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The November election is history, and what have we learned from our constituents? Washington citizens are leading the nation in social trends, while once again expressing the desire that government do more with less.

The theme of “lean management” echoed in candidate forums, be they local, state, or national contests. But how do we deliver? While responsive government continually strives to be more efficient, cities are also recognizing that partnering with others can lead to higher levels of service than they could achieve alone, at least with benefit-to-cost ratios along the lines of what citizens are asking for.

Two recent joint efforts for service delivery are front and center here in Sammamish. One aims to enhance the livability of the city by providing a gathering place for our human constituents, and the other ensures the survivability of a native Lake Sammamish kokanee run.

Years of community discussions, statistically significant surveys, and consultant studies culminated in an affirmative advisory vote this fall to support a partnership between the city and the YMCA to build a community/aquatic center. Sammamish will invest some $25 million, and the Y about $6 million, to construct the city-owned facility, and the Y (proven experts in this type of service delivery) will operate it and cover any negative cash flow.

Meanwhile, the four cities bordering Lake Sammamish, along with King County, state and federal agencies, citizen groups, and local companies, formed the Kokanee Working Group about five years ago in an effort to save the rapidly dwindling run. Native fish were captured and used as stock for a supplementation program through the Issaquah Hatchery. This year for the first time, in a resounding success, hatchery fish returned home—spawning in streams that haven’t seen kokanee in decades.

Whether it is contracting for police service or finding new ways to provide fire and emergency medical service (three cities and two fire districts partner here under the banner of Eastside Fire and Rescue), cities are stretching their political and geographic boundaries to get those benefit-to-cost ratios higher for our constituents.
Welcome note  1
CityBeat  5
Welcome note
CityBeat
Collaboration takes a variety of forms for Washington cities—and sometimes results in different partners, or fewer partners, or simply borrowing ideas from elsewhere. And in our popular NOTED feature, we dive into the weeds of the new marijuana law.

The Partner Principle  14
The pressures of low revenues and service needs won’t come as news to Washington cities. Neither should creative collaboration. Cityvision looks at the weighty decisions behind budget crunches and essential services, and how some cities are pursuing proactive solutions. By Ted Katauskas

CityWise  21

CityScape  28
Some tasks are simply destined to require teamwork.
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Debra Young
Human Resource Director
City of Lakewood

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EVERY THURSDAY since the early 1990s, a district court judge and a clerk from Vancouver drove 18 miles to a satellite municipal court in Camas, providing judicial and corrections services under an interlocal agreement between the Clark County District Court and the cities of Camas and Washougal, which collectively shared the expense. The arrangement worked for everyone until the Great Recession hit, and a bombshell of a letter arrived at both city halls on the same mid-December day in 2009.

“It is with regret that we have made the decision to close the Camas-Washougal office, as we understand it is a convenience for some of the citizens residing in those communities,” wrote presiding Judge John P. Hagensen. “We simply can’t continue to operate both offices due to staffing problems and expenses.”

The county had cut $600,000 from the court’s budget, and as a result the citizens of Camas and Washougal would have to drive to Vancouver for their day in court. But the neighboring cities offered an alternate solution.

continued on page 10 →
Consolation Prize

The Tri-Cities find answers beyond municipal consolidation.

GARY CRUTCHFIELD can’t recall a time when the “c” word—consolidation—wasn’t floating around the Tri-Cities. “I’ve been here about 34 years,” says the Pasco city manager, “and I’ve listened to the consolidation push all of those years.” In fact, the idea went to a vote in 1985, and Pasco, along with its Columbia River neighbors Richland and Kennewick, shot the proposal down by a hefty margin.

Fast-forward to 2012, when the idea of consolidating the three municipalities is again grabbing headlines, thanks to a group called Tri-Cities Evolution. Made up of community leaders ranging from CFOs to journalists, the group asked the Ruckelshaus Center, a joint effort of the University of Washington and Washington State University, to study once and for all whether consolidation might provide a feasible way to adapt to challenges like explosive regional population growth and shoe-string municipal budgets. The answer? Not so much.

This September Ruckelshaus all but splashed cold water on the idea, reporting that such a move wouldn’t result in “significant economies of scale” and didn’t reveal “clear predictable economic benefit.” So what now?

“I think it confirms what many have said for a long time,” Crutchfield says. “You don’t have to give up your governmental autonomy in order to have efficiencies; you just gotta collaborate.”

Crutchfield points out that since the 1980s, the Tri-Cities has leveraged that other “c” word quite successfully. For the past 30 years, the cities have shared a common police information network. In 1999, the cities regionalized animal control services, reducing the number of shelters from three down to one. Current efforts include ensuring that the cities’ fire departments provide automatic mutual aid across jurisdictions, in the event that the affected city’s emergency personnel can’t respond to a call.

Such ventures have helped establish models for future collaborations between the communities, Crutchfield says. It’s an ethos that he says boils down to “you gotta give to get. All parties have to be willing to put resources on the table and be an active member of the partnership.”

Make no mistake: it’s not all rainbows and sing-alongs. “Not only do I have to make sure that my own council is on board, but I have to work it out with our partner across the river as well,” Crutchfield explains. “But in this day and age, we just can’t stay in independence mode, so that we’re each an island. Partnerships can be so much more productive.”
Cashmere joins forces to drive change.

WHEN CASHMERE sat down with the Chelan County Port District, the local public utility district, its chamber of commerce, and more than 100 local citizens at two community forums, the conversation was about how to grow economic development. No one knew they were witnessing the birth of a can-do partnership.

“We went our own ways and started to work together,” recalls Cashmere Mayor Jeff Gomes. The city started by rebuilding permanent wooden canopies—complete with a drip irrigation system—for an entire downtown block and two crosswalks. “It had never been clear who exactly owned the canopies, the city or the businesses,” Gomes explains, but after the forums and city repairs, the chamber keeps the canopies filled with flower baskets.

The chamber also helped build a hand-painted welcome sign off Highway 2 and restore two downtown walking tour kiosks. Bike racks and directional signs appeared, courtesy of the city. The port district and Cashmere combined two grants to improve one rural-looking, 3,600-foot streetscape with sidewalks, lights, and landscaping. And the utility district partnered with Cashmere on utility relocation and upgrades, as well as hazardous tree removal.

“Bottom line, we got a lot done in 2012 because we partnered,” Gomes says. “The forums helped us figure out what we wanted and made it obvious we couldn’t accomplish anything by ourselves.”

GARY TOMSIC  
City Manager, Blaine

I would advise letting go and trusting your community partners. Demonstrate your commitment with action. Roll up your sleeves and pitch in! Nothing builds trust more than the citizens seeing their elected leaders working in the community.

GARY CLARK  
Mayor, Zillah

If you really want to partner, get involved. Don’t wait for the community to come to you. Public-private partnerships are a win-win all the way around. Our most recent partnership took lots of involvement, people, communication, and perseverance, but it’s worth it.

GLORIA HIRASHIMA  
Chief Administrative Officer, Marysville

Marysville’s best partnerships result in visible results and recognition. We work with churches and youth groups to do park improvements, graffiti abatement, and cleanups. We have active neighborhood and business watches to enhance community safety.

ARLENE FISHER  
City Administrator, Cheney

Successful community partnership begins with vision, ideas, direction, and listening to the issues. By far the most critical component of successful community partnership is honesty and integrity.

Cities Ask for the Vote

Of the 115 local government measures placed on the November ballot, here’s the breakdown by subject.

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
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<tbody>
<tr>
<td>Public safety</td>
<td>27</td>
</tr>
<tr>
<td>Parks &amp; rec</td>
<td>19</td>
</tr>
<tr>
<td>General operations</td>
<td>6</td>
</tr>
<tr>
<td>Transportation</td>
<td>10</td>
</tr>
<tr>
<td>Change in form of government</td>
<td>3</td>
</tr>
<tr>
<td>Annexation</td>
<td>12</td>
</tr>
<tr>
<td>Emergency medical services</td>
<td>11</td>
</tr>
<tr>
<td>Other</td>
<td>27</td>
</tr>
</tbody>
</table>

Source: Municipal Research and Services Center, mrsc.org
I-502: Marijuana Initiative

What does the initiative do?
The initiative legalizes marijuana use for persons over 21. Private stores, producers, and processors are allowed to be licensed to sell marijuana and marijuana-infused products.

Who can sell marijuana?
The initiative provides for licensed retail locations. Marijuana stores can sell only marijuana, marijuana-infused products, and paraphernalia. Stores are allowed to sell, to an individual, one ounce of usable marijuana, 16 ounces of marijuana-infused product in solid form, or 72 ounces of marijuana-infused product in liquid form. Stores may not allow on-premises consumption. Stores are prohibited from advertising or showing product visible from outside the store.

What are the rules for users?
In addition to the requirement that users be over 21 and the prohibition on opening or consuming marijuana in public, the initiative establishes a presumptive standard for driving under the influence of marijuana—similar to standards for alcohol—but with evidence only available via a blood test.

How is marijuana going to be regulated?
The Washington State Liquor Control Board (LCB) is tasked with regulating and licensing marijuana producers, processors, and retailers. The maximum number of retailers per county, the maximum amount of marijuana allowed on premises, how and when marijuana can be transported, and product labeling become responsibilities of the LCB. Creating rules about security requirements, employee training and supervision, and locations and hours of retail operations is also the LCB’s task. Cities and counties must be notified of any applications to establish a retail marijuana location in their jurisdiction and may object. No license can be approved for locations within 1,000 feet of schools, playgrounds, recreation centers, day cares, parks, transit centers, libraries, and arcades.

Will the initiative impose taxes on marijuana?
Yes. At each transaction point (producer to processor, processor to retailer, and retailer to consumer) a 25 percent excise tax will be levied. Local and state sales tax will also be levied on retail sales. The excise taxes are to be primarily distributed to the state’s Basic Health Plan, the state general fund, health-related programs, and the LCB for administrative costs. Local governments do not get a share of the excise tax.

Does the initiative address medical marijuana?
The initiative is silent on medical marijuana. However, medical users could purchase marijuana at retail stores, and state and local criminal penalties for possession and use are eliminated.

And what about the federal law?
The initiative does not change federal law, and the federal government could still arrest marijuana producers, processors, retailers, and users. Governor Gregoire met with federal officials seeking clarity; it remains unclear how the federal government will respond.

For more information: www.awcnet.org
**TRAINING ESSENTIALS**

**INITIATIVE 502 WEBINAR  NOVEMBER 27**
Washington voters said “yes” to legalized marijuana. What does that mean for cities? How will the Liquor Control Board handle regulations? What are the taxes, and where do they go? And how will the feds react?

**MAYORS EXCHANGE  DECEMBER 5**
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**FESTIVALS**

**NOVEMBER**

2–3  Tri-Cities Wine Festival  [www.tricitieswinefestival.com](http://www.tricitieswinefestival.com)
10  Auburn’s Veterans Day Parade  [www.auburn.wa.gov](http://www.auburn.wa.gov)
10  Wine & Brew Fest  Connell; [www.cityofconnell.com](http://www.cityofconnell.com)
22  Jan 1 Fantasy Lights  Spanaway; [www.piercecounty.wa.org](http://www.piercecounty.wa.org)
23  Annual Tree Lighting  Centralia; [www.cityofcentralia.com](http://www.cityofcentralia.com)
23–25  Dayton Christmas Kickoff  Dayton; [www.historicdayton.com](http://www.historicdayton.com)
23–25  Holidays at the Beach  Long Beach; [www.holidayslongbeach.com](http://www.holidayslongbeach.com)
23–24  Moments to Remember  Ellensburg; [www.myellensburg.com](http://www.myellensburg.com)
23–24  Jan 6 Seattle Center Winterfest  [www.seattlecenter.com](http://www.seattlecenter.com)
23–25  Winter FantasSea Craft Show  Ocean Shores; [www.oceanshores.com](http://www.oceanshores.com)
24  Christmas Lighting and Festival of Trees  Cathlamet; [www.wahkiakumchamber.com](http://www.wahkiakumchamber.com)

**DECEMBER**

1  Christmas in Cle Elum  [www.cleelumroslyn.org](http://www.cleelumroslyn.org)
1  Christmas in the Gorge  Stevenson; [www.cityofstevenson.com](http://www.cityofstevenson.com)
1  Christmas Lighting and Festival of Trees  Cathlamet; [www.wahkiakumchamber.com](http://www.wahkiakumchamber.com)
4  Dec 1–2, 8–9, 15–16  Toy Train Christmas  Toppenish; [www.visityakima.com](http://www.visityakima.com)
30–Dec 2  Christmas in the Gorge  Stevenson; [www.cityofstevenson.com](http://www.cityofstevenson.com)
1  Lighted Boat Parade and Crab Pot Tree  Ilwaco; [www.ilwacowashington.com](http://www.ilwacowashington.com)
1  Lighted Christmas Parade  Lynden; [www.lynden.org](http://www.lynden.org)
1  Lighted Farm Implement Parade  Sunnyside; [www.visityakima.com](http://www.visityakima.com)
1  Santa by the Sea  Westport; [www.westportwa.com](http://www.westportwa.com)
3  First Night  Spokane; [www.firstnightspokane.org](http://www.firstnightspokane.org)
3  First Night  Tacoma; [www.firstnighttacoma.org](http://www.firstnighttacoma.org)
1  Holiday at Town Hall  Steilacoom; [www.townofsteilacoom.com](http://www.townofsteilacoom.com)

For more information: [www.awcnet.org](http://www.awcnet.org)
Cross Court  continued from page 5

Already they split the costs of ambulance service and animal control. Why not cooperatively run a municipal court?

“We could have gone with the flow and gone to Vancouver, and everything would have been fine,” says Camas Police Chief Mitch Lackey. “But both councils wanted to maintain a local court, so the two cities started negotiating with the county, and we started taking over the operation of the court.”

At first, the cities jointly assumed responsibility for the lease of the courthouse (owned by the Port of Camas-Washougal, which agreed to halve the rent in 2011, then increase it by 25 percent over the next two years), along with utilities, supplies, and associated costs—every expense short of staffing, billed at $271,000 a year—with Camas (as the community with the larger caseload) paying 70 percent and Washougal the balance. Now the two cities are weighing the pros and cons of taking over staff expenses as well. By cutting out the middleman—the county—the cities estimate they could hire a judge, an administrator, clerks, and probation staff for about $210,000 a year. But that $61,000 saved would come with its own costs and potential risks, including liability if, say, a DUII offender on probation ends up causing another accident and spurs a lawsuit.

“It appears that the cities of Camas and Washougal can save some money, but it wouldn’t be without its headaches,” explains Lackey. “We would have to hire new employees and form a new city department, and that means more work for existing staff. But times are tough; we all wear multiple hats anyway.”

Whether the two cities decide to take over the reins of the county court—which must be given a year’s notice— isn’t the point, says Washougal City Administrator David Scott. It’s about cities doing things differently. In addition to cutting costs via its court partnership, the City of Washougal is also looking for cost savings by potentially forming a public-private partnership to deliver utility services.

“It’s a full palette of looking for alternatives in service delivery so we can have a sustainable model for our communities,” Scott explains. “We continue to work with the Legislature to have a quiver full of tools so our communities can make choices about how to deliver the goods. It’s a challenge, but it’s an interesting challenge at the same time.” —Ted Katauskas
Your towns are only nine miles away but worlds apart in some respects, especially when it comes to sales tax receipts.

DA: The bulk of our economy is tourism, related to the opening of the North Cascades Highway. It’s the 40th anniversary of that. The town fathers and local citizens in the early 1970s adopted a western theme. It’s an important identity; we’re that little western town in the mountains.

SI: Since the mill closed, our town has undergone a few shifts. We get our revenues primarily from property tax. TwispWorks was chartered by the town of Twisp with a million-dollar donation from a citizen in the valley to purchase property, a former Forest Service office [now an arts center]. It’s given the town new life. The mill is what we were; the arts is who we are now.

When you took office in 2010, Twisp’s town hall was in danger of falling down.

SI: The town hall is intact. It’s been reroofed, and the walls have been stabilized.

DA: Winthrop’s town hall is an old building with its own set of issues. It has a leaky
roof, and the marshal’s office is located in the basement. One of the challenges both of our towns face is that there are a lot of grant programs and loan programs for infrastructure that are usually for water systems, sewer systems, even recreational facilities, but for administrative facilities like a town hall, it’s almost impossible to find funding. Smaller municipalities don’t have vast resources, so they end up with cramped, outdated spaces.

What other similar challenges do your two communities face?

DA: We’re a municipality in the middle of nowhere; we can’t compete with a bustling city on the edge of Puget Sound that offers higher wages. We can’t get anybody to work part-time for us who’s qualified. But if Winthrop needs a building official for two or three days a week and Twisp needs a building official for one or two days a week, we can put that together and create a full-time position that neither one of us could afford independently. Whenever we can, we partner together.

How else do you share?

DA: In the fall of 2009, both towns applied for an AWC Loss Control Program grant; each town applied for and received $1,000. We pooled that money and used our own funds, and together we bought a sewer camera to do inspections. There only needs to be one of those in the valley.

SI: We have needs. We share the fact that we have needs. Fortunately, Dave and I have a good working relationship. We try to see where we can work together on addressing some of those needs. You need to work with other municipalities and leverage your resources.

Any other partnerships in the works?

SI: I have all sorts of partnership ideas up my sleeve! Dave and I are always talking. We have talked briefly about working together on policing…

DA: It’s not a new idea, but it’s definitely interesting. I’ve talked to people outside the valley who can’t believe we have two separate police departments. Making it happen is the challenge. Almost everybody looking at this dispassionately can see it’s much more cost-effective for there to be some sort of merged law enforcement.

How often do you two collaborate?

SI: We are always available for each other, and we often pick up the phone and call each other. We try to have lunch on a somewhat regular basis, taking turns between my town and his town.

We have needs. We share the fact that we have needs. We try to see where we can work together on addressing some of those needs.

Given that you compete for the same resources, is there ever any rivalry?

SI: We are dissimilar enough that there isn’t that type of rivalry. We complement each other.

DA: Prior to Soo, the two towns did host a softball game and barbecue, and we keep threatening to do it again.

Any advice about partnering with your neighbor?

DA: Do it if you can. We’re going through our budget process, and it’s hard to find dollars. Take a look around to see what you can’t do by yourself but may be able to do together.

SI: First and foremost, remain open-minded. If you’ve been doing something the same way forever, you may find that forever needs to change.
By the Numbers

Cityvision looks at how Methow Valley neighbors Twisp and Winthrop get along together.

<table>
<thead>
<tr>
<th>Winthrop</th>
<th>Twisp</th>
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<tbody>
<tr>
<td><strong>2010</strong></td>
<td><strong>2010</strong></td>
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<tr>
<td><img src="residents.png" alt="394 Residents" /></td>
<td><img src="residents.png" alt="919 Residents" /></td>
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<tr>
<td><strong>Winthrop</strong></td>
<td><strong>Twisp</strong></td>
</tr>
<tr>
<td><strong>Main revenue source:</strong></td>
<td><strong>Main revenue source:</strong></td>
</tr>
<tr>
<td><strong>TOURISM</strong></td>
<td><strong>SERVICE INDUSTRY, ARTS &amp; THEATER</strong></td>
</tr>
<tr>
<td>Additional 3% hotel/motel tax</td>
<td>Sales tax per capita: <strong>$12.30</strong></td>
</tr>
<tr>
<td></td>
<td>Ranked 8th in WA</td>
</tr>
<tr>
<td>Town hall lives in the original Duck Brand Saloon, built in 1891.</td>
<td>Local, state, and federal partners work together on native salmon and watershed restoration.</td>
</tr>
<tr>
<td><strong>Twisp Works</strong> home to a solar project, rural development incubator, artists’ spaces, teen center.</td>
<td>Methow Valley Community Center housed in a century-old former Twisp school building.</td>
</tr>
<tr>
<td><img src="bridge.png" alt="370' design-build pedestrian bridge over Methow River" /></td>
<td><img src="hall.png" alt="TOWN HALL" /></td>
</tr>
<tr>
<td><img src="rink.png" alt="Town built ice rink with $375,000 RCO grant, matched with cash donations and volunteers. Operated by a nonprofit." /></td>
<td><img src="sales.png" alt="Main revenue source: sales tax per capita: $12.33" /></td>
</tr>
<tr>
<td><img src="center.png" alt="Methow Valley Community Center housed in a century-old former Twisp school building." /></td>
<td>Ranked 41st in WA</td>
</tr>
</tbody>
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THE PARTNER PRINCIPLE
As cities scramble to deliver services, what works for one may not work for another. But increasingly, collaboration is emerging as an essential part of the equation.

By Ted Katauskas  Photographs by Mike Kane
N THE EVENING OF MAY 10, 2011, Snohomish’s city council convened in a school district boardroom. It was no routine session: members were gathering to address a sales tax shortfall that had opened a $1 million chasm in the city’s 2012 operating budget. To protect core services, the city had already trimmed its payroll to the bone, cutting positions in planning, parks, maintenance, and finance.

In the end, there was really only one option left. “Our analysis showed that there wasn’t a way to decrease positions in 2012 that would get us to a million dollars in savings without severely undermining or eliminating a key service to the public,” Snohomish City Manager Larry Bauman explains. “We looked at closing our major parks that were gated and fenced and could be locked, but that was taken off the table early in our discussions.”

And so city leaders considered what many deemed unthinkable: disbanding Snohomish’s 152-year-old police force, which employed 18 commissioned officers and consumed more than $3 million (more than 20 percent) of the proposed 2012 operating budget, and contracting instead with the county sheriff’s office. Handing over the reins of public safety certainly made financial sense, at least on paper: in the first year of a proposed five-year contract, to begin January 1, 2012, the city would save $354,234; as the purchase of new equipment like patrol cars was amortized, the annual savings would increase to $696,275 by 2016, for a net gain of $2.48 million over the life of the contract. What’s more, the officers on the city’s payroll would be given the opportunity to reapply for the new county jobs, with the prospect of a pay raise.

Assuming all passed muster with the sheriff, on January 1 the same officers would report to the same station on 230 Maple Ave., be issued new uniforms (in the same color as the old uniforms, albeit with Snohomish County badges), and drive new vehicles with the same colors and “Snohomish Police” logo. The new chief—Snohomish’s beloved chief, a retired commissioned officer working as a civilian contractor, would be forced into retirement, but the city, with citizen input, would select his replacement—would report to the city manager, who would set and monitor policing goals and objectives, retaining local control of the force. As Bauman put it in his report to the city council, “To the casual observer these patrol officers and their vehicles would have all the appearances of being City-employed police.”

But when news of the contract went public, more than a few citizens of Snohomish were outraged. Over the next seven months, in sometimes rancorous and emotional public hearings, in town hall meetings, and in letters to the editor of the local paper, the issue divided the city—and its council.

Some people’s objections were rooted in fear. “Losing the Snohomish Police Department is a great opportunity for those drug dealers, burglars or just the simple drunk that gets out of hand,” noted one letter writer in the Daily Herald. “Not because the Sheriff’s Office is less in any way, but realize if our policemen and women become a part of the Sheriff’s Office they can be pulled away from the town of Snohomish for any other emergency. We could, inevitably, be left without any coverage for our town.”

For others, the potential loss of the police meant a blow to the community’s identity. “Installing a new police presence will lose Snohomish a certain community uniqueness,” pointed out another Daily Herald letter writer. “I can easily put up with a few potholes, cracked sidewalks, dusty and dirty streets and other certain service reductions if it means maintaining the high profile effective local police department we have now.”

In an editorial, two city councilmembers put it this way: “Our
A lot of the resistance was emotionally based, but we can’t print new money.

police department is an integral part of our strategic plan and represents one of the threads that binds us together. Character cannot be outsourced.”

Ultimately, when the measure was put to a council vote in November that year, outsourcing prevailed by the narrowest of margins, 4 votes to 3. And the city’s 2012 budget, thanks to that decision and other cost-saving measures, was balanced.

“A lot of the resistance was emotionally based, and we had to work through that,” says Snohomish Mayor Karen Guzak. “The last four years have been really tough on cities and counties and the federal government; this whole financial meltdown has been tough on everybody. We can’t print new money; we can’t run a deficit.”

Perhaps nobody knows this better than Ray Harper, the mayor of Eatonville, a town of 2,800 in the foothills of Mount Rainier some 80 miles south of Snohomish. Faced with a $120,000 deficit this year, Harper proposed dissolving his community’s century-old police force (which consumes $616,000 of Eatonville’s $1.9 million general operating fund) and contracting with the Pierce County sheriff, for an annual savings of $222,000. In April, a standing-room-only throng of more than 200 angry citizens packed the town’s community center as the council debated the pros and cons of the measure.

“I don’t try to make the townspeople angry,” Harper told the crowd. “This wasn’t my first choice or my second choice. Or even my third choice. We’re broke.”

He was shouted down, and the council voted unanimously to preserve its police force. As a result, to plug that $120,000 hole in its 2012 budget, like a strapped consumer making the minimum monthly payment on a delinquent Visa bill by opening yet another line of credit, Eatonville will probably have to take out a loan.

“We’re running a deficit, and you can’t have everything if you

Is there a rule of thumb when it comes to outsourcing?
Let’s take the analogy that you’ve hired me to paint your house. If I can paint your house better, safer, and faster than you can, would you still want to do it yourself? I think you can use that comparison on almost every city service that’s delivered.

What services does Centennial contract out?
All of our engineering and all public works services, which include street maintenance, snow removal, building maintenance, and landscape maintenance. And we contract with the county sheriff for law enforcement.

What’s changed among thought leaders when it comes to outsourcing?
Twenty years ago, we were debating about whether it was a better idea to mow our own parks or give it to a company that does nothing but mow all day long. We were pretty arrogant about saying, “Oh, we’ll do a better job.” I mean, c’mon, they’re mowing championship golf courses, their turf is on TV, and our turf was pathetic. Now when you look at it, not only do we get a better product, but the unit price went way, way down—and we weren’t involved in retirement plans and insurance issues and all of that.

So what’s the bottom line?
It’s about creating a partnership between you and your service provider. I feel very much like I’ve got a partnership with the county sheriff here. There are clear understandings and clear expectations and a relationship that’s built on trust and verification, and it’s working out beautifully.

continued on page 19
don’t have the money to pay for it,” laments Harper. “I had the votes; at first it penciled out. The problem was, our neighborhoods rallied. One citizen put fliers out to everyone in town with inaccurate statements—there wouldn’t be adequate coverage, the county wouldn’t respond to calls. … It was a fear thing. People knew the police; they had been around for a hundred years; it was a change, and people weren’t ready for change.”

**For Many Washington Cities,** a constant source of much-needed revenue since the 1930s has been the local business and occupancy (B&O) tax. In lieu of a state income tax, Washington is one of only three states in the union—along with West Virginia and Ohio—that levy a B&O tax; in addition to a state tax that added nearly $3 billion to Washington’s bottom line in fiscal year 2008 (the state B&O tax is Washington’s second-largest source of tax revenue), the legislature also gives municipalities the option to levy and collect their own local B&O tax. For decades, 39 cities have done just that. (And in October, the City of Kent upped that number to 40.)

While not without its complications—each city is given authority to set rates, exemptions, and deductions, which can lead to headaches for businesses operating in multiple jurisdictions—the system worked, providing a reliable and not insignificant source of revenue. (For Seattle in 2011, local B&O tax receipts totaled $173,938,435.) But in June 2011, at the behest of the governor’s office, the Department of Revenue issued a report on “Small Business Tax Simplification,” which noted that “the business community has expressed its growing concern around the lack of uniformity between state and local B&O taxes.” In response, the department recommended that the state administer the collection and distribution of local B&O taxes on behalf of cities, much as it does already with local sales tax, concluding that such a move “would provide one of the greatest simplifications for small businesses with the least impact on local governments.”

Except that local governments tended to disagree. “We would lose the ability to tailor the tax to meet the needs of our local businesses,” says Jamie Carnell, a senior tax policy adviser with the City of Seattle. “One of the strengths of cities is that we listen to businesses. If a local business says, ‘We would like a deduction,’ we would lose the ability to do that.”

Last year, for example, Seattle life sciences companies requested—a deduction on their local tax bills for grant money used to fund research and development. In addition to becoming powerless to grant such requests (and potentially forfeiting aggrieved businesses to jurisdictions without a B&O tax), cities would no longer be able to audit and collect tax, penalties, and interest on delinquent accounts, a significant source of income. Carnell estimates that the Department of Revenue’s proposed changes could reduce Seattle’s B&O receipts by 25 percent, which in the year the report was released would have meant a $43 million loss of revenue.

Fortunately, Seattle was already part of a broad team working
on an alternate solution: the B&O tax portal.

In February 2011, five months before the Department of Revenue issued its tax streamlining recommendations, finance directors and tax specialists from Bellevue, Bellingham, Everett, Seattle, and Tacoma met to consider the plight of a hypothetical electrical contractor who performed work in each of the I-5 corridor cities. When it came time to file and pay for five iterations of local B&O tax, the contractor would have five different forms to acquire and fill out (often requiring the same basic identifying information), five different sets of calculations to make, and five different bills to pay. And it would all happen four times a year.

Seeing the depth of the problem, the team spent the rest of that year studying the feasibility of building a web-based B&O tax portal, collectively operated by cities, where businesses could apply for and renew a business license and file and pay their local B&O tax for every and any city in the state. Once the group confirmed that a city-run online B&O tax portal would work, they spent 2012 working out the requirements of such a system; in all, the effort entailed more than 100 meetings and involved soliciting feedback from two focus groups of 50 local businesses.

One focus group member, Kari Udbye, tax manager at a Tacoma-based national dental equipment supply firm, estimates that manually paying quarterly B&O tax in the 19 Washington cities where her company does business requires an entire day of paperwork processing, check-writing, and stamp-licking. By comparison, filing and paying local sales tax in 12 parishes in Louisiana, which has an online payment portal, requires perhaps 30 minutes of Udbye’s company’s time.

“The challenge today in Washington is that only a couple of municipalities have websites capable of processing tax payments, and the rest require manual old-fashioned paper returns that all basically resemble each other,” Udbye says. “All that adds up to a lot of administrative time. … At least there are five cities working on this. It’s a great opportunity for others to join in. A lot of smaller municipalities are hurting for money and would improve their compliance by becoming a part of this.”

Here’s how the web portal will work: A small business owner logs onto the system, establishes an account, and enters basic registration information only once, then is prompted to select the cities in which the user does business. For each selected city, the business owner answers self-guided questions about total gross receipts, exemptions and deductions, etc., and the system calculates the total amount owed as a lump sum for all cities, collects a single payment, generates a receipt, and disburses funds directly into city accounts.

In January, the team will begin soliciting bids from developers who will build the architecture of the first phase of the B&O tax portal. The five member cities collectively will pay $5 million in start-up costs, with the goal of going live with the system in the first five cities by early 2014. Once the bugs

But what about when you’re farming out public works to a publicly traded company like CH2M Hill? They have shareholders to report to, not just the city.

Of course they have a bottom line and shareholders to account to. But that shouldn’t equate, as it often does, with government folks who say, “They’re making a profit, so they must be charging more. I can do it cheaper because I’m not out for profit, I’m service-based.” That’s been shown over the years as patently not true. Just because you’re service-based doesn’t mean that you’re spending less than the private sector.

Cheaper isn’t necessarily better. How do you make sure you’re getting your money’s worth with a contractor?

Who monitors this gigantic $10 million-a-year public works contract [with CH2M Hill]? I hire a different engineering firm to evaluate their performance, and they report to me.

What do you need to think about regarding the terms of the contract?

Writing the contract is really the key to success.

Why do you say that?

If you have a poorly written contract that doesn’t attempt to create a partnership between the contractor and the city, that’s where you get into a very … let’s go back to the example of the house painter. If you contract somebody to paint your house, but you stand there all day to watch them paint to make sure they’re really doing a good job, well, then you’re back to not saving money anymore.

How do you define a well-written contract?

It’s an honest, performance-based contract that evaluates the services needed, how you measure quantifiables, and how you pay for them.

Any words of wisdom for Washington State electeds and administrators?

This is such a good model for uncertain times. This would save cities all over the country if they would at least take a look at this model, but there’s a resistance because of the political backlash: “What do you mean you’re sending this to the XYZ Company? They don’t have the elaborate retirement system or the rich benefits package that we do, so you’re hurting those folks.” So you’re saying that unless you have a government job that you don’t have a good job? This is a very politically sensitive area to go into, but if you have the courage to look at it, you can save so much money, it’s unbelievable.

Any other advice?

Don’t take the easy way out by looking for a race to the bottom on retirement security and pensions. Tackle the tougher questions: What do we need to do to help healthy plans stay healthy and help plans that are in trouble? And what do we need to do for those in the private sector who don’t have this kind of retirement security?
have been worked out, the system will be expanded to serve customers in all 40 B&O tax cities, who will cover the operational costs of the portal. And the project will serve as a testament to the potential impact of creative collaboration.

“The key to collaboration is that you have got to have people in the room who are committed to change,” says Sarah Lane, assistant finance director for the City of Bellevue and a member of the tax portal team. “You have to have a shared goal; without that, this is not going to go anywhere. You need to take small steps and set milestones, and don’t move ahead without consensus. It’s about the ability for people to be open and honest together.”

Cities were given a reprieve from the Department of Revenue’s recommendations when, during the 2012 session, legislation that would have adopted them died in committee. And there are other positive signs. At a candidates’ forum AWC convened in the weeks before the gubernatorial election, the moderator asked then-candidate (now governor-elect) Jay Inslee to answer a question posed by Seattle City Council President Sally Clark as governor, would Inslee support the city-driven tax collection portal or pursue state consolidation of local B&O collection? His response: “I am very encouraged by the progress you are making to establish through your own leadership and your own collaboration a portal that will in fact be useful to businesses across the state of Washington. And I want to work with you to continue to move forward on that effort.”

For her part, Clark anticipates success—and believes there’s a larger lesson to be learned in the example of the B&O portal.

“When I tell people that five of us have been working to put together a portal and make life easier for small businesses in our jurisdictions, I get skeptical looks,” she says. “In city government, there’s this culture that says, ‘No, we can’t do this. Collaboration is too hard; projects this big are too heavy.’ But I think we can do these kinds of things.”

VEN THE KINDS OF THINGS that are politically risky, if not altogether scary. Such as handing over the reins of your city’s police department to the county sheriff.

In Snohomish, 10 months after the city council did just that, the emotional fervor that divided the city has tempered, and even the most ardent detractors now can look back on the tumult with a sense of perspective and see that life in the city continues pretty much the way it always has even though the badges on the officers’ uniforms have changed.

“How has it turned out?” asks Wally Walsh, an 82-year-old Snohomish resident whom Mayor Guzak describes as “the grandfather of the community,” but who was initially one of the most vocal opponents of his city’s public safety handover. “It’s a heck of a lot better than what we had…. The outcome at this time is excellent.”

Meanwhile, in Eatonville, Mayor Harper has accepted his council’s decision, even though he disagrees with it, and he tries not to lose sleep over that hole in his budget, which has since ballooned to $160,000.

“We’re still running a deficit and that’s a hard problem to solve, but I’m not discouraged,” he says. “When you’re a leader, you do what you think is right, and I still think it was the right thing to do. But for me, once the meeting is over, it’s over, and I’m ready for the next meeting. I don’t dwell on it. Let’s move on, and fight something else.”

Only next time, perhaps Mayor Harper will be able to convince his citizens that they could do with some partnership help in their corner. For Washington cities large and small, that increasingly appears to be one of the best strategies to avoid having to throw in the towel.
The concept behind interlocal cooperation is not for any participant to gain economically at the expense of another.
DECLINING REVENUE has forced city governments to make budget cuts, eliminate inefficiencies, and identify cost savings. In this environment, communities throughout the state are finding that consolidation may be an option for adapting to new financial realities. Most recently, the City of Snohomish disbanded its police department, which had existed for longer than a century, and began contracting police services with the Snohomish County Sheriff. Similarly, the City of Yakima and Yakima County have merged purchasing departments.

Public sector consolidation is relatively new in Washington State. However, a significant number of cities in other states have already gone down the path of consolidation and can provide some lessons. We have had the privilege of working with a team of professionals with contracting and consolidation experience to identify best practices. There is no need to reinvent the wheel.

Our analysis reveals that the success of consolidations hinges on two key indicators: A successful consolidation may either save money, increase the quality of service delivered, or do both. If a consolidation is not anticipated to accomplish either one or both of these goals, it is perhaps not the best solution.

Based on nationwide trends, four primary elements are essential for implementing a successful consolidation:

- **Sound Fiscal Analysis** Careful and thorough financial modeling and analysis are critical consolidation steps.
- **Public Support** There must be grassroots support for any consolidation. If the financial modeling process indicates cost savings or a desired service improvement, then public support is often easier to garner.
- **Local Political Support** There needs to be open communication and trust between any agencies or departments, and their key officials, involved in a consolidation effort.
- **Labor Participation** Labor needs to be a willing participant in the consolidation. In a number of consolidations, the overall workforce number was not reduced, but cost savings in capital equipment, work space, and other overhead were realized, thus preserving jobs and improving service quality.

Regardless of the type, size, or complexity, consolidations require a commitment to developing sound financial models, overcoming political hurdles, engaging the public and labor, and managing change. It is a complex journey to navigate, but the communities that have made this commitment have experienced the cost savings and service improvements characteristic of successful consolidations—and of good government.

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**Sharing Time**

Keep an open mind to change; cities are operating in a new financial reality. Throughout the nation, consolidations are occurring in a wide variety of service areas.

A successful consolidation:
- Demonstrates cost savings
- Increases the quality of service

What you need:
- Strong financial analysis
- Public support
- Local political support
- Labor participation

What’s the first step?
- Use the lessons learned—talk to those who have done it before.
- Reach out to consolidation consultants. Seeking out objective guidance and analytical support up front is a wise investment.

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**Briahna Taylor and Scott Sotebeer**

are members of USA Strategies, a team of subject-area experts on consolidation.

For more information: www.usastrategics.com
PARTNERSHIPS START WITH PEOPLE. It’s not just about agreements; it’s an attitude. Recognizing the importance of upholding a few basic people principles will start your partnership off on the right path.

Turf and trust
Instinctively, we all protect what feels like our personal territory. Some leaders or staff may feel concerned about potential loss of control or sharing credit for a service. Recognizing these issues and dealing with them openly makes it easier to start the partnership. If key leaders are stuck in turf battles, ask a new leader, a third party, or a stakeholders committee to help everyone see the potential payoffs.

Motivate to cooperate
Jurisdictions may have different priorities, and that affects partnership motivation. The best way to move that motivation is through relationships. When you attend intergovernmental conferences, jump into the discussions, mingle, and get to know your potential partners. Think through their interests, and see if you share common ground; put together a list of how your partnership interests intersect alongside some potential joint savings. Remember that although good numbers can be persuasive, it takes decision makers to forge agreements.

Protect community identity
Usually citizens care most about the cost and quality of services, but communities also attach a strong sense of identity to certain services, seeing them as part of their own culture. Some citizens may fear their city is losing local control or local values may be lost if service delivery is shared. Acknowledge those fears up front, and make it clear that ultimate policy control over financing and service delivery is retained by their local officials. Sometimes you can reinforce community identity by maintaining local graphics, logos, and records; other times, particularly among neighboring cities, setting up a new service identity helps citizens understand the new arrangement.

Remember employee acceptance
When service delivery is shifted, employees naturally have job concerns. Employee fears and rumors will explode unless early and open discussions are held with those whose jobs might be affected. If your proposed partnership involves personnel changes, set aside quality time for communicating with employees, and be sure to consult any applicable labor agreements and use legal advice over actions that are subject to collective bargaining. Assess how the partnership affects employee work conditions and opportunities.

Interests Rate
Good collaborations are founded not on staking out positions, but on keeping everyone’s interests up front. Here are some tips:
- Keep things simple.
- Collaborate in complete openness and trust.
- Agree on ground rules to guide discussions.
- Encourage creative thinking.
- Shift your perspective: think like a group of decision makers instead of separate teams.
- Identify information you need, and agree on a joint timeline to obtain each item.
- Agree to eliminate ideas that present more problems than solutions.
- Avoid boilerplate language.
- Involve attorneys from the beginning to avoid misunderstandings or one-sided agreements.
Other Notable Projects

**Fife – Business Partner Program**
Fife’s police department created an outreach program for the city’s approximately 1,200 businesses, giving them folders with information on city services, police resources, and emergency preparedness (collaborating with Pierce County Emergency Management). Emergency information was essential in light of Fife’s proximity to the Puyallup River (flooding), Mount Rainier (eruption), and the Port of Tacoma (hazardous materials). City staff follow up with businesses in person and through quarterly meetings.

**Kirkland – Kudos Kirkland Partnership**
Kudos Kirkland was established by a group of neighborhood residents and businesses eager to focus citizen energy on projects that improved Kirkland’s appearance. The group helped the city take a new approach to maintaining landscaped median islands that had become overgrown with weeds, shrubs, and trash, creating potential liability for traffic and pedestrians. The city now provides tools, material disposal, and overall coordination, and Kudos Kirkland provides the maintenance volunteers. Now in its second year, the team has completed nearly one mile of median maintenance.

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**TAKIN’ IT TO THE STREETS**

**WALLA WALLA’S COMMUNITY-ORIENTED INFRASTRUCTURE RENEWAL**

**WALLA WALLA** recently accomplished what many of us in local government dream about. The city was able to actively engage residents in addressing two community-wide issues simultaneously: deteriorating water and wastewater pipes and dilapidated city streets. The community embraced a financing plan that directed increased water and wastewater rate revenue solely to street maintenance, and a citizen oversight committee evaluates program progress annually.

The impetus for the program came in 2009, when the city’s public works department led an extensive initiative to collect data on just how bad the conditions of the vital systems—water distribution, wastewater collection, and street surface—really were. The city’s technology services and GIS staff then created an enhanced city map (with the three systems overlaid) that validated what everyone suspected: nearly 82 percent of the city’s 115 miles of infrastructure desperately needed at least one piece of replacement. Even more compelling, the data showed that all three systems were failing simultaneously in 40 miles of the network.

City staff followed the study with a comprehensive public education campaign to thoroughly explain the situation, and the proposed solution, to the city council, residents, business owners, local and state agencies, community service groups, and other city departments. It was an all-hands-on-deck approach to making community presentations, hosting town hall meetings, providing media interviews, and setting up information exhibits at local events.

The community was so excited that it wanted to do more. replacement, along with corresponding rate increases. The first three projects were completed in 2010 and two more in 2011, at a total investment of $4,687,260 to date. The program’s financing component was critical from day one; as the plan evolved with community and council feedback, a new financing model took shape. Community members were so excited about the work that they wanted to find a way to do more than the original financing would support. Working with a bond counsel, the city borrowed $8.2 million to be paid back through water and wastewater revenue over five years, enough to take advantage of the relatively low cost of construction at the time.

Collaboration defined the project’s incredible success. Employees discovered that working across departments, especially the ongoing cooperation between public works and finance, was critical in creating an outcome that was on time and on budget. Creating a community-wide buy-in, using a plan based on facts and data, led to unprecedented support. ©
THAT’S INTER-ENTERTAINMENT

Well-crafted interlocal agreements can be municipal blockbusters.

Enacted in 1967, the Washington Interlocal Cooperation Act authorizes cities, towns, and other public agencies in Washington to exercise their power, privilege, or authority to undertake a particular task in conjunction with any number of other public agencies having the authority to undertake the task separately on their own. Although most frequently used to facilitate cooperative agreements between public agencies within the state, the Act authorizes cooperative agreements between Washington public agencies and any public agency of any other state or of the United States as long as the laws of the other state or of the United States also permit the joint action or cooperation. How cool is that!

In order to take advantage of the Act, a public agency need only follow the very specific directions given within the Act itself. First and foremost, as referenced above, the cooperating agencies all must share the authority to perform the task in the manner indicated in the agreement. In addition, the cooperative agreement must be in writing. To become effective, the written agreement must be approved by the governing bodies of each of the participating public agencies by ordinance, resolution, or motion as required by applicable law, including the law of the governing bodies of the participating public agencies. And the cooperative agreement must specify the following:

- The duration of the agreement. Since these agreements generally relate to proprietary or business matters, they can extend beyond the terms of office of the officials approving the agreement.
- The precise organization, composition, and nature of any separate legal or administrative entity created to accomplish the purpose of the agreement, together with the powers delegated thereto.
- The purpose or purposes of the agreement.
- The manner of financing the joint or cooperative undertaking and of establishing the partial or complete termination of the agreement and for disposing of any property upon the partial or complete termination; and
- Every lawyer’s favorite: any other necessary and proper matters.

If the agreement does not establish a separate legal entity to conduct the joint or cooperative undertaking, compliance with the Act, in addition to the above, requires provision for an administrator or a joint board responsible for administering the joint or cooperative undertaking. Also required in this scenario is specification of the manner of acquiring, holding, and disposing of real and personal property used in the joint or cooperative undertaking.

When to use an interlocal agreement

The basic idea behind the Act is to authorize broad authority to public agencies to do jointly what they each can do separately. (Notably, the Act does not authorize public agencies to avoid applicable

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Reaching Out

Cities might consider interlocal agreements if they have:

- A particular expertise or service ability that other public agencies do not have
- The time or resources to provide on their own
- Grant monies that are available or more readily obtained when public agencies are acting cooperatively to provide infrastructure or to perform a service
- A need or desire to accomplish a regional program, service, or goal
- A desire to save money
- A quality service or program that the public agency is unable to perform alone
- Equipment or skilled employees that are underutilized and could be shared with another public agency

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laws regarding bidding, civil service, financing, accounting, or other agency actions.) The Act can be used by a public agency to contract with one or more other public agencies for joint or cooperative action, or for one or more public agencies to perform services for other public agencies.

The subjects of intergovernmental contracts are many, but common examples include animal control, building code enforcement, courts, emergency services, fire protection and law enforcement services, planning, purchasing, legal services, street maintenance, and sewer and water services. The motivations for cooperative agreements are likewise many, but they often arise when a public agency has excess capacity, unmet needs, or specific expertise. (See “Reaching Out” on page 25 for a list of common motivations.)

You can, of course, wait for another public agency to come to you requesting your participation in an interlocal agreement, but to take full advantage of the Act you should be more proactive. Periodically, a public agency should evaluate the quality and cost-effectiveness of the operations and services that it is providing and determine whether those services and operations might better be provided in cooperation with one or more other agencies.

**Making the agreement a success**

In my own experience, a successful interlocal agreement requires a good-faith engagement by all participating parties to enter into an agreement that not only complies with the requirements of the Act, but is well thought out and addresses the issues of fairness raised by the participating parties in the negotiation of the agreement. Unresolved or ignored issues will only fester during the lifetime of the agreement. The spirit of cooperation should exist at all stages, and an effort to anticipate the real-world functioning of the agreement at the front end will minimize problems and frustrations during implementation.

The concept behind interlocal cooperation is not for any participant to gain economically at the expense of another. Instead, all parties should be able to obtain financial gain through the cost savings inherent in the sharing of the costs of labor, services, or the purchasing of equipment.

Our friends at the Municipal Research and Services Center offer many examples of interlocal cooperation agreements for use and review on their website. These examples will provide a good starting point for ideas, discussion, and the drafting of agreements.
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It’s not just an old saw: cities that collaborate creatively find new ways to get things done.

SOME JOBS ARE JUST TOO BIG for one person. You can chip away on your own, but you’ll never break through to a tipping point without teamwork. Even when it’s not technically impossible, it’s just an awful lot harder to carve your own path.

A good partnership is a powerful tool. Jurisdictions that partner effectively often deliver better services at a lower cost. That’s not a revelation; cities have cultivated worthy partners for years.

But today’s world puts a new premium on cooperation. Cities are under intense pressure to deliver, with low revenues and a high need for services. The recession doesn’t make it easy. On the other hand, it has triggered a wave of innovative, win-win partnerships that promote economic development and sustainability. Communities are looking to cultivate private development strategies that lead to local benefits. This November, 115 cities put ballot measures out to their communities, in essence asking citizens to partner in setting a vision for their city’s future.

Regardless of the collaborative tools you use, every project needs a shared set of priorities and outcomes. If the two sides involved are out of sync, you risk getting snagged. But if they’re in sync, progress can come quicker than you’d imagined, and even the most daunting of obstacles will fall flat away. Tim-ber! ©
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