

AWC State of the Cities (Fall 2009 Report)

When you're talking with community groups or your chamber, AWC's Fall 2009 State of the Cities can give you a starting point.

The recession has an end in sight, but recovery is going to take time. Nationwide tax revenue is down, expenses are up. We all are struggling with these questions:

- How has the recession affected our community's revenues?
- Have we experienced a decline in sales tax receipts? Property taxes?
- When growth is down, and the customer base isn't growing, what happens to our utility tax revenue?
- Are our capital improvement funds down?
- What about revenue from real estate excise tax? What's happened to residential growth?
- What's happening to our business community? Have businesses closed?
- Health care, materials, energy and labor costs rise faster than the 1% annually. That means local governments need to cut services elsewhere to balance budgets.
- How does this impact our city services? What services are already being cut?

Where are cities and towns now?

The Association of Washington Cities recently surveyed the state's 281 cities and towns to see how they are surviving today's recession. Their facts and figures give you a big picture of what's happening throughout the state.

How do we compare?

The majority of Washington's cities were hit hard by the recession – less able to meet local needs

- Nearly two of three cities say local economic conditions are worse than one year ago.
- 59% of cities believe they will be less able to meet financial needs next year, compared to this year.
- **Economic conditions in our city are:**

Cities are cutting essential services and capital investments

By June 2009, 36% of cities report they re-opened the budget or decreased expenditures to deal with reduced revenues. Another 31% said they hadn't done it yet, but probably will before the year's end.

- 60% re-opening the budget decreased infrastructure investments.
- 46% re-opening the budget reduced spending on public safety.
- 49% re-opening the budget reduced their scope of services.
- **We had to:**

continued



Cities are cutting staff costs

City employees provide the services that our citizens depend on. Nearly three out of five dollars of cities' operating budgets are spent on staff salaries and benefits. However, cities are making deep staff cuts.

- 44% of cities implemented a hiring freeze either when the 2009 budget was adopted or after they entered FY 2009. Another 8% plan to do so in the second half of 2009, bringing the total to more than half (52%) of cities.
- 25% of cities laid off employees to balance the 2009 budget or in the first half of 2009. An additional 7% planned layoffs later this year, bringing the total to nearly one-third (32%) of cities.
- **We've had to make these cuts in city hall:**

Cities are spending down reserves

Good fiscal management means putting money in reserves during good times, and using it in hard times. Many cities are using reserves to weather this recession.

- 55% of cities used more of their ending cash balance over the previous four years.
- 35% used more operating reserves compared to the previous four years.
- 35% used more capital reserves compared to the previous four years.
- **Our city is:**

Cities are deferring vital infrastructure investments

Nearly 40% of cities decreased their capital budgets. Streets are one of the areas that will be hardest hit.

31% of cities making cuts report that the street department received the biggest cuts (in dollars) in this year's budget

Our city is:



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