PROPOSED BUDGET
2021-2022

City Manager’s Office
Office of Management and Budget
October 6, 2020
BUDGET CALENDAR

October 6
Proposed Budget and Utility Budget

October 13
Community Safety
- TPD, TFD, PW, NCS

October 20
Affordable Housing and Health
- CED, NCS, OEHR, PDS, TFD, ES, TPU

October 27
Access
- PW, Capital,TVE, Library, Metro Parks
First Public Hearing

November 3
Livable Wage Jobs and Belief and Trust
- CED, HR and MCO
Fee Schedule

November 10
Second Public Hearing

November 17
Engagement Report—Out
First Reading
Adoption

November 24
Second Reading
Adoption

Community Engagement
AGENDA

• Overview: Budget Development, Community Engagement, Principles, and Priorities

• Balanced and Sustainable Financials

• Proposed 2021-2022 Budget
  • Structure for Anti-Racist Transformation
  • Maintain Essential Services
  • Respond and Recover

• Next Steps
BUDGET DEVELOPMENT PROCESS

- City Council Priority Workshop
- Six-Year Forecast
- Staff
- Program Analysis
- Racial Equity Action Plans
- Transformation Planning Proposals
- Balancing Act
- Online Surveys
- Community Forum and Other Public Input

2020 Community Survey
Tacoma 2025

City Council

Community

Proposed Budget

City Council

Adopted Budget

Workshops
Town Hall
Balancing Act
Public Hearings
Public Comment

2021-2022
COMMUNITY ENGAGEMENT PROCESS

- Over 750 community members
- Major issues; performance of City services; impacts on quality of life; trust and confidence

City Council Workshop
- Identified Priorities for 2021-2022

Issued surveys to further define the priority areas and issues
- Over 3,000 Responses

Priority Engagement

Prioritizing Resources
- Launched Balancing Act Tool to educate and receive feedback on how to prioritize funding
- Over 800 balanced budgets submitted

Proposed Budget Engagement
- Town Hall
- Work sessions
- Balancing Act
- Public Hearing
- Community Meetings

Community Survey
BUDGET PRINCIPLES

- Lead With Anti-Racism and Equity
- Include Community Through Communication and Engagement
- Align Spending With Community and Council Priorities
- Incorporate Long Term Perspective and Fiscal Sustainability
- Focus on Results and Outcomes
CITY COUNCIL PRIORITIES

City Council Priority Setting Workshop

Tacoma 2025 City Council Priorities

- Equity
- Health
- Access
- Community Safety
- Livable Wage Jobs
- Affordable Housing
- Belief and Trust
# COMMUNITY FEEDBACK THEMES

## Community Survey Feedback – Late 2019

<table>
<thead>
<tr>
<th>Major Issues Facing Tacoma in the Next Five Years</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issue</strong></td>
<td></td>
</tr>
<tr>
<td>Homelessness</td>
<td>31%</td>
</tr>
<tr>
<td>Overcrowding/Overpopulation</td>
<td>14%</td>
</tr>
<tr>
<td>Affordable Housing/Housing Costs</td>
<td>13%</td>
</tr>
<tr>
<td>Housing/ Housing Shortage</td>
<td>11%</td>
</tr>
<tr>
<td>Crime/Gang Activity/Drugs/Gun Control</td>
<td>10%</td>
</tr>
</tbody>
</table>

## Summer 2020 Feedback – Top Themes

<table>
<thead>
<tr>
<th>Theme</th>
<th>Data Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policing</td>
<td>Community Safety Survey, Anti-Racism and Equity Survey, Balancing Act</td>
</tr>
<tr>
<td>Improved Access to Social Services and Health Care</td>
<td>Community Safety Survey, Health Survey, Anti-Racism and Equity Survey, Balancing Act</td>
</tr>
<tr>
<td>More Housing/Improved Access to Jobs</td>
<td>Housing Survey, Jobs Survey, Anti-Racism and Equity Survey, Balancing Act</td>
</tr>
<tr>
<td>Accountability From the City and Police</td>
<td>Community Engagement Survey, Community Safety Survey, Anti-Racism and Equity Survey</td>
</tr>
</tbody>
</table>
ANTI-RACIST TRANSFORMATION

City Council Resolution 40622
• Passed in June 2020
• Prioritizes anti-racism in budget development process and COVID-19 economic recovery

2021-2022 Budget Development Process Included
• Evaluation of all services, programs, and proposals for prioritized spending under an anti-racism lens
• Development of Racial Equity Action Plans (REAPs) for every City department
CITY COUNCIL PRIORITIES

2021-2022 Proposed Budget

• Maintains financial sustainability
• Sets the structure for transformation
• Maintains equitable essential services
• Provides for response and recovery from pandemic impacts

Tacoma 2025 City Council Priorities
Structure for Anti-Racist Transformation

Health  Access  Community Safety
Livable Wage Jobs  Affordable Housing  Belief and Trust

Essential Services for Response and Recovery
BALANCED AND SUSTAINABLE BUDGET
2021-2022 FINANCIAL OVERVIEW

Balanced
• Aligns revenues and expenditures

Sustainable
• Maintains reserves
  • Meets Council Reserve Policy and best practices
  • 16.7% General Fund reserves (2 months of expenses)
• Employs combination of ongoing and one-time actions
CITY OF TACOMA BUDGET

Total Budget, $3.67 B

Utility and Enterprise Funds
$2.0 B 55%

Trust & Special Revenue Funds,
$877M, 24%

Capital & Debt Funds,
$59M, 2%

Internal Services,
$213M, 6%

General Fund,
$505M, 14%

2021-2022
GENERAL FUND REVENUE

General Fund Revenue Total: $505.23M

- Property Tax, $127.72M, 25%
- Business Tax, $106.56M, 21%
- Sales Tax, $104.58M, 21%
- Utility Tax, $97.88M, 19%
- Intergovernmental Revenues, $25.00M, 5%
- Other Revenues, $17.46M, 3%
- Licenses & Permits, $13.07M, 3%
- Cash Balance, $12.96M, 3%
- Other Revenues, $17.46M, 3%
- Intergovernmental Revenues, $25.00M, 5%
- Utility Tax, $97.88M, 19%
- Sales Tax, $104.58M, 21%
### General Fund Expenditure

<table>
<thead>
<tr>
<th>Department</th>
<th>Expenditure</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Police</td>
<td>$172.32M</td>
<td>34%</td>
</tr>
<tr>
<td>Fire</td>
<td>$129.09M</td>
<td>26%</td>
</tr>
<tr>
<td>Public Safety Related</td>
<td>$13.57M</td>
<td>3%</td>
</tr>
<tr>
<td>Public Works</td>
<td>$6.60M</td>
<td>1%</td>
</tr>
<tr>
<td>Public Works Related</td>
<td>$24.20M</td>
<td>5%</td>
</tr>
<tr>
<td>Library</td>
<td>$27.57M</td>
<td>6%</td>
</tr>
<tr>
<td>Finance</td>
<td>$10.52M</td>
<td>2%</td>
</tr>
<tr>
<td>Non-Departmental Non-Discretionary</td>
<td>$45.22M</td>
<td>9%</td>
</tr>
<tr>
<td>Other Non-Departmental</td>
<td>$21.52M</td>
<td>4%</td>
</tr>
<tr>
<td>Other Departments</td>
<td>$32.12M</td>
<td>6%</td>
</tr>
<tr>
<td>Neighborhood and Community Services</td>
<td>$22.49M</td>
<td>4%</td>
</tr>
<tr>
<td>Non-Departmental Non-Discretionary</td>
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<tr>
<td>General Fund Expenditure Total</td>
<td>$505.23M</td>
<td></td>
</tr>
</tbody>
</table>
GENERAL FUND

Revenues shown in italics and Expenses in bold

General Fund Total:
$505.23M
PROJECTION UPDATES

($ in millions)

Actual Revenues  June Projected Revenues  September Revenue Projection

Actual and Projected Expenses (Not adjusted for emergency reductions or impacts)

2021-2022 Projected Gap $40 M
PROPOSED BUDGET - CLOSING THE GAP

Address General Fund Gap of $40M

• Reductions and Mitigations (-$27.3M)
• Labor Costs Assumptions and Internal Service Charges (-$4.5M)
• Updates and Redirects Revenues ($6.5M)
• Savings From 2020 Reductions ($12.9M)
• Enhanced Services ($11.2M)
REDUCTIONS AND MITIGATIONS (-$27.3M)

- Redirects Fire resources for deployment of in-house Basic Life Support services
- Reduces Police authority to spend on staffing
- Repurposes 2nd Floor Main Library for community organization use
- Reduces fleet replacement and deferred maintenance programs
- Reduces Municipal Court and Legal Department staff to align with caseload changes and efficiencies
- Pauses Innovative Grant Program
- Extends Senior Center closure to respond to COVID safety-related restrictions
OTHER APPROACHES TO CLOSING THE GAP AND ENHANCED SERVICES

• Labor and Internal Services (-$4.5M)
  • Limits internal service reductions to allow for support of essential services, transformation and recovery
  • Reduces wage increase assumptions

• Updated Revenues and Redirects Revenues to General Fund ($6.5M)

• Savings From 2020 Reductions ($12.9M)

• Enhanced Services to Meet City Council Priorities and Emergent Needs ($11.2M)
ADDRESSING COVID REVENUE IMPACTS OTHER FUNDS

Tacoma Venues and Events
- Aligns staffing and facility operations to COVID health and safety requirements and projected economic recovery
- Carefully monitoring trends for events and bookings

Public Works
- Redirects planned infrastructure improvements due to I-976 revenue loss to Streets Initiative eligible projects
- Careful tracking of trends in parking and developing flexible response based on impacts

Environmental Services
- Delayed maintenance and capital programing to keep rate increases low
STRUCTURE FOR ANTI-RACIST TRANSFORMATION
TRANSFORMATION EFFORTS

Community-Led Systems-Wide Transformation
- Long-term community-led transformation
  - Guided by the Mayor
  - Sets vision for community safety and systems-wide transformation

Policing Transformation

Organizational Transformation
POLICING TRANSFORMATION: COMPLETED OR UNDERWAY

• 8 Can’t Wait Policies
• Obama Pledge
• 21st Century Policing current state assessment
• Body Worn Camera purchase and policy development
• Police Chief Recruitment with robust community engagement
• Police Union Contract Discussions with community input and involvement
POLICING TRANSFORMATION: 2021-2022 BUDGET

Body Camera implementation
  • Public disclosure staffing, storage, IT and administrative support, training and maintenance

Tacoma Police Department Current State Review
  • Finalize review and recommendations from 21st Century Policing
  • Evaluate divertible calls for service
  • Update staffing study recommendations
  • Analyze data on service demand and response

Behavioral Health Response Unit
Office of Community Safety startup funding
POLICING TRANSFORMATION: 2021-2022 BUDGET CONT.

Dedicated Project PEACE Phase II staff in the Office of Equity and Human Rights

Communications Support Position
Community Trauma Response Team (CTRT)

Program Oversight Adjustments
- Information technology (IT) oversight moved to IT Department
- Contract management of CTRT and Co-responder program transitioned to Neighborhood and Community Services Department
- Red light and speed camera management moved to Public Works

Transformation Implementation Funding
ORGANIZATIONAL TRANSFORMATION

• Racial Equity Action Plans
• Government Alliance for Racial Equity (GARE) Cohort Recommendations

September 30
Department Racial Equity Action Plans Due

October 6
2021-2022 Proposed Budget

Mid October
GARE Workshops:
* Define Principles of Transformation
* Identify Problem Statements in Priority Areas
* Identify Org-Level Problem Statements

October 6
GARE Report initial organizational review to Council

Mid October
Additional City Council Idea Generation

October and Beyond
Refine REAPS, work with Internal and External Transformation Teams

TBD
Internal transformation teams

September - October
Refine REAPS, work with Internal and External Transformation Teams

Refine REAPS, work with Internal and External Transformation Teams
MAINTAIN ESSENTIAL SERVICES
MAINTAINING ESSENTIAL SERVICES

Emergency Response
- Maintains Fire and Police system-wide service level standards for emergency response
- Maintains snow/ice removal capability

Streets Initiative
- Meets our commitment to continue improving our streets

Garbage and Recycling
- Maintains residential services and enhances commercial services
- Includes reasonable rate increase assumptions
MAINTAINING ESSENTIAL SERVICES CONT’D

Water and Power
• Maintains ability to provide clean water and reliable power
• Includes reasonable rate increase assumptions

Library Services
• Continues operation of Main and all branch libraries

Human Rights and Fair Housing
• Retains staff for complaint intake and processing

Neighborhood and Community Services
• Meets commitment to provide sheltering for unhoused through continuation of TEMS sites, Stability Site, and other shelter services
• Continues youth and young adult violence prevention funding
RESPOND AND RECOVER (COVID-19)
RESPOND AND RECOVER

Adapts Public-Facing Services to meet CDC Guidelines
  • Modifies Tacoma Venues and Events facilities
  • Changes service desk operations (311, Permitting, Tax and License)

Includes City Employee Safety Efforts
  • Funds first ever organization-wide Safety Office
  • Provides required PPE; training
  • Modifies workspaces, schedules and locations as necessary
  • Supports remote work

Redirects Human Services and Business Support
  • Includes BIPOC focus for funding
  • Supports business adaptations for response and recovery
RESPOND AND RECOVER:
FEDERAL AND STATE FUNDING

Provides Small Business Support
- Small business loans ($1.1M)
- Small business grants ($650K)
- Technical assistance and program management ($500K)

Affords Housing Relief
- Rental assistance ($1.0M)
- Foreclosure assistance ($650K)

Supports Homeless Sheltering
- Temporary Emergency Shelter (TEMS) operations at E. 60th and McKinley ($760K)
- TEMS operations at 6th and Orchard ($1.6M)

Provides Additional Funding for Response ($1.5M)
RESPOND AND RECOVER: ENHANCES/RESTORES PRIORITY PROGRAMS

Affordable Housing Action Strategy
• Contributes additional $1M to Affordable Housing Trust Fund
• Funds down payment and foreclosure assistance disparity studies
• Adds staff support for tenant protection and permitting

Transportation - Access and Safety Projects
• Links to Opportunity
• Active Transportation and Vision Zero
• Street striping
• Residential ADA ramps and sidewalks
RESPOND AND RECOVER: ENHANCES/RESTORES PRIORITY PROGRAMS

Neighborhood Planning Program
• Continues AHAS implementation (infill housing and inclusionary zoning)
• Continues subarea planning
• Restores neighborhood action strategies

Environmental Action Plan
• Enhances community engagement with emphasis on historically underrepresented and/or underserved populations

Green and Resilient Building Program
• Continues assistance to developers, City staff and residents to address challenges posed by climate change

Critical Areas Program
• Expands resources to assist in environmental compliance
RESPOND AND RECOVER: ENHANCES/RESTORES PRIORITY PROGRAMS

Food Equity Program
• Adds Urban Agriculture project to focus on fruit bearing trees in right-of-ways

Gas Station Park
• Restores commitment to revitalization in partnership with Metro Parks Tacoma

Equity in Contracting
• Restores enhanced staffing to conduct trainings, increased outreach and monitoring for minority and women-owned businesses
SUMMARY AND NEXT STEPS
BUDGET SUMMARY

• Maintains financial sustainability
• Sets structure for anti-racist transformation
• Maintains essential services
• Provides for response and recovery from pandemic impacts
COMMUNITY ENGAGEMENT APPROACH

Town Hall
- October 21 – Overview of 2021-2022 Proposed Budget and breakout conversations with Council Members
- Spanish language event

Community Meetings
- Staff available to attend existing meetings to provide overview of 2021-2022 Proposed Budget

Balancing Act
- Open October 6 – November 3

Public Hearing
- October 27 and November 10 – Promoted as a venue for community feedback
PROPOSED BUDGET
2021-2022

City Manager’s Office
Office of Management and Budget
October 6, 2020