budget principles to maintain our responsible fiscal stewardship.

Second, in order to advance key initiatives while maintaining our fiscal health, I am announcing a Next 100 Days plan for the organization that focuses on critical City operational deliverables, including revising the joint strategic plan with the City Council.

One Spokane was the guiding document for the last 6 years, and successfully advanced public safety, urban experience, innovative infrastructure and sustainable financial decisions. COVID-19 has fundamentally shifted our path as a community and demonstrated the need for a new plan which takes into consideration the challenges of 2020 and forges a path of recovery. One of the first steps in that plan is updating our strategic plan; we look forward to working together with the Council through that process... to align our priorities and provide our citizens with a clear view of our City's future.

Other priorities in the Next 100 Days plan... include hiring a Neighborhood, Housing, and Human Services director to continue improvement to our neighborhoods, regional homelessness system, and customer experience; finalizing a contract with the Spokane Police Guild that provides certainty for the men and women who keep our city safe for everyone and takes the next steps as a leader in civilian oversight; engaging community stakeholders in initial reform discussions; delivering a priority-based budget in collaboration with the Council that carefully accounts for pressures related to the global health pandemic and continues important service deliveries that meet the expectations of our community; recruiting a Planning Director to identify new ways for our city to grow and thrive well beyond this pandemic; establishing a regional homeless system governance structure with our partners at the county and Spokane Valley; and finalizing a plan to improve housing inventory at all levels.

Some of these will require a lot of work and extend beyond the Next 100 Days. The intent of publicly establishing these goals is to focus our efforts as we advance as a community and organization during a time that has created uncertainty and anxiety while we

grapple with difficult public health, social justice, and national election conversations.

And third, while we remained focused on key initiatives in public safety, homelessness, housing, and economic development, the Next 100 Days Plan will make a shift in our organizational leadership structure.

The pilot leadership structure sets up the City to take the next steps in the areas of succession planning, continuity of operations, and leadership training that will enhance our standing as a desirable employer. The structure also more intentionally builds organizational depth at the appropriate levels to be more responsive to demands, anticipated and unforeseen. As the City responded to the events of 2020, the need emerged to realign our leaders to optimize strategic outcomes with clear direction and continued emphasis on improved communication and collaboration that have been points of success over the past nine months.

The Next 100 Days Plan promotes collaboration between divisions, creates natural synergies centered on citizen outcomes, and focuses on the relationship and communication with the City Council. The work we have been able to do as an Administration and Council has

happened through our shared commitment to come to work every day and search first for areas of alignment.

We have followed two simple rules as we have developed and grown our relationship: no surprises and don't disparage each other publicly.

And, you know what? We have found that we agree much, much more than we disagree. And, where we haven't agreed, we have found respectful ways to work through it largely through the power of a face-to-face discussion.

Promoting and growing interpersonal relationships is what my Next 100 Days Plan and the realignment of my leadership team is all about. I am proud of what we have all accomplished as City leaders this year. None of us, not you, not me, not any of you watching at home, could have anticipated the collective hand we have all been dealt.

That doesn't really matter. Hardship and struggle are going to happen. It's how we respond that matters most. And, I am encouraged by the way we have rolled up our sleeves and worked together.

We will continue to evaluate and refine the leadership structure that is part of the Next 100 Days Plan through the end of the year, but I believe it is necessary to know that organizational refinement is on the horizon to ensure successful economic recovery. Change makes people uneasy. It's a natural human response. I want to reassure everyone that the refinements we are piloting are rooted in a continuation of the collaboration we have championed this year with an eye toward enhancing it.

While refinement is coming in 2021, I have been incredibly proud of our City's employees and our community through the events of 2020.

What began as a single phone call in early February about 4 COVID-positive patients being transported to Sacred Heart Medical Center has become 8,000 positive cases in Spokane County and nearly 180 tragic deaths from COVID-19.

When Governor Inslee issued the Stay Home, Stay Healthy order Spokane was thrown into economic uncertainty. Seemingly overnight, people lost their jobs and financial turmoil began, and we have been trying to find that right balance between physical and fiscal health ever since.

Once the Safe Start plan was introduced, we all had hope for the many families and businesses to begin recovering. There was optimism that Spokane would quickly, and safely, move through the phases. Unfortunately, we remain paused in place as a state, which keeps us in Phase 2. Caution has been the right approach as we have protected our healthcare system from being overwhelmed and largely limited outbreaks. That slow, careful approach has given us time to protect public health and learn more about the virus.

One of the things we have learned is that industry has a lot of incredibly smart, conscientious people who are willing to put the health and safety of their customers and employees first while developing creative solutions to slowly reopen our economic and education systems. They have dissected their operations to identify vulnerabilities to the virus and come up with solutions that simultaneously slow the spread of illness and safely expand their operations.

Our community has been extremely resilient, yet still the local economy is suffering. Sales tax is down 5.1% citywide year-to-date. And, even more telling, sales tax downtown is down 24%. That's a staggering number for



the regional hub of economic activity that is very quiet most days right now.

That situation is not sustainable, which is why we have continuously advocated for Spokane and our economy. The job is not done as we work with our partners at Spokane County, the Spokane Regional Health District board, and the health officer to build a case for our advancement that the Governor and state Secretary of Health can support. That is the process the state has developed. And, while we completely understand the frustration of those who wish to step outside of that process, funding and other state resources we rely on as a community are at stake as Chelan, Douglas, and Franklin counties have discovered.

Our best successes have come from our work with industry experts to develop safety protocols that can be implemented thoughtfully and carefully. That approach has proven effective in advancing the construction industry, recreational activities, hospitality capacity, and just recently business meetings, libraries, entertainment, and youth sports. The collective wisdom, experience, and expertise of industry leaders is our path forward, and we will continue working with them to identify the next safe approaches.

Successes this year, whether related to COVID or in other areas, have come from getting people to the table, working through challenges, and offering thoughtful solutions. That kind of collaboration takes time and I believe produces the best solutions.

We have some things going for us in this quest to progress. Our hospitalizations and bed counts remain stable, and I will continue to advocate for re-opening cautiously and safely – our need to move forward.

Despite the disruption and, many days discouragement, I have been very proud of the resiliency and determination of our community. Like never before, we have supported each other and supported our businesses. The City, for its part, mobilized quickly to offer financial help to families struggling with utility bills and assist businesses struggling to stay open. Other community organizations stepped up to coordinate PPE disbursement, provide food to families, and get rental assistance to make sure tenants remained housed.

Much of that is because of our engagement with our representatives, regional mayors, and other

municipalities to work on the common goal of greater flexibility in opening our community.

And while COVID has captured much of our attention, a lot of City work has continued. I'd like to close by sharing some incredible accomplishments of our talented, dedicated employees who deserve a lot recognition for persevering and delivering outstanding services.

Within Parks, the development of Riverfront continues to progress. The North Bank is on schedule to open in Spring 2021, with an incredible Ice Age Floods-themed playground, Hooptown USA basketball court, skate park, and a Roskelley climbing boulder.

The Providence Playscape, the City's first all-inclusive playground to serve children with all abilities in a safe and fun environment, will also open soon.

And with 1/3 of normal summer staffing levels, employees from Riverfront, Recreation, Finance, Communications, and Administration are helping with critical core services in Operations. They all stepped up to work in parks, sports complexes, and aquatic centers doing cleaning, litter pickup, mowing, weeding, removing garbage, seasonal maintenance, and more – a great

example of how dedicated and committed our employees are to the City of Spokane.

Our Public Works Department, many of whom were essential workers during the pandemic, maintained all essential City utility services, construction, and street maintenance without interruption and partnered with community organizations to raise \$150,000 to help individuals and families with energy and City utility bills.

And to help aid our community economic recovery, we accelerated \$10 million of additional investment in arterial street maintenance which will double the miles of arterial streets that will see repair work during these next two years.

Our Community Programs team has also launched a volunteer website and conducted several successful paint-over-graffiti events – I know some of you have participated in these events, and I thank you for your engagement.

We have also seen significant permit activity so far in 2020, reaching \$419 million in construction valuations and that exceeds the entire year of 2019 by \$17 million to date.

Our Parking team also held a successful “Spring Cleaning” event for neighborhood parking where over 1,000 neighborhood parking complaints were resolved.

We identified a location, improved the space, and opened a new downtown police precinct to enhance the department’s community policing efforts and make the core a safe place for everyone to use.

As a part of a regional system with our partners, we developed a process for transitioning the seasonal, night-by-night shelter model to year-round connectivity to services and stability for operator staffing and relationships. We have also identified, with those same partners, a Bridge Housing location to rapidly transition people from homelessness to employment and housing.

And, one of my personal favorites, the City worked with many community stakeholders to host a creative pandemic community Fourth of July celebration.

There are so many other accomplishments our employees have done this year, and I am proud of their dedication, resilience, and flexibility through all the challenges and changes 2020 has brought so far. It is also

worth noting that many of the things on this list, which by the way is only a small part of what we have done, have been accomplished in partnership with members of the City Council.

We must be very cautious in proclaiming the stability of our City finances and operations because of ongoing uncertainties associated with this pandemic. However, if we are talking about people – all of our people – that has me optimistic for the future and the ability of our employees to deliver excellent services to our citizens.

Optimism is the most important human trait. It allows us to evolve our ideas, to improve our situation, and to hope for a better tomorrow.

Thank you. And, for those of you watching at home tonight, we appreciate your support and ongoing willingness to put the health of your community first. Thank you for your resilience, for supporting your favorite local businesses, and for doing both with everyone's health and safety in mind.