



City of Spokane—Media Release

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**SAVINGS OFFERED BY CITY EMPLOYEES
NOW TOTAL MORE THAN \$1.7 MILLION**
Savings will help preserve services

City of Spokane employees have provided \$1.7 million in savings through changes in wages and benefits to help balance the City's 2010 budget. That amount is nearly half-way to the City's target of \$3.5 million in employee savings which would avoid layoffs and keep City services intact for the coming year.

"Our employees are committed to the work of the City—quite simply, serving our citizens," Mayor Mary Verner says. "We are pleased to continue to share our good news as we move closer to savings targets."

Early this year, the City identified a \$7 million shortfall in its General Fund budget for 2010, largely because of the national economic recession. The City asked its employee groups to participate in solving half the shortfall. Savings goals were set for each bargaining unit based on the number of employees and total payroll in each unit

Since last week, IAFF Local 29, which represents the City's firefighters, along with the Spokane Association of Fire Officers, developed a salary savings plan that's expected to save about \$700,000 a year.

The Managerial and Professional Association, which represents the City's department managers and technical/professional staff, agreed to suspend a provision that would have allowed members to cash out a week's vacation in 2010. The group also will collect a special assessment from

their members in 2010, which will be used to issue a quarterly check to the City to reach their total savings goal of about \$398,000.

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Budget savings

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Meanwhile, the City's non-represented senior managers met their \$116,000 savings goal. These employees gave up their vacation buy-out provision to increase their share of pension contributions or medical insurance contributions to meet the full goal. Non-represented managerial employees at the Library expect to meet their savings goal of \$104,000 through budget reductions, following approval by the Library Board.

This week's progress report supplements previous announcements that:

- IAFF Local 29 agreed to replace their medical plan with one that's referred to as a "high-deductible plan, saving about \$300,000 annually.
- Local 270-Prosecutors Association negotiated a new contract that provides more than \$42,000 in permanent savings for the City.
- The Police Lieutenants and Captains Association, along with the unrepresented members of Police Administration, agreed to suspend City contributions to their deferred compensation accounts to meet their savings goal. This action saves nearly \$85,000.

Other bargaining units are in continued discussions with the City. "The remaining groups continue to work with us in good faith, and I am very hopeful that we will achieve a good result," says Mayor Verner.

In addition to working with employees, the City has taken other proactive steps to balance the 2010 General Fund budget. Under Mayor Verner's direction, the city has implemented short-term measures, including hiring and spending restrictions and additional controls on overtime and other expenses. The City also has created a Voluntary Retirement Incentive Program for employees. This program, designed for employees who would like to retire but need a bridge for medical expenses, would permanently eliminate or restructure positions to achieve substantial cost savings or service delivery efficiencies.

The City has made some very difficult decisions. The City eliminated nine positions in its Building Enterprise Fund to respond to the dramatic downturn in construction, particularly new housing starts. Although not part of the General Fund, this action demonstrates the City's willingness to take tough actions as needed to balance the budget.

The City also began a program to implement efficiencies, called Employee-Led Innovation. The City is using Lean Six Sigma techniques and other strategies to improve processes and find cost savings throughout the City organization. The City is considering other longer term efficiency

initiatives, including regionalization of services or new service delivery models to bring long-term budget change.

The City's General Fund budget for 2009 totaled \$155.5 million. General Fund revenues include property, sales, and utility taxes and pay for critical services, including police, fire, parks, libraries, and streets.