

2005

State of the Cities



Assessing the health of Washington's cities and towns

212 cities participated in the Association of Washington Cities 2005 State of the Cities Report, a comprehensive analysis of fiscal conditions facing Washington cities and towns.

The following data summary is taken from the State of the Cities survey, completed by mayors, managers and finance directors. Information from a followup survey with additional city officials is also included.

For the complete survey, and additional information, go to AWC's State of the Cities website at www.awcnet.org/stateofthecities.

AWC
1076 Franklin St SE
Olympia, WA 98501
360-753-4137
www.awcnet.org

Data





Table of Contents

Information from Mayors/Chief Administrative Officers

- City Services 3
- Providing Services Over Next 5 Years 4
- Changes in Local Conditions over Past 5 Years (1999-2004) 5
- Current Status 6
- Most Improved Conditions 7
- Most Deteriorated Conditions 7
- Top Priorities over Next 5 Years 8
- Trust in Government/Value for Taxes 9
- Local Transportation Needs 10
- City Budget Influences 10
- Local Transportation Funding Needs 10
- Greatest Negative Impacts on Budget 11
- Greatest Positive Impacts on Budget 11
- Infrastructure Priorities 12
- Potential Strategies 12

Information from Chief Financial Officers

- General Financial Outlook 13
- Local Tax Capacity 13
- Impacts from State Initiatives 13
- Capital Development Changes 14
- Economic Development 14

Regional Meeting Survey

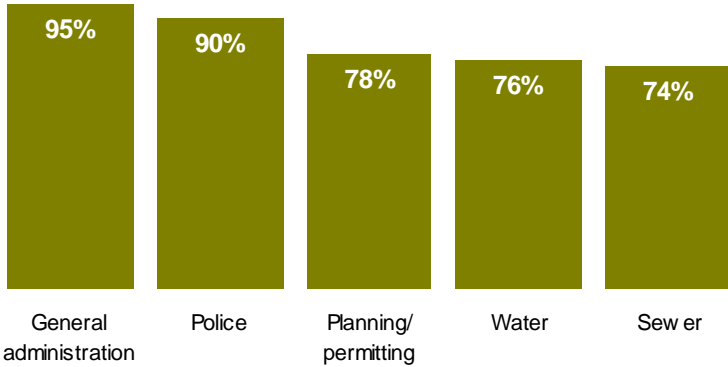
- Impact on Services 15
- General Funds and Transportation 15
- Competition for General Funds 15
- Other Infrastructure Funding 16
- Utility Rates 16
- User Fees 16
- Local Taxes 17

Information from Mayors/Chief Administrative Officers

City Services

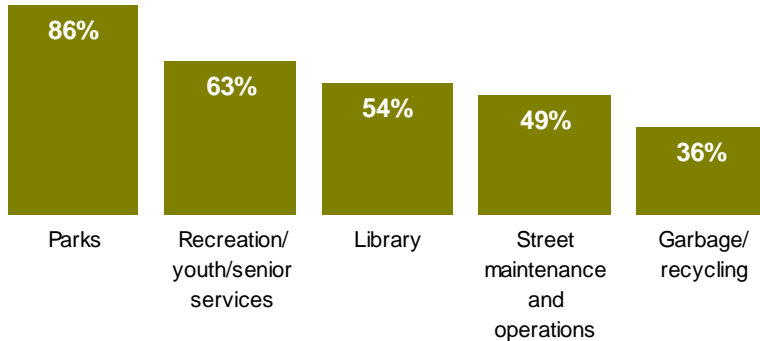
Services your city provides (directly or by contract) that you consider to be **mandatory/essential**, **citizen-demanded discretionary**, and/or **required for economic development**. (Question 3)

Mandatory/Essential



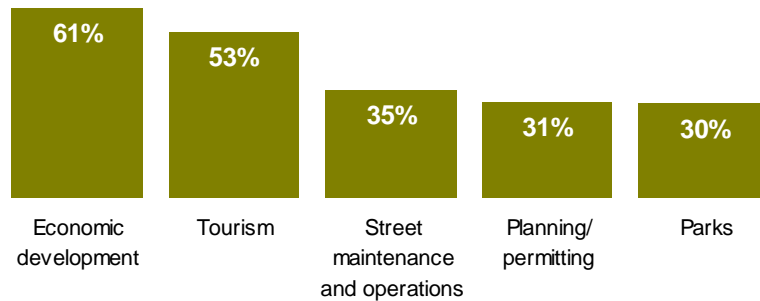
Essential City Services	Percent
General administration	95%
Police	90%
Planning/ permitting	78%
Water	76%
Sewer	74%
Street maintenance and operations	73%
Fire	71%
Court	62%
EMS	51%
Jail	47%
Garbage/ recycling	46%
Parks	15%
Library	10%
Economic development	10%
Human/social services	7%
Recreation/youth/senior services	4%
Public transportation	3%
Tourism	3%

Citizen-Demanded Discretionary



Citizen-Demanded Services	Percent
Parks	86%
Recreation/youth/senior services	63%
Library	54%
Street maintenance and operations	49%
Garbage/ recycling	36%
Economic development	36%
EMS	33%
Police	30%
Fire	30%
Water	27%
Human/social services	27%
Planning/ permitting	26%
Sewer	25%
Court	23%
General administration	15%
Tourism	15%
Public transportation	13%
Jail	8%

Required for Economic Development

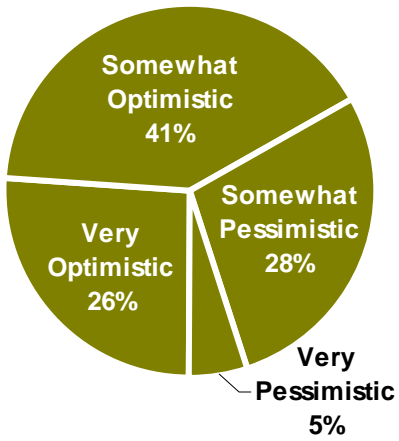


Economic Development Services	Percent
Economic development	61%
Tourism	53%
Street maintenance and operations	35%
Planning/ permitting	31%
Parks	30%
Sewer	27%
Water	26%
Fire	20%
Police	18%
Recreation/youth/senior services	16%
General administration	14%
Garbage/ recycling	13%
EMS	12%
Library	10%
Public transportation	5%
Human/social services	4%
Jail	2%
Court	2%

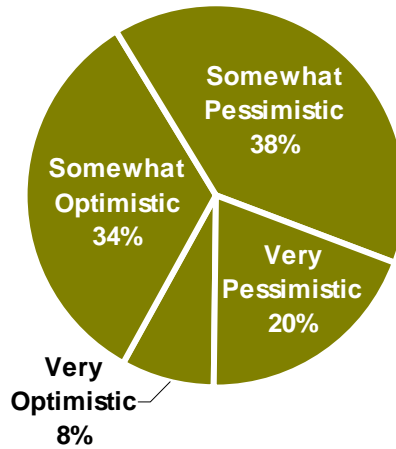
Providing Services Over Next 5 Years

Are you generally more optimistic or pessimistic about your city's ability to provide adequate services in each of the following categories in the next five years? (Question 4)

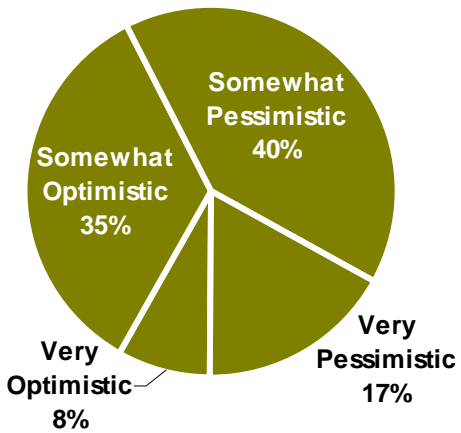
Essential Needs



Economic Development



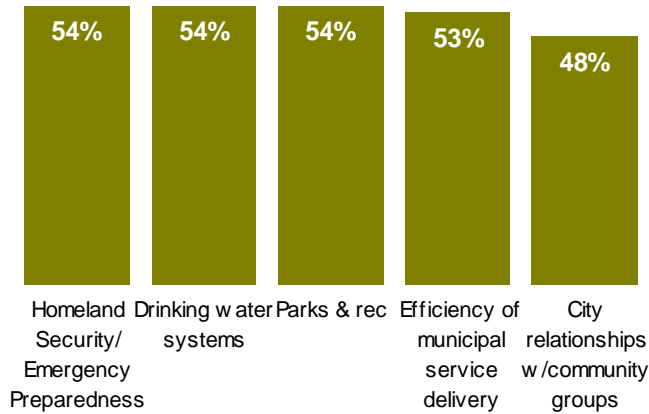
Citizen-Demanded Services



Changes in Local Conditions over Past 5 Years (1999-2004)

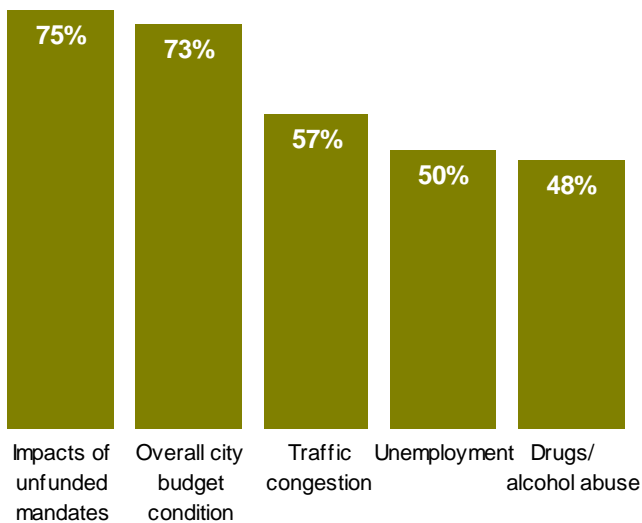
How have conditions changed in your community over the past five years? (Question 6)

Improved



Condition	Percent
Homeland Security/Emergency Preparedness	54%
Drinking water systems	54%
Parks & recreation	54%
Efficiency of municipal service delivery	53%
City relationships with community groups	48%
Sanitary sewer	47%
Overall sense of "community"	46%
Pedestrian-friendly environment	44%
Vitality of neighborhoods	39%
Volunteerism/ community services	38%
Vitality of downtown/main street	36%
Stormwater systems	35%
City property tax base	34%
Overall economic conditions of community	33%
County relations with your city	31%
Sales tax base	31%
Local environmental quality	28%
Availability of quality affordable housing	28%
Library quality/availability	27%
Streets/ bridges	27%
Violent Crime	26%
Public transportation/transit service	23%
State relations with your city	20%
Drugs/alcohol abuse	16%
Overall city budget condition	14%
Unemployment	9%
Homelessness	5%
Traffic congestion	5%
Impacts of unfunded mandates	4%
Federal/state preemption of local authority	4%

Worsened

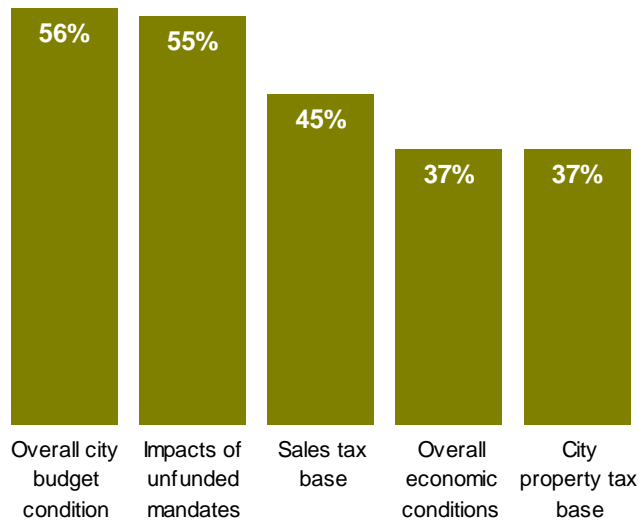


Condition	Percent
Impacts of unfunded mandates	75%
Overall city budget condition	73%
Traffic congestion	57%
Unemployment	50%
Drugs/alcohol abuse	48%
Overall economic conditions of community	45%
Sales tax base	41%
Federal/state preemption of local authority	40%
City property tax base	40%
Streets/ bridges	40%
Availability of quality affordable housing	35%
Vitality of downtown/main street	32%
County relations with your city	30%
State relations with your city	24%
Volunteerism/ community services	24%
Violent Crime	19%
Overall sense of "community"	17%
Homelessness	16%
Public transportation/transit service	15%
Sanitary sewer	14%
Efficiency of municipal service delivery	14%
Pedestrian-friendly environment	12%
Stormwater systems	12%
Parks & recreation	12%
Drinking water systems	12%
Homeland Security/Emergency Preparedness	10%
Library quality/availability	9%
City relationships with community groups	7%
Vitality of neighborhoods	7%
Local environmental quality	6%

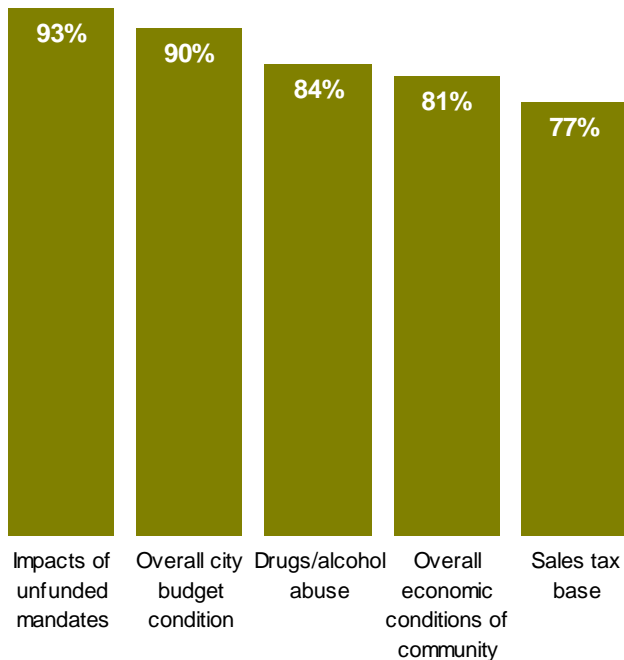
Current Status

What conditions are current problems? (Question 6)

Maior Problems



Major and Moderate Problems

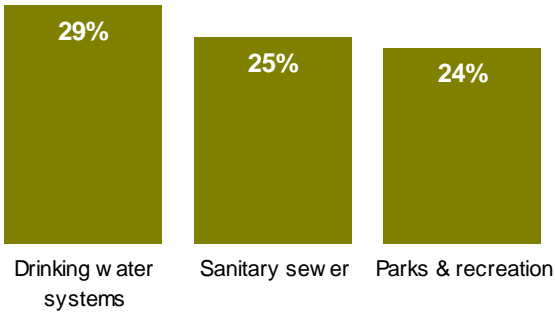


Problems

Problems	Major Problem	Major and Moderate Problem
Overall city budget condition	56%	90%
Impacts of unfunded mandates	55%	93%
Sales tax base	45%	77%
Overall economic conditions of community	37%	81%
City property tax base	37%	72%
Vitality of downtown/main street	33%	70%
Streets/ bridges	32%	70%
Drugs/alcohol abuse	26%	84%
Traffic congestion	26%	64%
Unemployment	25%	76%
Sanitary sewer	20%	44%
County relations with your city	17%	54%
Availability of quality affordable housing	16%	60%
Efficiency of municipal service delivery	16%	54%
Stormwater systems	16%	53%
State relations with your city	15%	52%
Federal/state preemption of local authority	15%	55%
Drinking water systems	11%	36%
Volunteerism/ community services	10%	44%
Overall sense of "community"	9%	46%
Public transportation/transit service	8%	40%
Homeland Security/Emergency Preparedness	7%	47%
Pedestrian-friendly environment	7%	51%
Parks & recreation	7%	49%
Vitality of neighborhoods	4%	41%
Local environmental quality	4%	29%
Library quality/availability	3%	27%
Homelessness	3%	23%
Violent Crime	3%	40%
City relationships with community groups	2%	39%

Most Improved Conditions

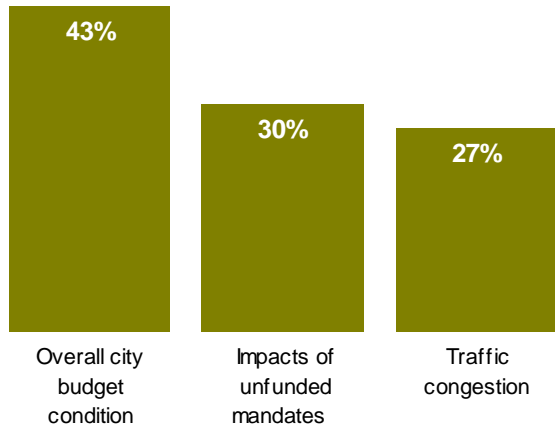
Of the conditions listed in question 6, which three **improved the most** in your community during the **past five years** (since 1999)? (*Question 7*)



Most Improved	Percent
Drinking water systems	29%
Sanitary sewer	25%
Parks & recreation	24%
Vitality of downtown/main street	17%
Homeland Security/Emergency Preparedness	15%
Pedestrian-friendly environment	15%
Streets/ bridges	15%
City relationships with community groups	14%
Efficiency of municipal service delivery	14%
Overall sense of "community"	12%
Vitality of neighborhoods	12%
Availability of quality affordable housing	11%
Volunteerism/ community services	10%
Overall economic conditions of community	9%
Violent Crime	9%
Library quality/availability	9%
Stormwater systems	8%
County relations with your city	8%
City property tax base	8%
Sales tax base	8%
Public transportation/transit service	4%
Drugs/alcohol abuse	4%
Traffic congestion	4%
Overall city budget condition	3%
Local environmental quality	2%
Unemployment	1%
State relations with your city	1%
Impacts of unfunded mandates	1%
Homelessness	0%
Federal/state preemption of local authority	0%

Most Deteriorated Conditions

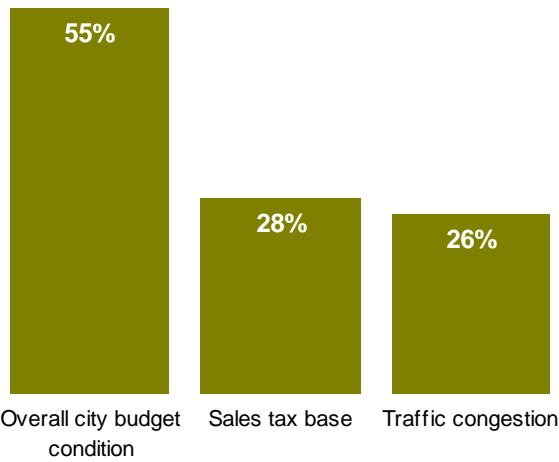
Of the conditions listed in question 6, which three **deteriorated most** in your community during the **past five years** (since 1999)? (*Question 8*)



Most Deteriorated	Percent
Overall city budget condition	43%
Impacts of unfunded mandates	30%
Traffic congestion	27%
Drugs/alcohol abuse	21%
City property tax base	18%
Sales tax base	17%
Availability of quality affordable housing	15%
Streets/ bridges	15%
Overall economic conditions of community	12%
Vitality of downtown/main street	11%
County relations with your city	11%
Unemployment	10%
State relations with your city	6%
Drinking water systems	5%
Federal/state preemption of local authority	5%
Sanitary sewer	4%
Violent Crime	4%
Public transportation/transit service	3%
Volunteerism/ community services	3%
Stormwater systems	3%
Parks & recreation	3%
Overall sense of "community"	3%
Efficiency of municipal service delivery	2%
Homeland Security/Emergency Preparedness	2%
Library quality/availability	2%
City relationships with community groups	2%
Vitality of neighborhoods	1%
Pedestrian-friendly environment	1%
Homelessness	1%
Local environmental quality	1%

Top Priorities over Next 5 Years

Of the conditions listed in question 6, which three will be the **most important to address** during the **next five years** (present – 2009)? (*Question 9*)



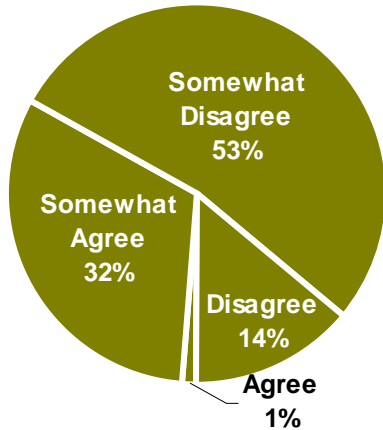
Priority	% of Responding Cities
Overall city budget condition	55%
Sales tax base	28%
Traffic congestion	26%
Vitality of downtown/main street	22%
Streets/ bridges	20%
City property tax base	20%
Impacts of unfunded mandates	18%
Overall economic conditions of community	16%
Drugs/alcohol abuse	12%
Sanitary sewer	12%
Drinking water systems	12%
Availability of quality affordable housing	9%
Unemployment	8%
Stormwater systems	6%
Efficiency of municipal service delivery	5%
Violent Crime	5%
Overall sense of "community"	4%
County relations with your city	4%
Vitality of neighborhoods	3%
Public transportation/transit service	3%
Homeland Security/Emergency Preparedness	2%
Parks & recreation	2%
Volunteerism/ community services	2%
Federal/state preemption of local authority	2%
Pedestrian-friendly environment	2%
State relations with your city	2%
Local environmental quality	1%
Library quality/availability	1%
City relationships with community groups	1%
Homelessness	0%

Trust in Government/Value for Taxes

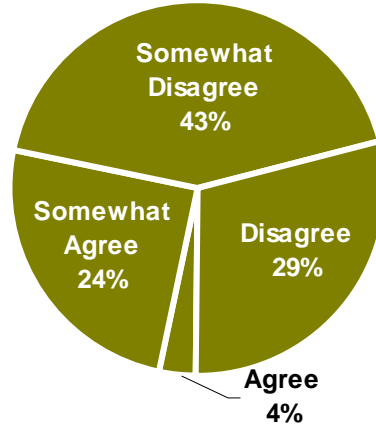
To what degree do you believe citizens in your city trust in government, participate in government, and feel they are getting adequate value for the taxes they pay? (Question 10)

Citizen Trust in Government in General

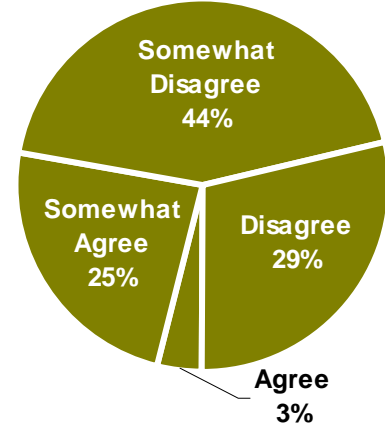
Residents of my city trust government in general



Residents of my city sense value for the taxes they pay for government in general

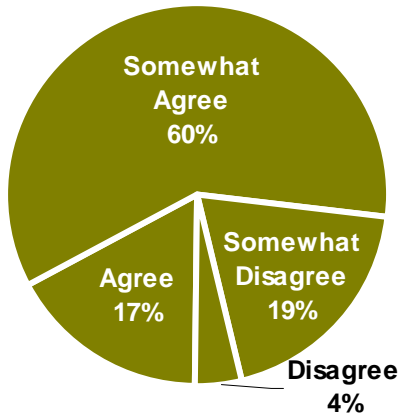


Residents of my city participate in government in general

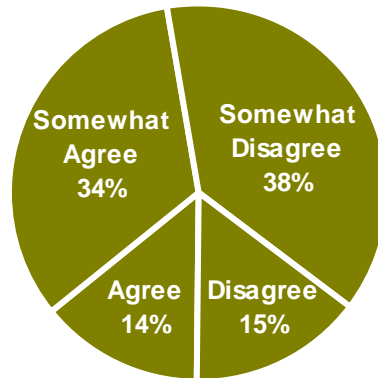


Citizen Trust in City Government

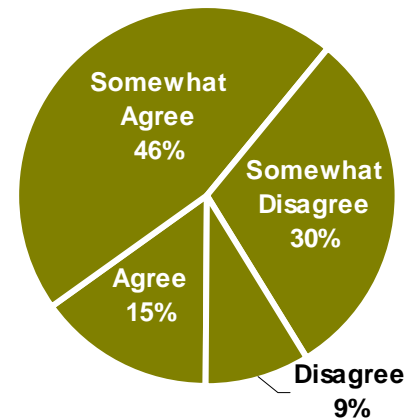
Residents of my city trust their city government



Residents of my city participate in city government

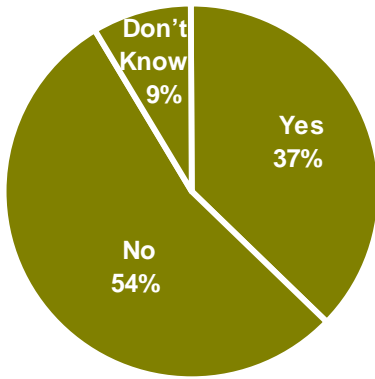


Residents of my city sense value for the taxes they pay for city government



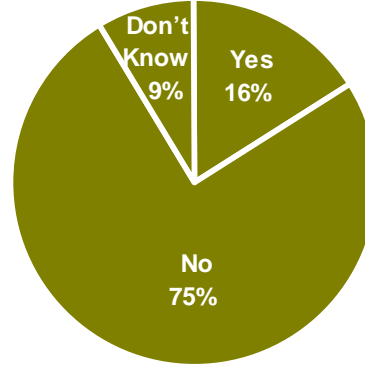
Local Transportation Needs

Do you believe that citizens and state-level public officials are aware of your city's transportation needs (street maintenance, public transit, etc.)? (Question 11)



Local Transportation Funding Needs

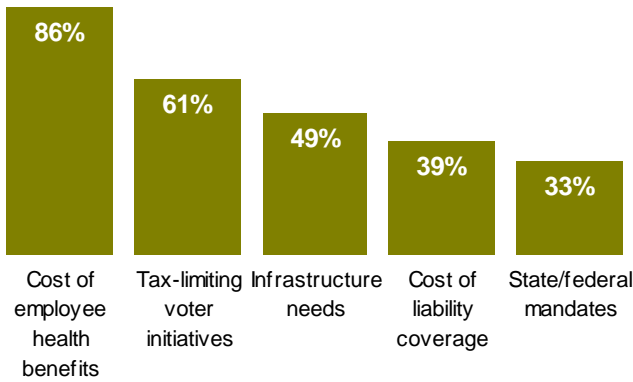
Do you believe that citizens and state-level public officials understand your city's transportation funding needs? (Question 12)



City Budget Influences

What budget influences most changed since 1999? (Question 13)

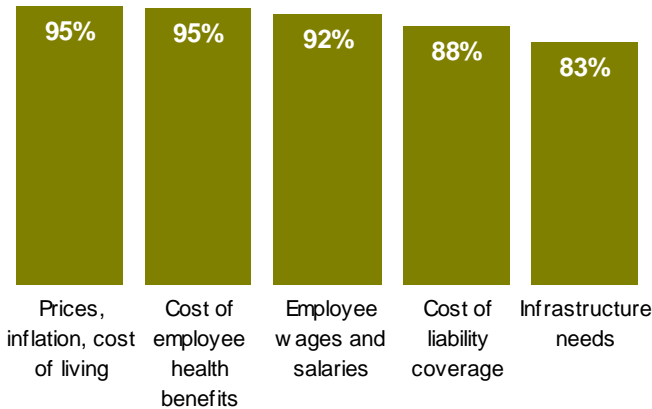
Major Increases in Budget Influences



Budget influences

Budget influences	Major	Minor
Cost of employee health benefits	86%	95%
Tax-limiting voter initiatives	61%	69%
Infrastructure needs	49%	83%
Cost of liability coverage	39%	88%
State/federal mandates	33%	79%
Prices, inflation, cost of living	27%	95%
Homeland security	25%	68%
Employee wages and salaries	25%	92%
Reliance on user fees to pay for city services	21%	57%
Impact of population growth on service demands	20%	58%
Cost of defending the city against lawsuits	20%	53%
Value of city property tax base	13%	62%
Value of city sales tax base	13%	44%
Business/economic development	12%	41%
Amount of reserves	10%	29%
Health of local economy	8%	33%
Amount of state aid to city	8%	18%
Amount of federal aid to city	7%	17%
Value of other city tax base	6%	35%

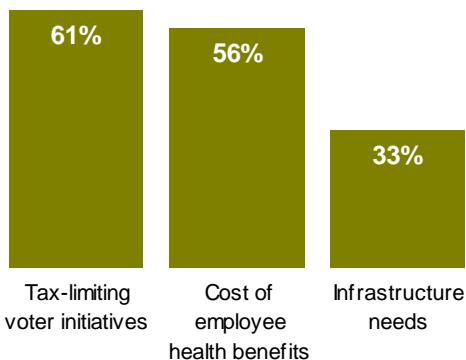
Major and Minor Increases in Budget Influences



Greatest Negative Impacts on Budget

What three items had the most negative impact on your 2004 budget? (*Question 14*)

(Made it difficult to balance budget/meet city needs.)

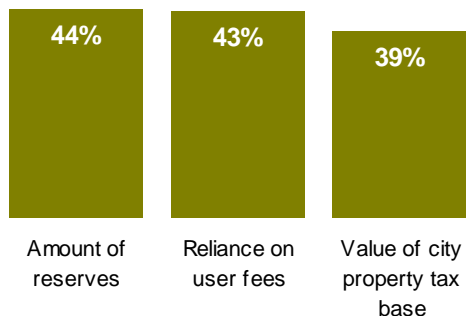


Greatest negative impact	Percent
Tax-limiting voter initiatives	61%
Cost of employee health benefits	56%
Infrastructure needs	33%
Amount of state aid to city	29%
State/federal mandates	18%
Value of city sales tax base	17%
Value of city property tax base	17%
Employee wages and salaries	15%
Health of local economy	11%
Prices, inflation, cost of living	9%
Amount of reserves	8%
Amount of federal aid to city	6%
Cost of liability coverage	4%
Reliance on user fees to pay for city services	3%
Business/economic development	3%
Value of other city tax base	2%
Homeland security	1%
Impact of population growth on service demands	1%
Cost of defending the city against lawsuits	0%

Greatest Positive Impacts on Budget

What three items had the most positive impact on your 2004 budget? (*Question 14*)

(Helped city balance budget/meet city needs.)



Greatest positive impact	Percent
Amount of reserves	44%
Reliance on user fees to pay for city services	43%
Value of city property tax base	39%
Value of city sales tax base	36%
Value of other city tax base	23%
Health of local economy	21%
Business/economic development	20%
Amount of federal aid to city	13%
Amount of state aid to city	11%
Prices, inflation, cost of living	9%
Homeland security	4%
Employee wages and salaries	4%
Cost of liability coverage	3%
State/federal mandates	1%
Infrastructure needs	1%
Cost of employee health benefits	1%
Tax-limiting voter initiatives	1%
Impact of population growth on service demands	0%
Cost of defending the city against lawsuits	0%

Infrastructure Priorities

From this list, select most important priorities, with seven as most important. (Question 15)

These results have been successfully fact-checked for a sample of cities, but some variability may still exist in the data due to confusion over the instructions.

Replacement Needs

- 7 Streets
- 6 Sewer
- 5 Stormwater
- 4 Water
- 3 Sidewalks
- 2 Street lighting
- 1 Bridges

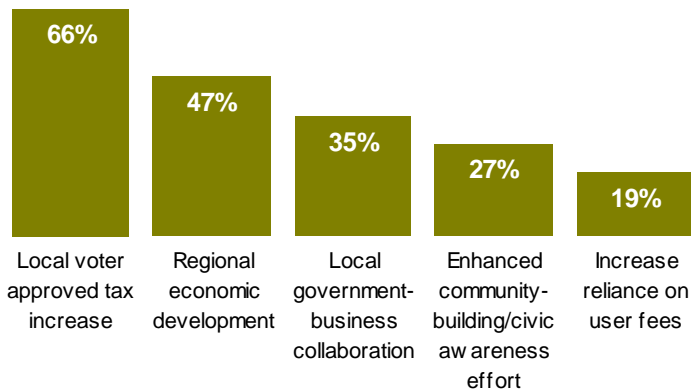
Capacity Needs

- 7 Sewer
- 6 Stormwater
- 5 Streets
- 4 Sidewalks
- 3 Water
- 2 Street lighting
- 1 Bridges

Potential Strategies

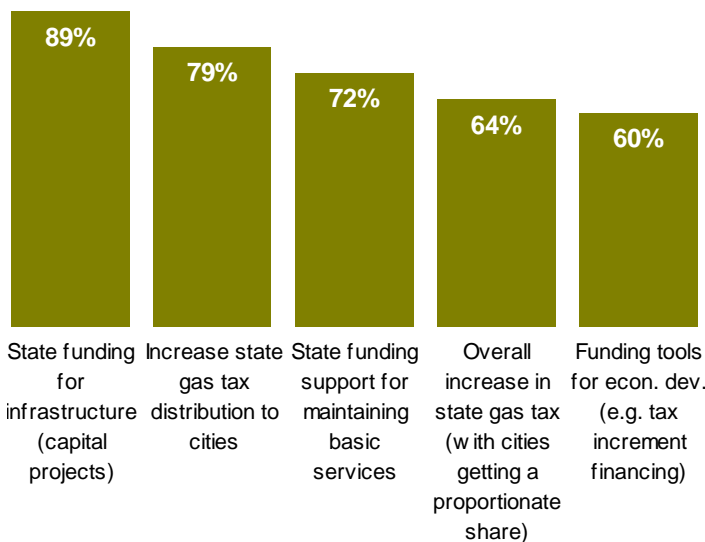
How helpful would implementing the following local and state strategies be to enable your city to meet its budget needs? (Question 16)

Local Budget Strategy



Very Helpful Local Budget Strategy	Percent
Local voter approved tax increase	66%
Regional economic development	47%
Local government-business collaboration	35%
Enhanced community-building/civic awareness effort	27%
Increase reliance on user fees	19%
Personnel cuts	9%
Program cuts	8%
Divert services to other providers (e.g. county contract, privatization, special purpose district, etc.)	8%

State Budget Strategy



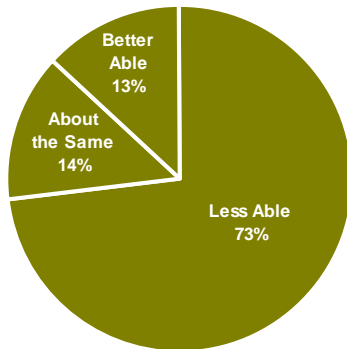
State Budget Strategy Very Helpful	Percent
State funding for infrastructure (capital projects)	89%
Increase state gas tax distribution to cities	79%
State funding support for maintaining basic services	72%
Overall increase in state gas tax (with cities getting a proportionate share)	64%
Funding tools for econ. dev. (e.g. tax increment financing)	60%
State funding for municipal courts	55%
Street utility user fee	53%
Limitations on local government liability	53%
State funding for GMA planning updates	50%
Allow city access to unused county tax authority	47%
Help with reducing county contract costs	38%
Remove vote requirement for local option gas tax	36%
State funding for shoreline planning updates	34%
Allow annexation through city-county interlocal agreement	33%
Consolidate special district services inside/near cities	21%

Information from Chief Financial Officers

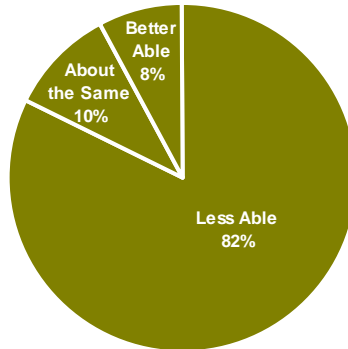
General Financial Outlook

Overall, would you say that your city is *better* or *less* able to meet financial needs? (Question 3)

Meeting financial needs in FY 2004 compared to five years ago (1999)?

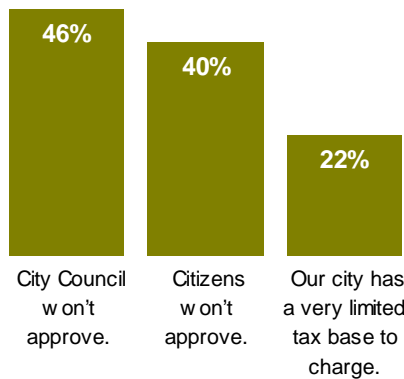


Meeting financial needs in the next five years (up to FY 2009) compared to this fiscal year?



Local Tax Capacity

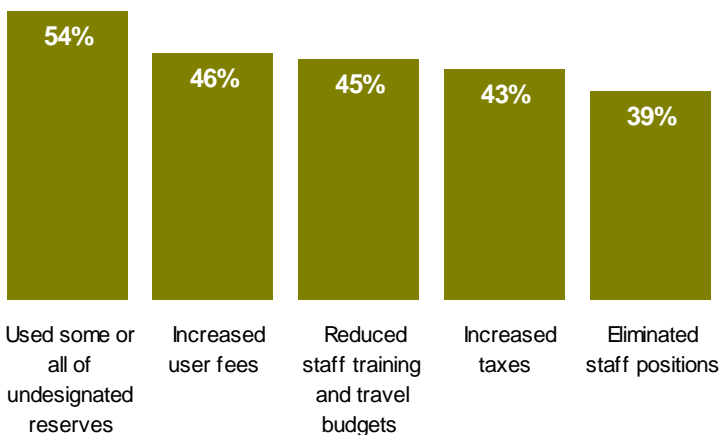
If your city is currently below your tax rate ceiling (considering all taxing options available to you), what keeps you from using your city's full tax capacity? (Question 5)



Keeps City from Using Full Tax Capacity	Percent
City Council won't approve	46%
Citizens won't approve	40%
Our city has a very limited tax base to charge	22%
N/A – Our city is already at our full capacity for all available taxes	22%
Current revenues meet our service needs	16%
Available tax options would be ineffective for our city	11%

Impacts from State Initiatives

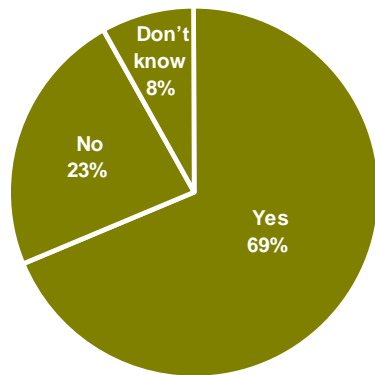
How has your city responded to the tax-limiting initiatives that have been passed by the voters over the past five years (since 1999)? (Question 9)



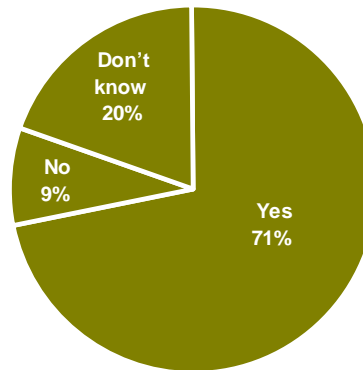
Impacts	Percent
Used some or all of undesignated reserves	54%
Increased user fees	46%
Reduced staff training and travel budgets	45%
Increased taxes	43%
Eliminated staff positions	39%
Reduced services	30%
Adopted new user fees	17%
Diverted services to other provider	13%
No response	13%
Eliminated services	12%

Capital Development Changes

Have you delayed/reduced spending on capital development projects in the *past six years* in order to balance the budget? (*Question 11*)

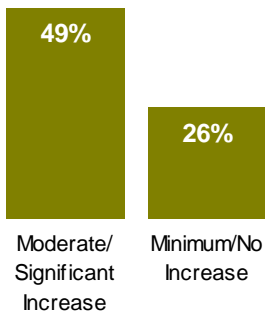


Do you expect you will need to delay/reduce spending on capital development projects in the *next six years* in order to balance the budget? (*Question 11*)



Economic Development

To what extent has your city's effort to generate economic development increased city revenues? (*Question 12*)

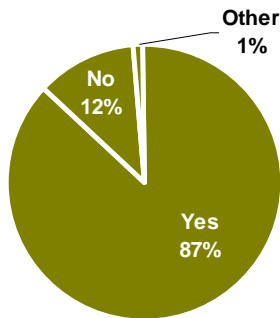


Revenues	Percent
No increase	8%
Minimal increase	18%
Minimum/No Increase	26%
Moderate increase	25%
Significant increase	24%
Moderate/ Significant Increase	49%

Regional Meeting Survey

Impact on Services

Since 2000, has there been an impact on the services your city can deliver? (Question 2)

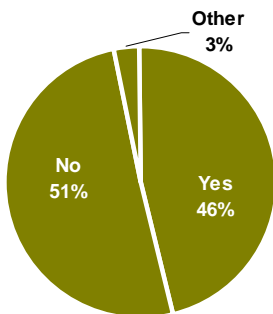


If yes, which service(s) were impacted?

Service Impacted	Percent
Road deterioration	79%
Less park maintenance	62%
Decrease in police services	40%
Other	28%
Reduced library hours	19%
Increased fire response time	13%

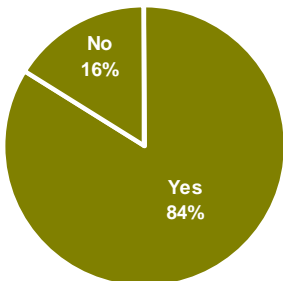
General Funds and Transportation

Are you able to fund transportation maintenance from your general fund? (Question 3)



Competition for General Funds

Are demands for other services reducing general fund resources available for transportation? (Question 4)

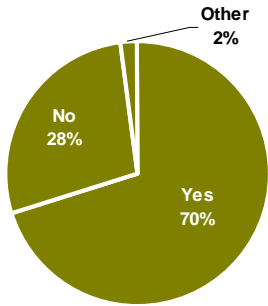


If yes, which services are taking priority?

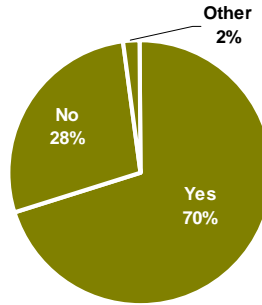
Services Taking Priority	Percent
Police	84%
Fire	62%
Parks/recreation	35%
Healthcare/employee benefits	7%
Other	20%

Other Infrastructure Funding

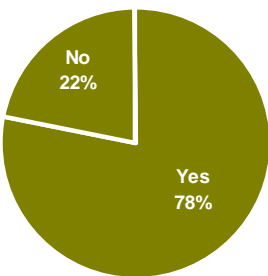
Is your city able to fund non-transportation infrastructure (water, sewer, storm water) improvements? (Question 5)



Has your city increased utility rates within the past two years? (Question 6)



Has your city increased user fees within the past two years? (Question 7)

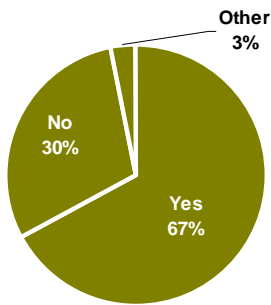


If yes, for what program?

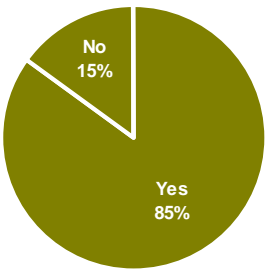
Program	Percent
Parks/recreation (includes senior/youth)	43%
Building/development permits/fees	35%
Other	26%
Utility	15%
Library	4%

Local Taxes

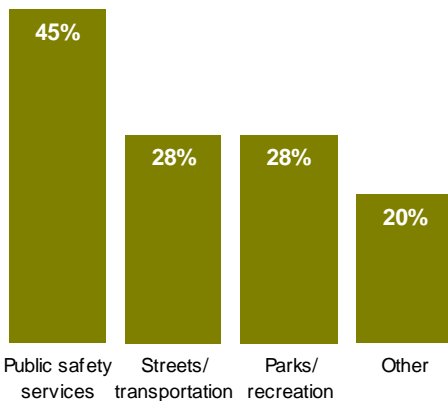
Did your city increase taxes since 1999 to sustain services? (Question 8)



Did your city work with its residents to make this decision (public hearings, community meetings, public vote)? (Question 8)



If possible, please identify which service(s) you were trying to preserve. (Question 8)



If yes, which tax(es)?

Taxes Increased	Percent
Property	60%
Utility	35%
Real Estate Excise Tax	15%
Other	11%
Hotel/motel tax	2%

If yes, what methods?

Work with Residents	Percent
Public hearings	64%
Other community meetings	39%
Public vote	17%
Other	2%

Service	Percent
Public safety services	45%
Streets/transportation	28%
Parks/recreation	28%
Other	20%