



THE QUIET CRISIS OF LOCAL GOVERNANCE IN WASHINGTON

Final Report of the Local Governance Study Commission

VOLUME II

January 1988

Municipal Research Center
4730 Brooklyn Avenue, N.E.
Seattle, Washington 98105

FOREWORD

The Washington State Legislature created the Local Governance Study Commission in 1985, and the Commission has conducted a two-part study. Volume I is a history of local governments. Volume II contains an analysis of current problems of local governments with recommendations for potential solutions. Both volumes were submitted to the Governor and legislature on January 1, 1988 in completion of the Commission's work.

In Volume II the Commission's recommendations set up several statewide processes to permit local governments and their citizens to develop flexible solutions to resolve their problems. These recommendations reflect the Commission's belief that local government is the level of government at which many of the service delivery issues of today and tomorrow must be solved.



Chuck Clarke, Chair
Local Governance Study Commission

ACKNOWLEDGMENTS

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STATE OF WASHINGTON

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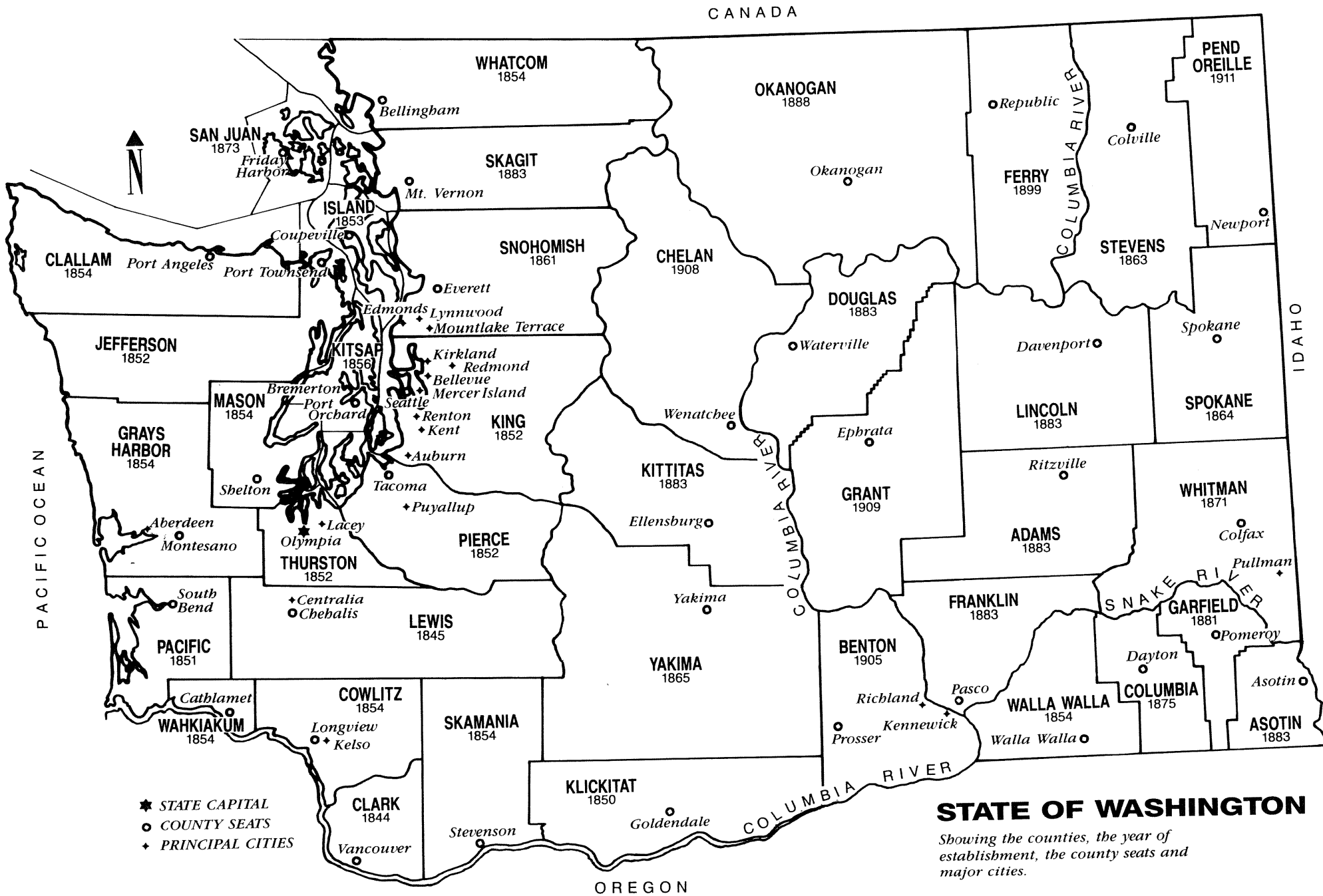
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EXECUTIVE SUMMARY

The Legislature created the Local Governance Study Commission in 1985, at the joint initiative of the Washington State Association of Counties and the Association of Washington Cities. The Commission was composed of twenty-one voting members (state legislators, city and county elected officials, and special purpose district representatives) and three ex-officio members. It was chaired by the Director of the Department of Community Development.

The Commission was charged with analyzing the problems of local governments and making recommendations to the Governor and Legislature for their solution. The Commission met for a two-year period, during which it studied the history of local governments in Washington, analyzed current local government problems, sponsored two public opinion surveys, examined the practices of other states, and developed a four-part set of recommendations. The Commission's Final Report consists of two volumes, the first of which is *A History of Washington's Local Governments*. In this second volume, the Commission summarizes its analysis of the three leading problems of local governments today, states its goals, and offers recommendations for achieving them.

PROBLEMS

- (1) **Citizens expect urban levels of services in certain unincorporated areas.** Citizens in densely populated but unincorporated areas desire levels of services that are characteristic of cities, but existing local governments are often not well designed to provide them. Cities have difficulty gaining voter approval for annexation; counties normally do not have the necessary revenue-raising capability; and special purpose districts, limited to a single service, can become so numerous and overlapping that in the aggregate they lack accountability and sometimes efficiency.
- (2) **Problems and/or service needs extend across governmental boundaries.** In many cases, particularly where population has grown and spread across a broad area, problems and service needs tend to have an areawide scope that do not respect long-established legal boundaries. The presence of many local governments means that there can be serious problems of coordination, delay, inaction, or duplication.
- (3) **Local governments' revenues are not adequate to their service responsibilities.** Revenue sources are stagnating. The federal government has recently eliminated general revenue-sharing and cut back a number of grant programs. The differing economic and political contexts across the state provide local governments with different revenue-raising capabilities. At times, local governments compete with each other to raise revenue from the same sources. There is also a lack of "fit" between revenue sources and service responsibilities. Finally, the federal and state governments continue to expect or require local governments to meet high performance standards, but do not always provide financial assistance to do the job.

GOALS

The Commission seeks to improve the delivery of services to citizens, wherever they may reside. Given the diversity of local areas within the state and its strong tradition of local control, the Commission believes that local governments and their citizens should have full responsibility for all decisions about future governmental forms and functions. The Commission seeks to provide local governments and their citizens with the necessary tools to accomplish those tasks. The state's role should be setting a general policy framework and establishing processes which will facilitate such local action, and offering incentives and other assistance to encourage participation.

RECOMMENDATIONS

I. The Local Government Service Agreement (LGSA)

The LGSA is a comprehensive set of interlocal agreements through which local governments in a county will identify and provide for present and future service needs. Such agreements will include specification of which governments are to provide what individual services, which are to provide what areawide services, and which (if any) services are to be addressed on a multicounty basis.

Initially, all local governments (cities, the county, and all independently-governed special purpose districts except school districts) will meet at the call of the county to establish a starting date for beginning an LGSA in that county; the affirmative votes of the county, cities totalling 50% of the incorporated population, and at least 20% of those special purpose districts who attend the meeting, are needed to do so. All votes shall be cast within 60 days after the meeting is held. In any event, the local governments of every county will be required to start the LGSA process within six years from the effective date of implementing legislation, assuming that state financial assistance remains available.

Local governments themselves will determine what kind of process will be established in order to negotiate the necessary agreements to meet general state standards for a completed LGSA. (Examples would range from a few bilateral agreements in a small county to a comprehensive multilateral agreement developed through a council of governments in a group of urban counties.) State planning and implementing grants will be made available through the Department of Community Development in accordance with a locally-established work plan and timetable that promises to meet such general state standards. Once the LGSA has been completed, local governments in that county will be eligible for state financial incentives (described later.) They may also opt for a local mediation and/or a state hearing officer process in place of a county Boundary Review Board.

II. The Citizens' Review Process (CRP)

The CRP is an amendment to existing state constitutional provisions regarding citizen-initiated structural change in local governments (Article 11, Section 16.) It would provide for additional methods of invoking the process, change the makeup of the Citizens Review Committee (CRC), and protect local governments against elimination without voter approval.

Current law provides that, upon petition by 10% of those voting in the last general election, the voters of the county shall simultaneously decide whether to convene the structural review process and elect citizens ("freeholders") to serve for that purpose. These freeholders have power to propose practically any kind of change to the voters of the county — which is one of the reasons the process has never been successfully invoked.

The amendment would enable the process to be directly invoked by the same 10% petition, and by the county legislative body; both the county and cities totalling 50% of the incorporated population could place the question of invoking on the county ballot. Through enabling legislation, the full process would be required every ten years, starting ten years from the effective date of the amendment.

The amendment would also add an advisory body to the CRC, made up of representatives of all local governments, allocated in accordance with a Commission formula. Proposals made by the CRC that involved the elimination of any unit of government, however, would not become effective as to that unit unless at least 40% of its voters approved. Charter counties could merge their charter review processes with this CRP process if they wished.

III. Revenue Proposals

- (a) Short-term. A number of local governments are in severe financial distress today and need immediate help from the Legislature. The Commission endorses the efforts of local government associations and the Legislature to find ways to serve those immediately pressing needs.
- (b) Long-term. The tax structure of Washington local governments is clearly inadequate. The state and its local governments should together examine the overall tax system of the state and jointly seek long-term solutions that are the only means of addressing present and future inadequacies. The Commission welcomes the Department of Revenue's commitment to work together with local governments to implement such a study over the next few years.
- (c) Implementing LGSA and CRP. Local governments need state financial assistance to undertake the data collection, planning, and negotiations involved; without such assistance, these constructive processes could seem like another burdensome state mandate without financing. The Commission recommends state financial assistance in planning each of these processes, and state-provided financial incentives for successful completion, as follows:
 - Initially, an annual amount of **\$3** million from the state general fund should be established for allocation by DCD to those governments undertaking either an LGSA or a CRP. After three years, the adequacy of such funds should be reexamined.
 - Local government revenue statutes should be amended to permit such governments the flexibility to adjust their tax rates by agreement in an LGSA (i.e., to allocate a portion of revenues to each other to fit with reallocations of service responsibilities.)
 - New local revenue options or state-shared sources, should be made available as incentives for completion of the LGSA.

IV. Supplementary Recommendations

The Commission also makes several recommendations on other issues, some unrelated to the leading problems and resulting recommendations. These include (1) endorsement of amendments to the state constitution that would permit easier boundary changes and home rule charter development for counties; (2) changes in special purpose district laws such as greater standardization in authorizing statutes, limited future expansion, easier consolidation and dissolution, and standard means of filling vacancies in office; (3) continuation of certain temporary measures to deal with problems stemming from the \$9.15 limit; and (4) several improvements in the state's annexation laws.

Chapter 1

The Quiet Crisis of Local Governance in Washington



Washington local governments are fighting a losing battle to fulfill their responsibilities in today's changing world. Their powers fall short of their problems; their structures are often outdated, and hard to change; most of all, their revenues are inadequate for the services they are expected or required to perform. Frequently there are too many local governments, particularly in densely populated areas outside of cities, and too little coordination among them in coping with problems that often cross jurisdictional lines. Citizens feel uninvolved and unrepresented in the cumbersome processes through which local governments are obliged to operate.

When our local governments were first designed, they worked well. For a half century after statehood, local governments developed an effective governing tradition built upon geographic and cultural diversity, local initiative and responsibility, and distinct roles for the major units — cities and counties.

In the last 50 years, population has grown rapidly and spread widely; new occupational and residential opportunities combined with citizens' preferences to produce new patterns of governmental organization and service provision. Although some work adequately and satisfy citizens' needs, others do not. There are also many new problems, unimagined at the turn of the century, which now confront local governments with costly new responsibilities that they do not have the powers to meet. Moreover, new initiatives by the federal and state governments in the last 50 years have dramatically changed the world in which local governments must operate.

And yet, local government is the level of government at which the problems of today and tomorrow must be solved. The federal government is retreating from previous intervention, taking away its financial support (but leaving multiple mandates for particular standards of performance.) The state faces many new demands far exceeding its revenue prospects. Finally, this state has a tradition of handling service needs through local efforts.

In the chapters that follow, we will show how and why we reached these conclusions, and state our recommendations for needed changes in the Constitution and laws of Washington. But first we shall set forth the origins, makeup, and charge to this Commission, and briefly review the work plan that it followed.

The Local Governance Study Commission

The Commission was created by the Legislature in April, 1985, at the joint initiative of the Washington State Association of Counties and the Association of Washington Cities. It has been funded entirely from revenues that would otherwise have been transferred directly to the counties and cities; no state general fund revenues were involved. (The full text of the statute creating and charging the Commission appears in Appendix A.)

The Commission was composed of 21 voting and three ex-officio members. The voting members, appointed by the Governor from nominations by their respective caucuses and associations, included four Representatives and four Senators; four county commissioners; four city councilmembers; and one official each from the state's water, sewer, fire, library, and public utility districts. The ex-officio members included the executive directors of the two sponsoring associations and the Director of the Department of Community Development, who served as Chair.

The charge to the Commission was to study the evolution of local governments in Washington, assess their current problems (and what part of those problems might be caused by public policy), examine the practices of other states with respect to such problems, and make recommendations to the Governor and Legislature for such changes in the Constitution and laws of Washington as the Commission deemed appropriate to the solution of those problems. The time originally set for the Commission's report was November 1, 1986, but this was later extended to January 2, 1988.

The Commission began its work in November, 1985, and met at least once per month, often for two-day periods, from then through December, 1987. The first task was to understand, carefully define, and prioritize the problems that currently face local governments. As part of this effort, the Commission directed its staff to prepare a definitive history of local government in Washington. This history has been published as Volume I of the Commission's Report, and is briefly summarized in the next section. The problems that the Commission felt were widespread and serious, requiring in depth analysis and recommendations, were narrowed to three and defined as follows:

- (1) **Citizens expect urban levels of services in certain unincorporated areas.** Citizens in densely populated but unincorporated areas desire levels of services that are characteristic of cities, but existing local governments are often not well designed to provide them. Cities have difficulty gaining voter approval for annexation; counties normally do not have the necessary revenue-raising capability; and special purpose districts, limited to a single service, can become so numerous and overlapping that in the aggregate they lack accountability and efficiency.
- (2) **Problems and/or service needs extend across governmental boundaries.** In many cases, particularly where population has grown and spread across a broad area, problems and service needs tend to have an areawide scope that do not respect long-established legal boundaries. The presence of many local governments means that there can be serious problems of coordination, delay, inaction, or duplication.
- (3) **Local government revenues are not adequate to their service responsibilities.** Revenue sources are stagnating. The federal government has recently eliminated general revenue-sharing and cut back a number of grant programs. The differing economic and political contexts across the state provide local governments with different revenue-raising capabilities. At times, local governments compete with each other to raise revenue from the same sources. There is also a lack of "fit" between revenue sources and service responsibilities. Finally, the federal and state governments continue to expect or require local governments to meet high performance standards, but do not always provide financial assistance to do the job.

Each of these three major problems was the focus of several Commission meetings; the three problems are taken up in order in Chapters 2, 3, and 4. While the Commission was considering the elements of these problems and the question of what to do about them, it sponsored a statewide public opinion survey, which was conducted by the Washington State University Survey Research Laboratory in August, 1986. Shortly thereafter, all local government officials in the state were also surveyed, and asked some of the same questions, through the auspices of their various associations. The results of these surveys helped to shape the Commission's understanding and recommendations, and are reported in some detail in Chapter 5.

As the Commission analyzed these major problems and weighed alternative possible solutions, it began

to articulate some premises and principles that seemed to apply in a general way to the future of local government in Washington. It was not always appropriate or possible to follow these principles in every instance, but they served to guide or shape the thinking of Commission members as they grappled with the problems. These are stated in Chapter 6.

The Lessons of History

In the early years, city and county governments' powers were relatively distinct. Cities were created around market and trade centers. City governments were used to protect citizens from physical hazards such as fires and roaming animals. Counties were created in large geographic units to serve as sub-divisions of the state to provide records of land settlement, property assessment, tax collection, roads and law enforcement. Special purpose districts, aside from schools and roads, were not yet created.

During those early years local governments and their communities were isolated and independent of one another due to geographic distances and lack of good transportation. With the state and federal governments so far away, local government officials and citizens were left to solve problems and provide services in a self-reliant manner. Local initiative took its most extreme form in the local option liquor laws, but was also apparent in the creation of new kinds of local governments — special purpose districts. The earliest forms included irrigation districts, townships, ports, and water districts. These districts performed functions which the citizens felt private businesses, cities, and counties could not provide.

The Great Depression created a radical shift in local government funding by limiting the property tax (a major source of local revenue) and forcing local governments to depend upon the state and federal government to provide funding through grants, loans and shared revenues. As the federal and state financing of service programs increased, so did their requirements. An increased emphasis was placed on uniform standards across the state in the areas of welfare and highways, limiting local independence further. Over the years, these standards and requirements have grown to include programs ranging from law and justice to solid waste disposal.

Transportation (railroads at first, followed by cars and roads) and economic opportunities (the Alaska Gold Rush and World War I and II) brought major influxes of population to the state. Improved networks of travel and communication decreased local independence. Gradually, by the late 1930s people began to settle in residential subdivisions

outside cities and create demands for urban services in those unincorporated areas. Cities felt unable to absorb additional residential populations due to their stretched financial capabilities. Counties did not have urban service powers until the mid 1960s. Thus special purpose districts became the vehicle to provide such services.

By 1983 the population in unincorporated areas would exceed the population in incorporated areas statewide and these unincorporated populations could obtain most of their urban services (water distribution, sewer collection, fire suppression) potentially from two or three different kinds of government: cities, counties and special purpose districts.

In addition to the desire for more urban services, citizens looked to their local governments to take on the responsibilities for a whole host of new governmental services created over the years, such as parks and recreation, land use planning and zoning, social services, environmental health, housing, libraries, mass transit, emergency medical services, and economic development. Many of these programs addressed problems or needs that were of a regional scope. Only occasionally did governments address them jointly, and then usually because federal grants stipulated such coordination was required or local jurisdictions determined on their own that it would be more effective to share or contract for service provision.

State tools to enable local governments to adapt to their wide range of new issues and problems were slow in coming. The first major source of local revenue for cities and counties since statehood came in the early 1970s with the local option to levy a sales tax. As this new revenue source became available, further limits were made upon the property tax through a statutory limit of \$9.15 for all governments levying a property tax (except ports and public utility districts) and prohibiting increasing an individual jurisdiction's levy annually more than 106 percent. Further limits came in 1982 to cities' business and occupation taxes, limiting the B & O tax to two-tenths of a percent and certain utility taxes to 6 percent.

Change in local government structures to deal with new and expanding powers was extremely difficult if not impossible for many years. Up until the late 1940s the only local government which had the ability to remain relatively autonomous through home rule powers from the state were first class cities (those with a population of 20,000 or more). Counties obtained the ability to form home rule governments, if approved by their voters, in the late 1940s. It would be another twenty years before the first of five of the thirty-nine counties would enact such forms. Nine attempts ended in failure. Many

of the charter movements were initiated in an attempt to gain a handle on the rapid population growth and land use changes in an area, but these reasons were not enough for change. The successful passage of a charter frequently depended upon a scandal in the county government.

Eventually, in the mid 1960s cities of all classes obtained greater home rule powers through the Legislature's adoption of the Optional Municipal Code and the ability of cities to pass such a code through their councils or through the voters. Currently, about half of the cities have become code cities.

In the early 1970s a change in constitutional provisions enabled voters to accomplish broader structural change in local governments. A board of elected freeholders could propose a variety of changes under the city-county consolidation provision which would then need to be approved by the voters in the county. Citizens in both Clark and Thurston counties have placed the question of creating such a board of freeholders on the ballot, but the voters have turned the proposition down. Some of the concerns with this amendment are that no one is sure what type of proposal the freeholders would design, and there is a potential to eliminate governmental units without the people of that unit having any control over their destiny.

Aside from interlocal agreements and the city-county consolidation amendment, little opportunity was provided by the state for handling problems on a regional basis, across government boundaries. The one comprehensive regional form of government (created by the Legislature in 1957) was the Metropolitan Municipal Corporation with the ability to handle six types of regional services. To date only one such government has been created (in King County) with powers approved by the voters to operate transit and sewerage systems. More recently new regional special purpose districts with a narrow scope such as public transportation benefit and aquifer protection districts have been formed to solve problems that the governments in place were unable to handle, rather than addressing the inadequacies of the older governments' structures or finances.

Recommendations

The recommendations in Chapter 7 are designed to provide citizens and local governments with the tools they need to meet these challenges. The recommendations often stem from problem-solving actions already taken by some enterprising Washington local governments, or the thoughtful reflections of their experienced practitioners. Together, they make up a future-oriented proposal

that will enable local governments to deal efficiently and effectively with the problems that confront them today — as well as those that threaten tomorrow.

The Commission's recommendations will be offered in four parts. The main body of recommendations is contained in the first two, entitled the **Local Government Service Agreement (LGSA)** and **Citizens' Review Process (CRP)**. A third part, **Revenue Proposals**, will offer some recommendations on changes needed both short and long term in the area of local government financing, as well as suggested financial incentives to implement the LGSA and CRP. The fourth part, **Supplementary Recommendations**, includes recommendations on a wide range of other issues, some of which are unrelated to the major problems and recommendations.

Chapter 2

Urban Growth in Unincorporated Areas



"(Snoqualmie) townspeople see Bellevue's soaring skyline and crawling traffic. They look down the foothills and see Issaquah filling up its pastures with shopping plazas and office parks. They look at the East Lake Sammamish Plateau and see massive subdivisions carving cities out of forests and ravines and wetlands. They look at Interstate 90 and see a welcome mat for developers."¹

"Counties allow the development in unincorporated areas, but they can't serve the people because their tax structure is inadequate." City official

"Cities are trying to grab the revenue producing lands in the unincorporated areas for their own benefit." County official

"The citizens elected us to provide them with a needed service." Special purpose district official

Statement of the Problem

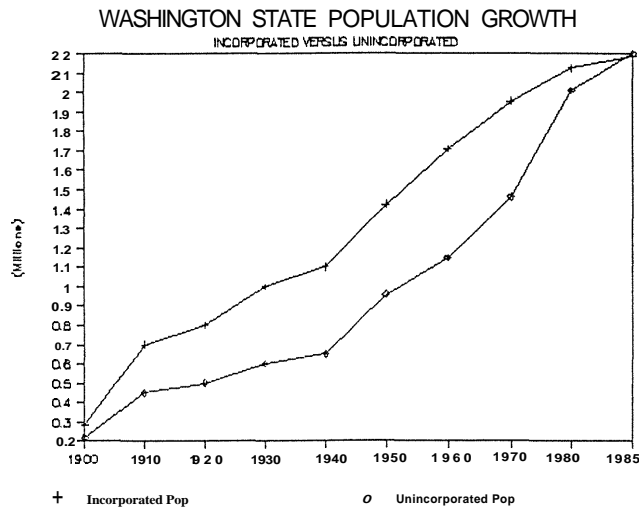
An aerial photo of urban areas in Washington state gives no clue as to where a city's boundaries begin or end. Across the state today there are many pockets of urban growth that surround cities but do not belong to cities, such as those areas outside of Spokane and Vancouver. There are also urban-like areas that are not close to a major city such as Federal Way in King County and Silverdale in Kitsap County.

Cities, counties, and special purpose districts may all provide urban density services to these areas. This array of service providers can result in duplication of costs when two service providers provide similar services near each other, and lack of coordination between local governments trying to address growth issues involving land use and service delivery. These problems are discussed in greater detail below.

The Washington Experience

A. **Background.** By the late 1930s, Washingtonians gradually began to settle outside of cities as new roads and bridges and inexpensive land made it possible to live away from the city and commute from home to work rapidly. Certain attitudes sprang up such as "we moved out of the city to live in the country." Industries also drew people outside of the large cities as they too sought cheaper land and easier transportation access for their services.

The graph below shows the changing proportions of the state population that lived in cities and outside of cities from 1900 to 1985. The most dramatic surge in people living outside of cities occurred in the 1970s. By 1983 the population in the unincorporated areas surpassed that of incorporated areas for the first time in this century.



There are five major urban counties today² where the population in the unincorporated area exceeds the population in cities:

| County | Percent of Population In Unincorporated Areas |
|-----------|---|
| Clark | 72% |
| Kitsap | 71% |
| Thurston | 60% |
| Pierce | 58% |
| Snohomish | 56% |

These five counties, along with King County,³ have the highest population density in unincorporated areas in the state and will absorb three quarters of the population growth forecast to occur by the year 2000. There are many other counties such as Spokane, Yakima, Whatcom, Benton, and Douglas that also have large numbers of people living in dense residential areas just outside of their major cities.

As a result of this population shift cities were no longer the sole providers of municipal services such as water, sewer, and fire. Counties and special purpose districts, could provide such services as

well. Some cities did agree to extend utility services to people outside their boundaries, but unlike earlier times, people who obtained their services, often had no interest in annexing.

For many areas, the provision of an urban density level of services outside of cities led to a rapid subdivision of agricultural and forest lands with little coordinated planning between all the local governments in a region to decide what areas should be urban and what areas should remain rural. The attitude prevailed that if the infrastructure was available or could be created then growth should occur.

From 1970 to 1980 the urban land area in Washington state increased almost 40% according to the U.S. Department of Commerce.⁴ In the Puget Sound basin alone where almost 75% of the state's population lives, the number of acres of high-density urban and rural non-farm use have almost doubled in twenty years to one million acres today, and are projected to increase to 1.5 million by the year 2000.⁵

Tax- and rate-payers remain relatively unaware of the problems urban sprawl will create in terms of economic, environmental, and personal costs until after the development has occurred. The economic costs include large capital investment and operating costs to provide utility and transportation networks to residential areas that demand urban services, but have low density levels.⁶ Some citizens in such areas are unwilling to live in relatively rural areas and receive a commensurately rural level of service. The result is that citizens in more densely populated areas can end up subsidizing services for residents in less developed areas. Other economic costs include the duplication of facilities and personnel to provide the same service to two adjacent areas.

The environmental costs of increasing urbanization come in a variety of forms — air pollution, improper surface water drainage, failing septic tanks, solid and hazardous waste disposal, and soil erosion. These problems require increased state and federal regulations and greater sums of local governments' revenues (citizens' dollars) to try to reduce the health and environmental affects.

Personal costs to individuals come with increased traffic on already congested roads and loss of scenic, agricultural and timber lands.

B. Today's Problems. Today Washington's local governments are struggling to provide services in the most effective and accountable manner to citizens. Yet each form of government has difficulty meeting these goals under the current system where cities, counties, and special purpose districts each have the capability of providing a variety of urban services, but each also faces serious constraints.

1. **Counties.** Many counties lack a sufficient revenue base to provide the higher level of services associated with urban densities. In the early 1970s the Legislature gave counties (and cities) a new revenue source, the sales tax. At the same time other sources of revenues have not kept pace with the cost of providing services. (See Chapter 4 for fuller discussion of these items.)

As new monies became less available, counties had additional mandates to meet in a number of services such as jail operations. Over a ten year period law and justice (sheriffs, courts and jails) costs have increased on the average 55% adjusting for inflation. In Yakima and Clark County law and justice costs are about 70% of their general fund budget. At the same time, more people were moving to the unincorporated areas to live and demanding urban services such as increased police protection, improved roads, animal control, and parks.

The burden on counties to provide both state mandated services and urban density services has increased financial pressures on them in the 1980s. More than half of the counties were forced to lay off staff and reduce their services in 1987. Although the counties have sought new revenue sources such as a utility tax from the Legislature, their efforts to date have not succeeded.

2. **Cities.** Cities are affected by growth outside of their boundaries. New residents in unincorporated areas add to the congestion in city streets and parks, and use other urban amenities. The greater Seattle area has become the sixth largest "congested area" in the nation.⁷ In an effort to gain control, some cities have attempted to annex urban unincorporated areas. In other cases concerned citizens have attempted to form new cities in dense urban communities. Both annexations and incorporations require a majority of the people in the affected area to approve by a vote the proposed boundary change.⁸

Many citizens do not see the need to join or form cities because municipal services are available to unincorporated residents through special purpose districts and the county. Citizens also are concerned about joining cities because they believe (sometimes incorrectly) that their taxes will go up and that they will have to abide by more restrictions such as zoning or building codes and animal limitations. Counties and special purpose districts have also been reluctant to encourage city annexations or incorporations because they stand to lose revenues from land and businesses that would go into the city. They also feel that the city is more interested in taking

the commercial base, leaving the more costly residential areas for them to serve.

According to the state Office of Financial Management, over the past twenty years both the geographical area and population numbers in annexed territory have decreased. The land annexed tends to have fewer people, diminishing prospective protests against annexation. Only 14% of the cities (including Bellevue, Everett and West Richland) account for the major annexation activities in recent times. Annexations today are usually developer-initiated, using the owner petition method. Kirkland's successful annexation by election in 1987 of areas totalling 14,000 people is a distinct exception to this recent practice.

In the last twenty years there have been only four incorporations (Brier, Lacey, Ocean Shores, and Mill Creek). Several large urban area incorporation efforts have failed in recent years, in Federal Way (King County) with a population of 70,000, and Woodinville (King County) with a population of 17,000, and Lakewood (in Pierce County) with a population of 65,000. Other areas, such as Spokane Valley with a population of 84,000 have considered, but not voted on, the issue of incorporation.

3. **Special Purpose Districts.** All special purpose districts, except port districts, lack police powers of health, safety and welfare and generally have a single service focus which prevents them from looking comprehensively at the planning and service needs of an area. While the number of districts has not increased substantially in recent years, there are still 1400 in existence, excluding school districts. General purpose governments run into difficulties with special purpose districts when such districts stimulate rapid development of land in areas the county (or city) is not equipped to serve. King County is a prime example of a county where growth has been greatly facilitated by the 17 sewer districts and 38 water districts servicing unincorporated areas (some of which are combined water/sewer districts).

Some of the problems with certain special districts arise in the difficulty citizens have in determining which government to turn to for a particular service. Two residents living only twenty blocks apart near Lake Forest Park in King County are served by 2 different fire districts, 2 different water districts, 1 sewer district, a library district, a school district, a park and recreation district and the county.

Accountability to individual citizens is spread across different jurisdictions in this one small area.

4. **The State.** Statewide land use planning laws were proposed in the early 1970s, but met with vigorous opposition to state control in the Legislature. The state allows local governments to control how they will handle urban growth with state guidance on environmentally related issues.

While the state is not in the land use planning business, it has assumed an arbitration role in land use disputes through Boundary Review Boards. The statute for the Boards was enacted in 1967. Each county may create a Board if they choose to do so, and the larger counties were required to create such Boards. Members are appointed by the Governor. The purpose of the Boards is to approve or deny local government boundary changes if there is a dispute between governments or citizens affected. The Boards are unable to make land use decisions, but do follow a list of state criteria (such as the ability to provide logical service areas) in determining whether a city or special district can form or grow. The funding of the Boards, staff availability, and member training have been issues for a number of counties that remain unresolved as the state has not taken a strong stand on defending the Boards.

Another problem area which the state has not addressed is how to handle rapidly growing urban areas. There are no state laws prioritizing which local governments should provide services in rapidly growing unincorporated areas;⁹ requiring joint urban area land use plans, zoning, and development standards between cities and counties. Counties and cities for the most part do not have common land use planning and zoning in these areas. The result is considerable confusion for developers who must comply with a different set of ordinances and standards depending on which jurisdiction they are in. Lack of coordinated development standards make it undesirable for a city to annex an area which may have had less stringent standards than under city regulation.

Some cities, counties, and special districts have worked out some agreements to address urban issues on a joint basis, others have tried but lack closure. The inventory¹⁰ below shows some of the experiences around the state of cities and counties in developing joint urban growth agreements.

| COUNTY | CITIES | TYPE OF AGREEMENT |
|----------|--------------------------|---|
| YAKIMA | YAKIMA | Joint land use, zoning ordinances & development standards adopted by both entities in 1986 after 14 years of work. |
| SPOKANE | SPOKANE | Studied a plan to address joint land use, transportation and community facilities around the city of Spokane in late 1970s. Recommendations not adopted. |
| KING | 27 Suburban Cities | Draft proposal to require joint review of plans & policies to develop compatible land uses and development standards; citizens should annex or incorporate to obtain higher service levels. Under review in 1987. |
| THURSTON | OLYMPIA, LACEY, TUMWATER | Draft designation of two lines around the 3 cities to phase urban growth from the cities' core. Under review in 1987. |
| PIERCE | PUYALLUP | Agreement to share revenues between city and county as city annexes land within a defined area. |
| COWLITZ | WOODLAND, CASTLE ROCK | Defined urban service areas and service responsibilities within an urban growth area. Provides for annexation covenants, coordination of current and long range planning decisions. |

Experience in Other States

The Commission engaged in an extensive review of other states' practices with regard to joint city/county planning and service delivery arrangements in the urban unincorporated areas. There are few examples of successful joint city/county planning in urban unincorporated areas, and examples of service reallocations between cities and counties. We found 3 states — Oregon, California, and Idaho — that had the most interesting arrangements for Washington to examine.

In Oregon, counties and cities must develop comprehensive plans and agree with one another on what will be the urban growth areas. Developing an urban growth area is only one of the 19 elements that each comprehensive plan must contain. The state conducts a substantive review of these plans and remands them if they are not satisfactory. No development within urban growth areas may occur until the state approves the local plans. Over the past ten years the Oregon Legislature has provided approximately \$20 million for local governments to develop their comprehensive plans.

The most interesting example of transferring service functions between cities and a county has occurred in Oregon's Multnomah County. During the early 1980s Multnomah County suffered from a dramatic drop in revenues resulting in an inability to provide the municipal services its unincorporated citizens desired. In 1984 the cities and Multnomah County agreed upon designated urban service boundaries after a series of public hearings in

different neighborhoods. The cities agreed to assume a number of county functions within the urban service boundaries including roads, police, parks and land use planning. The county agreed to transfer its personnel that had worked in these areas as well as money from their road funds for road services. The issue of annexation remained unresolved, but the cities agreed to provide services outside of their boundaries (which was a reversal of an earlier policy).

In California, the Local Area Formation Commissions (LAFCOs) are required to design urban area impact agreements in each county. These urban area impact agreements determine which entity (usually a city or special district) will provide what services in a specified area as well as arrangements for urban growth and preservation of agricultural land. For example, in Ventura County the local governments have agreed that urban development will occur only inside incorporated cities. Whenever the county receives a request to turn land into an urban developed area, it requires the developer go to the city to see if the city will annex the land to accommodate the development.

In Idaho, cities and counties can set up unincorporated areas of potential impact to the city. Boise and Ada County have an impact agreement defined in each of their comprehensive plans. When an area in the county is proposed for development the city reviews the proposal and can require that the development meet city requirements. (This arrangement is similar to what King County and its cities are examining.)

Summary of Issues Involved

The following issues were addressed by the Commission in forming recommendations:

1. **Lack of coordination in land use and development standards among multiple jurisdictions serving urban areas.**

While a number of governments have developed formal mechanisms through interlocal agreements to address land use, zoning, and development decisions, other areas lack such mechanisms. Special purpose districts need to be included in these discussions as they have capital plans which affect and are affected by land use decisions.

2. **Insufficient tools to enable general purpose governments to provide comprehensive services in urban unincorporated areas.**

Some agreement is needed between cities and counties to determine who will be the primary provider of urban-type services in a given area. To implement such agreements, either counties need sufficient revenues or cities need improved annexation laws. If a city does take over services from another entity, some kind of revenue sharing must be provided to permit the entity which loses the service to recoup their investment and maintain the services that they continue to provide.

Chapter 3

Problems That Cross Jurisdictional Boundaries



"Our governments are fragmented and turf-defensive; there is no way to get choices made or priorities set for the region as a whole. There have to be changes in the structure of all these governments, not just in the attitudes of their elected officials" — Professional observer

"We see an urgent need to think regionally, but not to force all decisions to a regional level" — King County 2000 Report

"Bigger is not necessarily better" — ex-Mayor, small city

Statement of the Problem

At any time, and in any part of the state, there may be problems and service needs — transportation, solid waste disposal, siting of major projects, water quality, social services, and the like — whose sources or impacts cross local government boundaries and require cooperative or coordinated solutions. Today, we face a convergence of the factors that create or worsen areawide problems and service needs. These include continued population growth and dispersal, emerging environmental health problems, and new federal and state requirements in environmental and other fields.

With the best of intentions and efforts, local governments are frequently unable to develop adequate cooperative capabilities or joint mechanisms for handling these problems. Too often, the results are delay or inaction, duplication of services and costs, and conflict among governments.

The Washington Experience

A. **Background.** The necessity of providing services and achieving cooperation across jurisdictional lines is anything but new. Mutual assistance contracts between units, covering such matters as law enforcement or fire and other emergencies, are long-standing practices of governments. When the first state-aided roads were built, elaborate negotiations between counties were required to assure that there would be connections between segments in one county and those in another.

Some areawide services have historically been performed by the largest city in the vicinity. Since

the decades when Seattle dominated King County, Seattle has contracted to supply water to much of the county, both cities and unincorporated areas. The state's three largest cities are clearly the providers of cultural amenities to their counties and beyond. Performing arts centers, aquariums, zoos, and sports and convention centers are important regional services. Seattle also serves unofficially as a social services provider for much of the state. Smaller cities provide some of the same services, and also in some cases (Yakima and Olympia, for example) offer wastewater treatment facilities beyond their borders.

Much cooperation across jurisdictional boundaries occurs as a matter of routine. The state's Interlocal Cooperation Act of 1967 was enacted to validate existing practice and encourage governments to contract with each other for services in ways that would permit economies of scale. Since then, there has been a veritable explosion of such agreements.

In the post-World War II period, problems began to arise that required a greater degree of cooperative effort on the part of a larger number of jurisdictions. Because of its concentrated population, the central Puget Sound region was the site of several such developments. Urbanization pressures, particularly with respect to transportation needs, led the four major counties to establish in 1957 a consultative and planning forum that ultimately became the Puget Sound Council of Governments (PSCOG). In King County, the pollution of Lake Washington and the problem of wastewater management generally led to the creation of the Metropolitan Municipal Corporation of Seattle, a then-unprecedented areawide special district.

B. **Today's problems.** Transportation is surely one of the most important of all of today's cross-jurisdictional problems. But setting priorities between new bridges or roads and rapid rail transit, and deciding when and where specific improvements should be built or stations located, are tasks that would challenge any region's decisionmaking process.

In the central Puget Sound region, PSCOG remains the officially-designated "Metropolitan Planning Organization" for transportation matters, and has done a comprehensive and well-received study of future needs. But some jurisdictions want rapid rail

transit, and some want new or expanded bridges; many key players are not included in the PSCOG, and none are bound by its decisions. The potential for conflict and inaction, in other words, is as high as the subject is important.

The problems of wastewater management and preserving drinking water quality are at the top of the agendas of local governments all across the state. In Spokane, the failing septic systems of the 84,000-person population of the unincorporated Spokane Valley area threatened the aquifer on which the City of Spokane and much of the surrounding region depends for its drinking water supply. With the costs of sewerage such an area potentially ruinous to local homeowners and businesses alike, and strong resistance to annexation by the City of Spokane, a special new system had to be developed.

What transpired in the Spokane area over a ten-year period is both a model of accomplishment and a warning of further difficulties to be surmounted. After protracted negotiations, and with considerable assistance from federal financial aid (now greatly reduced in availability), an accommodation was reached. The county set about the task of building sewers in stages, and the city agreed to accept the area's sewage at its improved treatment plant. To establish a groundwater-monitoring program and tap the benefitted households to pay for it, a new kind of areawide special district called an aquifer protection district was legislatively authorized and voted into existence.

Thurston County and the cities of Lacey, Olympia, and Tumwater have faced many of the same issues with a somewhat lower level of urgency. Through interlocal agreements, the three other units have made use of Olympia's upgraded treatment plant for several years. However, to set priorities between and allocate the costs of modernizing the existing system, protecting the aquifer, and accommodating new growth, delicate negotiations were required over a three-year period. A new agreement has been reached, but the distinctive identities and contrasting priorities of the parties will be a challenge to its endurance. In an ambitious parallel agreement, the same four units have sought to make sewer expansion contingent upon their urban growth and land use planning agreement.

Wastewater management in King County, the responsibility of Metro, has led in recent years to a series of bitter disputes and increasing complaints. The City of Seattle has resisted Metro's plans for upgrading sewage treatment plants located within the city's boundaries, and Metro has retaliated. Many county residents have joined in complaints about rapidly rising rates made necessary by

secondary treatment requirements. The Metro Council has been charged with unrepresentativeness and lack of accountability, principally because several members are appointed and more serve only because they were elected to other offices.

And then there are the water quality problems. In 1977 the Legislature enacted the Water Coordination Act to establish a systematic planning process to address water service boundaries and design standards where there might be inadequate or unsafe water services. Counties are in charge of creating regional water service plans and determining who serves what area (in a public health emergency, the state may become involved if the county does not come up with a plan). Recently, the Puget Sound area has become aware of the pollution of its waters. Bordering on the Sound are 12 counties, containing 102 cities and 187 special districts (not including school or road districts) — and two-thirds of the state's population. To coordinate the reduction of pollution from both point and non-point sources in this vast and complex area, the Legislature created a new mechanism, the Puget Sound Water Quality Authority. The PSWQA is made up of representatives appointed by the Governor from each of the seven Congressional districts bordering the Sound, rather than from local governments. It has power, together with the state Department of Ecology, to set standards and require compliance from the various local governments within the 12-county region.

The next range of problems in order of importance is probably solid waste disposal. New requirements have made the cost of landfills rise very rapidly, and the sheer volume of garbage has made various local governments search desperately for new means of disposal. Regular conflicts arise between major cities and their counties, as in the case of Everett and Snohomish County. In King County, the county and the City of Seattle have been locked in conflict over the rates to be charged for disposal at the remaining county sites. Whether landfills or incinerators are used, the costs are estimated to be headed for the point where Seattle residents will have the highest garbage bills in the country.

In several other counties, the costs of solid waste disposal have led to negotiations between cities and counties over the siting, financing, and managing of new disposal facilities. In most cases, agreements are yet to be reached. One area with initial success is Spokane County, where a new waste-to-energy plant will be built, with cooperative arrangements for assuring a steady stream of usage from various jurisdictions.

This illustration of multiplying areawide problems is only partial, and the problems of the future have

not even been hinted at. Hazardous waste incident management and provision of various other emergency services will require extensive cooperation on the part of local governments throughout the state. New responsibilities in the fields of economic development and social services generally are quite likely to accrue to the larger general purpose local governments throughout the state.

C. Means of handling areawide problems.

Because these problems are of long standing, there is a considerable body of experience in Washington with various ways of achieving cooperation across jurisdictional lines. In addition to provision of services by a large city and by intergovernmental agreements between existing governments, these include (1) counties, (2) areawide special districts, (3) councils of governments and regional councils, and (4) legislatively-created "authorities."

(1) The major source of providing services over a relatively large area has been the counties. At their first origins, counties had a dual role. They provided basic services to the rural unincorporated areas. But they also served as a regional provider, in the sense that they were the administrative arm of the state for the entire county, cities included.

In their regional role, counties provided such services as district and superior courts, property assessment, electoral arrangements, public health, jails, and the like. After World War II, increasing populations led to greater county obligations for a wider range of services, including municipal-type services for densely populated unincorporated areas. With little change in their revenue sources, principally the addition of the sales tax, counties were hard-pressed to fulfill all their responsibilities.

At almost the same time, they began to provide certain services through contracts to their medium-sized and small cities (such as solid waste disposal facilities and certain health services) at rates deemed by the county to be justified by actual costs. Some cities, however, viewed these charges as excessive, and even as "double taxation" inasmuch as their residents had already paid county taxes for the standard county (state) functions. Some cities argued that the counties were using city residents' taxes to "subsidize" municipal services to unincorporated-area residents. City efforts to substantiate these arguments, and county efforts to justify the charges — both through "costs of services" studies — have so far had only inconclusive results.

Recently, counties have acquired still another kind of regional role, essentially because they

are the only available unit of government (below the state) that includes all the citizens of the state. Counties have been given review and coordinating authorities and/or operational responsibilities by both federal and state mandates (water supply coordination, wastewater management planning approval, Puget Sound water quality measures, economic development, etc.) County responsibilities are mounting, but at the same time many counties' revenues are stable or falling.

But most counties are not well designed, either structurally or financially, for even their current responsibilities. Five counties have accomplished some degree of reorganization in their governmental structures, but voters have been willing to approve such changes only under conditions of crisis or scandal. Nor are counties well designed as regional service providers. Their boundaries are often not consistent with the spread of population, with geographic factors such as river basins, or with the actual social and economic entities that have come into existence. And they have too many potentially conflicting functions and constituencies.

(2) Areawide special districts began to be developed in Washington early in the century, in order to provide specific services across broad areas in which several existing governments were already providing other kinds of services. Major types include ports, public utility districts, Metros, and Public Transit Benefit Areas.

Public port districts were authorized by the Legislature in 1911, and are brought into being by voter approval. There are 73 in the state at this time, providing terminal, industrial park, airport, rail, and other facilities and services associated with transportation and economic development. Ports can be county-wide or sub-county in scope, and have taxing and borrowing power free of some of the limits that apply to other local governments. They are governed by three to five elected commissioners.

Public utility districts (PUDs) were authorized by initiative in 1930, and are brought into being by voter approval. There are 22 in the state at this time, providing electric power and/or water, and in a few instances sewer services. PUDs also can be county-wide or sub-county in scope, and have taxing and borrowing power similar to ports. They are governed by three elected commissioners.

Metropolitan municipal corporations ("Metros") were authorized by the Legislature

in 1957, and are created by voter approval. They have six possible functions (water supply, water pollution abatement, solid waste disposal, transportation, parks and parkways, and comprehensive planning), each of which must be specifically authorized by the voters (with exception). Metros do not have property tax power, except for voter-approved special levies, but can borrow readily on the basis of several kinds of charges and taxes that are authorized.

Seattle Metro, the sole example of this kind of district, was created by voter approval in 1958 and given responsibility for cleaning up Lake Washington, which has come to mean wastewater disposal in King County generally. In the 1970s, Metro was given transit powers and expanded to county-wide scope. Its other four powers, however, remain dormant. Metro is governed by a large Council made up of elected officials from Seattle and King County, delegates appointed by King County Councilmembers, and members from the suburban cities and local sewer districts.

Public transit benefit areas (PTBAs) were authorized by the Legislature in 1975, and are created by act of the county legislative body and then approval by the voters. PTBAs can provide public transit systems, transportation planning, and parking structures to a county-wide or sub-county area. They are governed by a board made up of elected officials from the units of government that contract for their services, and have limited independent revenue powers. At present, there are eight PTBAs in the state.

These four different areawide special districts are the major units (but far from the only ones) providing services to regions that range in size up to county-wide in scope. They include some of the largest and most important public corporations in the country (Metro, the Port of Seattle, and Snohomish PUD rank among the nation's leaders in revenues and expenditures.)

- (3) Councils of Governments (COGs) are associations of county and city governments, usually in a region two or more counties in scope where problems or social-economic linkages require continuing planning and consultation. Washington's flagship COG, the Puget Sound Council of Governments (PSCOG), was one of the first in the country when it was organized by King, Kitsap, Pierce, and Snohomish county commissioners in 1957.

State law was modified in 1963 to authorize COGs to provide planning services to member governments. Their other functions are to

provide a forum where governments can discuss their problems with each other, and to provide technical assistance of various kinds that member governments otherwise might not be able to afford. Interlocal agreements among the member governments establish and set the terms (functions, funding, etc.) for a COG'S activities in a given area. COGs have no implementation authority, however, either from the state or from their member governments, that would enable them to carry out actions recommended by their consultative bodies or require member governments to do so

Federal financial assistance for local governments mushroomed in the 1960s, particularly in the areas of housing, transportation, and social services. They were accompanied by requirements for regional cooperation and a "clearinghouse" body to certify that prospective federal funds would be used appropriately. COGs expanded or were created throughout the state to serve these needs. At the high point of this activity in the mid 1970s, every Washington county was served by at least one regional organization of some kind, and nine were linked to four or more such bodies.

As federal funding and programs were cut back in the late 1970s and 1980s, COGs were substantially reduced in their activities. The PSCOG, for example, retains actual regional approval authority only in the (vital) field of transportation, where its studies and planning seem likely to shape the future of the entire central and southern Puget Sound region. In the absence of major federal or state funding, however, it is obliged to depend financially on increased contributions from member governments and grants and contracts for its services. The member governments, of course, acting chiefly through county subregional councils, have continued to make considerable use of the data and planning resources of, and the forum provided by, the PSCOG.

Councils of government or regional councils are today useful consultative forums for cities and counties (some larger special districts sometimes cooperate with COGs, but special districts rarely are members.) As such, these councils have been relatively unthreatening ways of gathering experience working on shared problems. They are often the only units that are truly problem-wide in their scope.

- (4) Essentially similar in purpose to areawide special districts, but quite different in character, are the legislatively-created public "authorities" with appointed decisionmakers

that have one or two primary functions for an area that is several counties in scope. Examples are the Puget Sound Air Pollution Control Authority (BSAPCA) and the Puget Sound Water Quality Authority (PSWQA.) Each is authorized to plan for improving the air or water of its several-county region, but depends upon state funding and further legislation for support and local government action for much of their implementation.

These units were created because of the state's interest in action to maintain air and water quality in a large region, and because the problems required extensive coordination involving both public and private sector units. They are limited in effectiveness because as constituted they need, but do not have, the strong funding and implementing support of other governments. They are currently a governmental anomaly, floating somewhere between local governments and the state without power to achieve their missions.

The Experience of Other States

Other states have the same problems as Washington. Indeed, many of them had such problems before Washington did, because the process of urbanization is much the same across the world and most of the other urban states have had longer histories than Washington.

We might hope to find models of well-designed mechanisms for handling areawide problems among the 49 other states. But, for two important reasons, Washington probably will have to design its own mechanisms for handling areawide problems and services.

First, the other states only occasionally offer models; in many cases, they are not even clearly ahead in devising solutions. Only a very few effective cooperative mechanisms or new structural forms are actually in place elsewhere. Most of these were created in the late 1950s or 1960s, and under special circumstances such as crisis, scandal, or other unique enabling conditions. For almost 20 years, there has been little progress anywhere in finding new ways of coping with contemporary areawide problems.

Second, each state — including Washington — has its own unique traditions of local government; the political role and practices of local governments vary widely across the country. What works well in Florida or Oregon, for example, might not work at all in Washington. Almost no structure or practice is automatically transferable to another political or cultural setting. A good model, if one were found, would have to be so carefully adapted to

Washington that it might end up being unrecognizable to its originators.

A. **Larger cities as the regional focus.** In the 1950s and 1960s, there was considerable interest in establishing unified metropolitan-area governments with existing major cities as the dominant unit. City-county consolidations were proposed in several areas, but rejected by the voters in most. Nashville-Davidson County, Tenn. is perhaps the leading successful example of such forms in operation today. But the number of independent cities, and the traditional independence of unincorporated areas, surrounding our major cities, make this kind of city-county consolidation seem an unlikely alternative in Washington.

A more recent development of a related kind is the proposal by a study commission for gradual consolidation of services provided by the City of Austin and Travis County, Texas. The consolidation is proposed to take place in five phases, the fourth being total consolidation of Austin and Travis and the fifth being consolidation with neighboring counties. The strategy involves consolidating so many services for cost-effective reasons in the earlier phases that the question of which existing unit will dominate may never arise. Only metropolitan services will be recognized, and a metropolitan entity may eventually seem natural, particularly if it is constituted in part from the earlier governments.

B. **The modernization of counties** has in a few cases resulted in a new unit capable of addressing today's problems. One major alternative is found in the federation principle, in which one central unit (usually a county) provides areawide services and a multitude of local units continue to provide the local services for which they are most appropriate. Metropolitan Toronto has long been celebrated internationally as a leading example of a working federation.

In the United States, Miami-Dade County, Fla. is the major example of this federative principle. But most observers now view those arrangements as better characterized as a "full-service" or "urban" county. This means that the county is responsible for assuring a minimum level of services everywhere, and additional levels for which various local areas demonstrate their willingness to pay. Cities retain their capabilities as long as their voters prefer that form.

C. **Areawide special districts.** In this area, Washington has been more prolific than most other states. Public port (and airport, bridge, and tunnel) authorities are familiar in the east and throughout the country. Limited-function districts occur in California (BART) and Oregon (Portland Metro and Tri-Met.) But none have the potential scope of

Washington "Metros," and only two states equal Washington in the sheer number of special districts per capita that we have developed.

D. Councils of Governments. Like Washington, and for much the same federally-spurred reasons, other states experienced a vast proliferation of regional councils and councils of governments in the 1960s and early 1970s. At the height of this activity in the mid-1970s, Washington had a total of 26 — or more regional councils and councils of government per capita than any other state in the nation. But Washington was one of a small handful of states that never granted implementation powers of any kind, or financial support from the state's general fund, to such units.

Perhaps the most lasting version of regional councils, however, is an extension of a regional form exemplified in Washington by legislatively-created multi-county "authorities." In some states, legislatures have created or expanded existing cooperative mechanisms between local governments. The venerable Atlanta Regional Council and the Minnesota Twin Cities Metropolitan Council are the leading examples.

In the latter case, state-appointed decisionmakers from local districts exercise review and approval authority over the major capital improvement and other major actions of local governments in the seven-county metropolitan region of Minneapolis-St. Paul. The result is a significant harmonizing of local actions, instituted on a case-by-case basis from above under the authority of the state.

Summary of Issues Involved

A problem that crosses jurisdictional boundaries is actually two problems. The first is the problem of developing and funding the new or expanded services or functions that are required. The second is the problem of developing the necessary cooperation or coordination among the governments that exist in the area covered by the new service or function, or of designing and empowering some joint mechanism or new governmental unit for the purpose of providing the areawide service or function.

For the most part, local governments know what needs to be done to provide the services that citizens demand. What remains difficult, however, is arranging the cooperation among governments or establishing the new joint mechanisms needed to do the job. Because of the great diversity of local conditions and experiences, this is a task that can be done well only by local citizens and governments.

Therefore, recommendations should encourage them to do so, and facilitate their efforts through improved procedural opportunities. No standardized solutions should be imposed from above, unless local areas prove incapable of accomplishing needed changes. There should be a central state repository, probably in the Department of Community Development, for model charters and digests of the experience of other states with these problems.

Chapter 4

Revenues and Expenditures



"We are taxed to the max." County Elected Official

"There are a jillion Boston tea parties going on out there." City Elected Official

"Citizens are using special districts like credit cards to purchase the services they need." Legislator

Statement of the Problem

Local governments differ in their capacity to raise revenues based upon their economic and political climates, but lack the flexibility to change the state's menu to fit their needs adequately. Although local governments have different revenue sources available to them, a number of the sources are the same, leading to competition between governments with zero sum solutions. On the other side of the budget equation, local governments are confronted with ever increasing state and federal mandates for programs without additional money to carry out such programs.

The Washington Experience

A. Background. Washington's cities, counties, and special purpose districts (excluding schools) raised about \$6 billion a year in the 1980s.¹¹ Local governments' major operating revenues are derived from local government generated taxes, state and federal revenues/grants, and charges for services. (See Appendix B for more detail on these revenue sources.)

There are three major sources of local government generated tax revenues: property, business and occupation (the B&O includes taxes on businesses and utilities derived in statute from the cities ability to license establishments), and sales tax. There is variety not only among the different governments but also between similar kinds of governments as to how they rely on each source. For example, cities can levy a B&O tax, but counties have no such authority. However, not all cities levy the B&O tax. No city east of the Cascades currently levies the business portion of the B&O tax. Levy capacities also vary based on economic conditions. Comparing the local government generated tax per capita between Seattle and Spokane alone, one can see a tremendous difference: Seattle raises \$405 per capita and Spokane \$235 per capita. These

differences are due in part to levels of assessed valuations, as well as the fact that Spokane does not levy a business tax.

Local government revenue sources were relatively static for almost 100 years. Until the 1970s, the property tax was a major source of local government revenues. In 1932 the total property tax for all governments (except ports and PUDs) was limited for the first time in the state's history, a limit which has changed, but never been removed. During the early 1940s newly formed special purpose districts such as fire, library, and hospital districts were granted the authority to use the property tax for their revenue source. These special purpose districts under a law passed in 1947 were allowed to use any property tax levy capacity (measured in mills) left over after the state, city, county, school and road districts had levied their taxes. At the time most local government entities were not levying their full tax capacity, so that special purpose districts could impose their levies without any concern that they would be limited. This situation would change later on.

During the 1930s local governments began to receive federal funds and state-shared revenues (liquor and gas taxes), which helped them to fund operating programs such as welfare as well as build highways and other needed infrastructures. During this time the cities began to rely on their authority to impose B&O taxes to obtain additional revenues.

Although cities and counties sought to expand their local government tax options from the 1940s on, they were unable to obtain a major new source until 1970 when the Legislature granted them the authority to raise a limited sales tax of 0.5 percent. This authorization was raised in 1982 to permit an additional 0.5 percent, subject to referendum.

The federal and state governments provided locals with additional funds for programs beginning in the mid 1960s. Federal funds increased dramatically (e.g., general revenue sharing funds which could be used for any pupose as well as programs such as community health services and secondary treatment of sewage), but have been terminated or drastically cut in the 1980s. State funds were primarily available for capital intensive projects in the 1970s through statewide bonds for water quality, solid waste and jail construction.

In the 1980s the Legislature helped local governments address specific problems that needed additional financing by setting up new kinds of districts under general purpose government control such as the aquifer protection districts, solid waste disposal districts, and cultural arts districts.

B. Today's Problems. While statewide property and sales tax rates have increased an average of about 7% over the last several years, this increase does not reflect the stagnation or decline experienced around the state in the economically depressed areas. Although local governments had mixed results obtaining new tax revenues or additional financial flexibility, they have gained a number of new local responsibilities over the years. (See Appendix D for a list of new local government programs.) In addition to these services, a number of standards are imposed by the state to carry out services such as jail operations or solid and hazardous waste guidelines and by the federal government for services such as secondary sewage treatment or drinking water. The major problems confronting local governments are outlined below.

1. Restrictions on Revenue.

Perhaps one of the greatest problems that local governments have today is coping with the way the state has structured their revenue raising abilities. The table below shows the three major local government revenue sources and the restrictions placed on them:

| <u>Source</u> | <u>Restriction</u> |
|------------------|--|
| (a) Property Tax | * 106% lid on each individual govt * \$9.15 limit on total taxes by all govts within a tax code area * 1% constitutional limit * Exemptions |
| (b) B & O | * 0.2% on business * 6% on utilities (no limit on water, sewer, garbage) |
| (c) Sales Tax | * 1 percent |

(a) **Property Tax**

The property tax 106% lid was imposed in 1973. It prohibits a local government from raising its levy more than 6% of the highest amount levied in the past three years (excluding new construction and excess levies). According to the Department of Revenue, this limitation has prevented \$2 billion in additional regular levies for local governments from being imposed over the immediately following thirteen year period.

Local governments may raise the 106% lid for a specified dollar amount and specific time limit as in the case of the 1986 Seattle levy for housing and a new art museum. This 106% limit will become less of a problem and may well disappear within the next three years because assessed property values have levelled off after a tremendous boom in the late 1970s and early 1980s when property values increased an average of 15% a year. As property values level off, local governments must look to raising their tax rates because there is no longer any major growth through property valuations. In turn, they eventually reach their statutory maximums under the \$9.15 requirement.

The \$9.15 statutory limit is a greater problem to local governments today, especially to special districts which rely upon the excess levy capacity after the state, county and city have generated their levies. The reasons why the \$9.15 limit has become a problem include: 1) an increase in the state school levy from \$3.29 in 1985 to \$3.60 in 1987, 2) stagnant or declining property values which force locals to raise their rates as described above, 3) the trend in library districts or fire districts to annex cities, and 4) a rapid increase in certain districts' levy rates in recent years.

The third and fourth reasons are important to our analysis of trends in local government. As of 1986 there were 64 cities which had been annexed by library districts, 7 cities which had been annexed by fire districts, and one city which had been annexed by both a library district and fire district.¹² Once this annexation occurs, a city no longer provides the service, but it may continue to levy a portion of the money it once used for library or fire service for another purpose. The library or fire district now provides the service and raises a new levy to provide such services. The result is that new monies are being raised to provide a service once provided by the city (an enhancement of service provision by the special district is of course possible by this arrangement). These provisions have been in effect for the last ten years.

Another trend is the increase in levy rates by certain special districts in recent years. In 1981 - 1986, half of the hospital districts raised their levies and five new hospital districts were formed. Some of the increases in hospital levies are due to a lessening of federal and state support for Medicare and Medicaid patients, which requires hospitals to seek payment for costs of these individuals through their property tax levy. Fire districts had their levy capacity increased from \$1.00 to \$1.50 in 1985. Although no fire district has directly forced a proration of taxes by levying the full \$1.50, the potential is there.

A concrete example of the \$9.15 problem occurred in the North Central Library District in 1986. This

library district serves 155,000 residents in a five county, fifteen hundred square mile area across Okanogan, Chelan, Douglas, Grant and Ferry counties. Within its service area are three hundred tax code areas and two hundred and five individual taxing districts. Proration is triggered whenever the combined tax levy rate within a given tax code area exceeds \$9.15/\$1000. Since the library district must levy taxes at a uniform rate throughout its entire service area, a proration problem in a single tax code area affects the district's levy throughout its service area. (There are 2,993 different tax code areas throughout the state.)

The 1% constitutional limit on property taxes was passed by voters in 1971 in an effort to keep down tax rates which had climbed under a reassessment program initiated in the mid 1960s. There is an 85 cent difference between this constitutional maximum and the statutory maximum of \$9.15. Some special purpose districts such as emergency medical services are funded from this 85 cent cushion.

Land exemptions have also reduced local governments' capability to raise levies. Some of the most dramatic examples include the Open Space Taxation Act and Senior Citizen Property Tax Relief, which were passed by the Legislature in the 1970s. The Open Space Taxation Act permitted agricultural, timber and open space lands to be taxed at current rather than highest use. The Senior Citizen Property Tax Relief permitted seniors, based upon their income level, to seek relief from the regular and excess levies. According to the Department of Revenue, in 1986 this resulted in reductions of about \$43 million in Open Space and \$24 million for Senior Property Tax Relief. This amount was shifted to the remaining tax base.

In a number of counties there are also large categories of land that are just exempt from taxation. For example, in Pacific County only 17% of the land area is subject to property taxation because of exemptions for state parks, timber lands, and local government property. In Yakima County 33% of the land area is subject to property taxation the rest is exempt due to federally owned property and Native American reservations.

(b) Business and Occupation Tax

In 1982 the legislature limited the cities' Business and Occupation (B&O) tax for the first time to 0.2 percent for business taxes and 6 percent for utilities (limited to telephones, gas, steam, and electricity). This limit was imposed by the Legislature in exchange for giving cities (and counties) the second half cent sales tax option they desired. The recent U.S. Supreme Court decision on the state's B&O tax has new limitations for cities which have structured

their B&O after the state's tax. The Court struck down the tax on in-state manufacturers which sell their products out of state, claiming that there was discrimination because those firms could not claim exemption from a manufacturing tax unlike manufacturers who sold within the state. Some cities such as Seattle and Tacoma will lose 1% of their revenue under this ruling.

While this is an important tax source for cities on the Western side of the Cascade mountains, no city on the Eastern side of the state uses the tax (Spokane levied it twice in the past ten years, once temporarily for Expo purposes and once — also temporarily — before it was defeated by the voters in a referendum.) In addition, counties cannot impose a B&O tax which provides an incentive for businesses to locate in an unincorporated area or city that does not have such a tax.

(c) Sales Tax

The Legislature permits cities and counties to levy a local option sales tax of up to 1 percent (Metro and PTBAs may levy six tenths of a percent). All cities and counties levy the first half percent (0.5%) which was granted in 1970. An additional half percent was granted in 1982. Those local governments that levy the second half percent (0.5%) may participate in a sales tax equalization fund, whereby all counties and cities can obtain up to 70% of the statewide average per capita yield of the total sales tax.

Some governments on the border of Oregon and Idaho have difficulty levying an additional 0.5 percent sales tax because those adjoining states have lower or no sales tax. In exchange these entities may levy a 0.5 percent real estate excise tax. Vancouver levies such a tax which brings in an additional \$200,000 rather than \$2 million which they could potentially obtain with the second 0.5 percent sales tax.

Because cities and counties can both levy a sales tax (counties receive 15% of a city's sales tax revenues if they impose an equal sales tax rate), there is often friction between the two governments when a city proposes annexing a shopping mall or other businesses with a high sales volume that the county depends upon. This tension is exacerbated when a city proposes to annex a business area, but not an accompanying residential area. Provisions for tax base sharing are rare, although Puyallup and Pierce County have worked out some provisions.

2. Loss of Federal Revenues

In 1987 cities and counties have lost almost \$100 million in federal revenue sharing which translated into a 5% cut in each of their budgets. This loss means reduction of public safety services for some

counties and cities, for others it means a cut in capital expenditures. Federal grants for a variety of environmental health programs have also decreased dramatically. For example, in the area of water quality federal grants with state supplements have gone from 90% federal/state (75% federal/15% state) and 10% local match in 1972 to 55% federal/45% local match in 1985. The Legislature responded to this latter problem with a surcharge on cigarettes to help supplement the local match.

3. Inadequate Revenue to Meet Service Requirements

Programs ranging from environmental health to law and justice require local governments to dig deep into their pockets to meet the state and federal requirements. Estimated costs for local governments statewide today to come into compliance with secondary treatment and solid waste standards are \$1.5 billion.¹³ Statewide capital costs for next 13 years are estimated to be \$3.9 billion,¹⁴ Law and justice costs have increased 55% over the last ten years.¹⁵ In many county and city budgets, those costs represent between one half to three-quarters of their total annual budgets.

Counties with large urban unincorporated populations do not have the same tax base that cities have to provide municipal services such as police and parks that their citizens want. For example, Pierce County, had to raise its 106% lid on the road levy in 1987 to provide additional police services. Cities east of the Cascades are also limited by their disinclination to employ the B&O tax.

The state requires that counties and cities provide certain services that are similar. To save on some of the duplicative costs of programs, cities and counties can make interlocal agreements so that one jurisdiction will provide a service (e.g., a county might perform public health services for a city). Unfortunately, the decision about how much to pay an entity for providing such a service becomes a major source of dispute.

Finally, there are many small counties and towns across the state today whose resource and population base have declined so significantly that they are struggling just to provide basic services. Pacific County has made headlines with their near bankrupt situation. Some small towns such as Mossy Rock are considering disincorporation because they can no longer afford to provide the range of services expected and required of a city of the fourth class.

Experiences in Other States

In many ways it is difficult to make broad comparisons with other states because local governments vary in their revenue sources and the

services they provide. In Washington, for example, counties have few or no expenditures in the areas of education, libraries, and welfare. (The state pays for education and welfare; special purpose districts and cities pay for library services). In contrast, counties in North Carolina carry major expenditures in each of these areas, but do not expend money on roads. (Washington counties have a major responsibility for roads).

Washington, unlike many states, has sought to use special purpose districts as a way to fund needed services when general purpose governments were unable to provide such services. This dependence on special purpose districts has earned Washington the rank of eighth in the nation in terms of the number of special purpose districts.¹⁶

With these caveats, some general observations can be made. (Unfortunately, time and scope of work prevented the Local Governance Study Commission from examining potential financial models in other states.) Washington's tax structure is different from other states because of its restrictive nature which includes property and sales tax limitations and no personal income tax. Our state tends to rely much more heavily on the sales tax than other states which have an income tax available to them. Washington's Legislature controls the local governments' taxing authority in part because of state reliance on the same sources as local government.

The Department of Revenue has produced some useful comparisons of Washington state and local taxes with other states over the years. They found that while Washington ranks high in state taxes, they rank low in terms of local taxes. For fiscal year 1985 Washington state taxes per \$1,000 income are ranked 9th while local taxes ranked 35th in the U.S. Another way of looking at this is that 72.5% of Washington's state and local tax money is collected at the state level while 27.5% is collected at the local level. The average across other states is 62% collected at the state level and 38% at the local level.¹⁷

Information comparing the rates local governments use for different taxes across the U.S. was available for sales and income tax. There are twenty-five states whose local governments use a sales tax. Fifteen of those states' local governments had sales tax rates higher than Washington's. The highest maximum local rate was 4%.¹⁸ Local governments in thirteen states use an income and wage tax.¹⁹

Summary of Issues Involved

1. Lack of flexible revenue options for locals.

While the potential revenue capacity for local

governments appears sufficient, there is wide variation across the state in different local governments' actual revenue producing capacities. Flexibility in terms of reallocation and possible new sources of local option revenue need to be examined.

2. Need for incentives to consolidate services when cost savings can be made.

Local governments need to look beyond turf issues to examine the most effective ways of providing services to citizens. A number of governments have overlapping authority to provide services with little incentive for trying to resolve service areas that are duplicative and costly.



analysis of who these significant people are and what they think appears in Appendix E.

We did not consider it necessary to ask similar knowledge or participation questions of local government officials. Instead, we asked for positive and negative evaluations of the state's performance in various fields, and learned that local officials feel considerable frustration and impatience about their relationships with the state. As we shall see shortly, much of this concern focuses on revenue issues and problems.

In general, officials from different types of governments did not differ much from each other, although there was some contrast with respect to the leading problems experienced. County officials were distinctively concerned about law and justice issues and city officials were more focused on the cost and condition of their infrastructure. County officials also tended to feel themselves substantially more hard-pressed by revenue problems.

Nor did officials as a whole differ greatly from citizens in their responses. All rated several problems as serious or moderate in their areas. There were some differences with respect to images of the severity of problems, with local officials generally rating high-cost problems (sewage and solid waste disposal, infrastructure) as more severe than did citizens.

Some differences appeared also, as might be expected, when respondents were asked to evaluate how well local governments cooperate with each other in handling problems. Neither group thought cooperation was very good, but local officials gave themselves higher marks than did citizens. Slight majorities of both groups chose the middle of the road answer, "somewhat well." But more of the remaining citizens said "not very well" than said "very well," and the rest of the local officials responded in just the opposite manner.

The general context of opinion in the state is thus one in which citizens and officials alike are alert to the existence of problems, but not very well satisfied with the way they are being handled today. Local officials seem to feel that the state is not doing its part well, while citizens tend to feel that local governments should be performing better. As we shall see, this leads each group to want the state to do more — but perhaps more of different things. And local officials appear readier to call for or accept change than do citizens.

Growth Issues in Urban Unincorporated Areas

The problems of urbanized unincorporated areas include cost-effective service provision over extended areas, one unit's difficulties in absorbing

the impacts from growth in another, and maintaining cooperation rather than conflict between governments as growth occurs. The unit of government with the power to provide services effectively to high-density populations is a city. But the expansion of cities through annexation, or the formation of new cities through incorporation, are possible solutions that have been employed less and less in recent years because of widespread popular resistance to this sort of change. Two sets of questions in our surveys addressed the issues of (1) annexation/incorporation, and (2) the roles of various governments in the process of growth management.

Attitudes toward annexation and incorporation. For obvious reasons, a special inquiry was directed at attitudes toward annexation and incorporation on the part of people who lived in settings where those would be possible options. Using citizens' reports of the location of their residences, we were able to identify city dwellers, "urban fringe" residents, and people who lived in truly rural settings. We further separated the urban fringe respondents into groups of people (a) living in urban level densities within three miles of a city, who might be thought to be candidates for annexation; (b) living in urban-level densities more than three miles from a city, who might be thought to be possible candidates for incorporation; and (c) all others.

Respondents from group (a) were asked whether they would favor or oppose annexation, and their reasons in either case; group (b) respondents were asked similar questions with respect to incorporation. Roughly 60% of each group was opposed to becoming part of a city, with annexation drawing slightly more opposition than incorporation. Only about 20% of each was favorable, and the other 20% did not care one way or the other. (Nearly half of those responding to this annexation and incorporation question indicated that the nearest city to them was Seattle, Tacoma, Spokane, or Vancouver — cities whose boundaries have changed little if at all in the last decades.)

The principal reasons given by those opposed to annexation were that taxes might be higher, that they preferred "living in the country" over city life, and that they did not like city regulations such as zoning and building codes or restrictions which might apply to livestock ownership. Some also indicated satisfaction with current services (often received from the nearby city) and/or general reluctance to change. Those who favored annexation did so because they wanted better urban services.

The largest block of opponents of incorporation cited their preference for country living, and some

doubted that there were enough people in their area to form an efficient city government. But otherwise the pattern of reasons given for opposition was much the same. A good proportion of pro-incorporation respondents also sought better urban services, although the most often voiced reason was better political representation and control of their own destiny.

Thus we appear to have a setting where the majority of people are satisfied with their individual service provision situation and remain unaware of the financial and other aggregate problems that are created by so many people enjoying similar situations. These respondents say they enjoy "country living" when by their own report they live in densely populated urban surroundings. They fear tax increases that might or might not actually result from becoming part of a city. Perhaps their relative affluence leads to confidence that they can escape the bad effects of chaotic growth by moving if necessary.

In any event, these attitudes form part of the problem of growing populations in urban unincorporated areas. There can be no argument with the right of such people to choose their own form of government through their votes on issues of annexation or incorporation. But perhaps there are

ways to make a better case for cost-effective adaptation to change and/or to institute comprehensive growth management through service provision arrangements.

Attitudes toward growth management. The second inquiry relevant to this problem involved the way in which governments should work together to handle future growth. One key question asked of both citizens and local government officials had to do with the way in which the state should act to encourage local governments to plan for future growth. In one of the most surprising findings of these surveys, majorities of both groups endorsed a strong state role.

Table 5-1 reports the wording of the question and shows the responses of both sets of respondents. The wording of the first option is particularly strong, with phrases like "the state should set goals and standards" and "see that local governments follow them." (Emphasis supplied.) But the wording of the option most preferred by both groups is also quite strong: "The state should ... assure coordination" between local governments. (Emphasis supplied.) And yet, a total proportion of 61% of citizens and 50% of local government officials endorsed one or the other of these strongly worded options.

TABLE 5-1
Planning for Future Growth

Q One of the responsibilities shared between the state, counties, cities, and special districts is that of planning future growth, for example, to see that urban services are available when needed and to see that agricultural or forest land is preserved. Different approaches have been tried in various states and in various parts of Washington State. Which of the following approaches do you MOST agree with?

| | Local Government Officials | General Public |
|--|---|---------------------------|
| The state should set goals and standards and see that local governments follow them. | 10% | 19% |
| The state should find ways to assure coordination between local governments in reaching local agreements. | 40% | 42% |
| Local governments should negotiate agreements with each other to cover these matters without state direction. | 37% | 25% |
| Individual local governments should be allowed to handle such problems or not as they see fit independently of each other. | 10% | 12% |
| No Response or No Opinion. | 3% | 2% |

There were some slight differences between groups of respondents with respect to this issue. City residents were somewhat more supportive of a stronger state role than other citizens; as might be expected, the strongest preferences for local

governments to "go it alone" were found among urban fringe residents. Among local government officials, special district respondents were considerably more enthusiastic about the state setting goals and standards than were other elected officials.

This strong support for a larger state role was not an isolated finding. Several other questions about the proper unit to handle problems also showed a preference for a new state responsibility. A significant portion of the general public is clearly ready for the state to step in to help with growth management and other problems. In general, the higher the citizen's voting participation, the more concerned he or she was likely to be about problems of planning and growth. On the other hand, the most knowledgeable citizens wanted local governments to work out their own solutions within a loose framework of state encouragement.

Problems That Cross Jurisdictional Boundaries

Problems such as transportation and wastewater management have long demanded multi-jurisdictional cooperation. The number of such problems has been increasing sharply in recent years, however, as environmental health needs and federal and state requirements have multiplied. Social service needs and problems have also come to be recognized as regional in scope.

With no clear assignment of responsibility for handling such problems, and no readily available revenue source to enable such action, each jurisdiction has been left to its own devices. Some excellent examples of cooperation have been set, but for the most part the result has been inaction, duplication of services and costs, and conflict between governments.

We have already seen that both citizens and local government officials believe that governments do not cooperate very well in handling problems. The most knowledgeable citizens tend to judge their

local governments more harshly than the rest of the public. Where then should we turn for a means of solution to problems that cross jurisdictional boundaries? We asked this question of both sets of survey respondents; both the question and responses to it by the different groups of citizens and local government officials are shown in Table 5-2.

The question posed a specific cross-jurisdictional issue (one which admittedly may have affected the results in some marginal ways) and asked what unit of government should handle it. The options most often selected by citizens were the county and the state. City residents were more likely to choose the state, while rural and urban fringe people were more enthusiastic about the county. Regional bodies were not a popular choice by any citizen group. Indeed, more citizens, particularly in the unincorporated areas, preferred a private company (perhaps because there are so many private water suppliers outside the cities) than wanted a regional body to handle the problem. Note also that, given an array of options, very few citizens chose a special district to do the job.

Local government officials' responses on this subject stood in sharp contrast to their citizens. Although more than half of all officials responding were from cities, the county emerges as the clear choice to handle the problem posed. The concept of a regional body was much more acceptable, with three times as many local officials choosing that option than did citizens. Further, even though they were asked to choose only one option, 18% of all local officials insisted upon a combination of choices (usually cities, counties, and the state together.) Very few of these local officials indicated a preference for the state alone, and almost none preferred a private company.

TABLE 5-2
Cross-Jurisdictional Problems

Q: Naturally, local conditions are so different around the state that Local governments take on different responsibilities in different settings. If there were a problem in your local area that did not clearly fall within one local government's jurisdiction, for example contamination of drinking water, would you rather see it handled by ...

| | Local Govt Officials | Total | General Public | | |
|---------------------------|-------------------------------------|--------------|-----------------------|-------------------------|--------------|
| | | | City | Urban Fringe | Rural |
| County | 27% | 27% | 21 | 33 | 34 |
| Regional Body | 20% | 7% | 8 | 5 | 5 |
| Combination | 18% | * | * | * | * |
| State | 5% | 27% | 28 | 25 | 28 |
| Cities | 6% | 12% | 17 | 6 | 5 |
| Private Co. | 1% | 10% | 9 | 12 | 15 |
| Somebody Else | 4% | 3% | 3 | 3 | 2 |
| No Response or Don't Know | 12% | 8% | 9 | 8 | 3 |

* No category on the general survey

We also asked a more abstract question of the citizen sample about preferences for handling problems such as transportation and sewage disposal that cross jurisdictional boundaries. Respondents were asked to choose between local governments acting alone, the state providing direction to existing local governments, and "a government whose boundaries are the same or larger than the problem." Half of all citizens chose the middle option, while 30% felt locals should act alone and 20% preferred that undefined and possibly new government. Rural residents were adamant that local governments remain in control, while city dwellers were much more willing to have state direction or even an undefined body taking charge.

The implications of these responses seem to be that local officials are readier than citizens to come to terms with changing conditions and needs for cross-jurisdictional action. Perhaps because of their greater experience with such matters, local officials seem more imaginative about the ways in which problems can be solved, and more confident of their ability to do so in ways that make direct state responsibility unnecessary. Citizens are more likely to throw up their hands and invite the state to take such responsibility.

Should we be surprised that local officials appear more open to the possibility of regional bodies to handle cross-jurisdictional problems? It could be that local officials will serve as the leaders, drawing

their citizens steadily into new levels of regional cooperation. This is certainly one model of how change occurs.

But this greater regard for regional bodies on the part of local officials also could be only a temporary condition, grounded in today's levels of understanding and experience. Citizens may be wary of new layers of government and the possibility of more taxes, but willing to move decisively toward new forms when convinced of the need. Local officials may be more comfortable with today's form of cross-jurisdictional cooperation that does not lead to loss of autonomy or new taxes, but less enthusiastic about giving up real authority to an effective regional body of the future.

Revenue Issues and Problems

Revenue-raising powers must be authorized by the state Legislature, and new powers are granted only reluctantly. Legal limitations on taxing powers abound, and political resistance to new taxes is strong. Existing revenues decline or remain stable, following trends in the local economy. And yet service demands continue to rise, and federal and state mandates require new expenditures.

Although we did not ask the citizen respondents specific questions about revenue matters, we heard from them on the subject through the vehicle of an open-ended question about any problems that had not been mentioned. Many people mentioned the

loss of federal revenues and other aspects of the revenue pressures that local governments are experiencing. Indeed, to our surprise more people suggested that local governments faced revenue problems than were worried about excessive taxes.

The revenue problem completely dominated local officials' responses throughout the survey. Our first query asked respondents to list "two or three of the most serious problems you face and what you think might be done about them." Far and away, the most listed responses dealt with some aspect of financial problems. The leading versions were loss of federal and state revenue sharing, restricted taxing authority, increasing infrastructure and service costs, and mandated federal and state regulations and programs.

The solutions offered by local officials for the problems they listed also were primarily addressed to revenue problems. The most frequent suggestion was to give local governments a broader array of revenue-raising options. Other solutions offered were increasing the tax base through economic development, increasing state and federal aid, allowing system development charges, and increasing user fees.

When respondents were presented with a structured list of possible revenue-raising options, they asked most often for the state to review and reprioritize who gets what in the way of state-shared revenues. Next in order of priority were increasing user fees, a "new tax" (65% specified an income tax), and then an "increased tax" (expanded sales tax to services and food, increased property taxes, and system development fees were the most often mentioned.)

The importance of revenue problems in the eyes of local officials is indicated by the fact that 94% of county commissioners and councilmembers and 85% of city councilmembers said they would be facing a revenue decrease in fiscal year 1987. Revenue problems were seen as serious by 83% of county commissioners and 53% of city councilmembers. New revenue authority ranked high among the changes in local government powers most often suggested by local government officials. Clearly, this issue is paramount for officials in every unit of local government.

Implications for Possible Solutions

We have seen that citizens and local officials alike believe that they face a wide range of problems — several of moderate character, some serious, but apparently none of crisis proportions as yet. On the whole, cooperation between governments is judged inadequate, and (although we have no direct evidence that our respondents actually believe this) the conclusion seems inescapable that the problems that exist today are likely to get worse.

Both sets of respondents appear to be of two minds about this situation. On one hand, there is strong sentiment, particularly among the most knowledgeable citizens and local officials, for continued local initiative and control over actions to solve problems. On the other hand, the bulk of citizens and local government officials alike prefer that the state assume a larger role in (at least) assuring coordination between local governments in handling problems.

There is considerable ambiguity evident also in the attitudes of citizens and local officials toward change. Local government officials appear considerably more receptive to change. They were asked, "If you could make one change in the structure, powers, or responsibilities of local governments, what would it be?" Over half indicated that some such reform is desirable, with 29% calling for structural change (home rule and rationalized or consolidated service provision were the leaders) and another 23% for increased local government powers (particularly revenue powers.)

But citizens are unenthusiastic about change. They tend to oppose annexation and incorporation, and to be skeptical about regional bodies. When asked what improvements they would like to see in local governments, citizens answered with expressions of the need for greater responsiveness and better communication rather than any kind of structural change in local governments.

To fit within the parameters established by these attitudes, a confidence-inspiring process with state participation and guidance will be required. It should be a mandatory process in which the state provides a general framework, but local decisionmakers are actually in control of the substance of decisions. To take some of the threat and uncertainty out of the prospect of change, citizens should have every possible access to information, and should play a direct role in constituting decisionmaking bodies and ratifying their actions. The whole effort should be set in the context of the inevitability of change and the need to adapt to new conditions. The imperative of cost-effectiveness and the notion of managing change in order to preserve the current quality of life are important additional principles.

If citizens have full information and regular opportunities to participate, they may prove to be advocates of more decisive change than our experience so far would indicate is likely. The Commission's proposals should be flexible enough to allow for this possibility. At the same time, they should protect the existence and powers of smaller units of government, so that genuine local control is preserved.

Chapter 6

Premises and Principles



In Chapters 2, 3, and 4, we presented the Commission's findings and analysis with regard to the three widely shared general problems that confront Washington local governments today. In Chapter 5, we reported the sometimes contrasting views of citizens and local government officials with respect to local government problems and possible solutions. Our task now is to combine these sources of data with the Commission's own expertise and judgments, and produce a synthesis that will lead to recommendations for solutions.

Problems

The Commission identified and analyzed three major problems that currently affect local governments across the state. They do not impact all governments in the same way, nor are they equally intense everywhere. But they are present in so many parts of the state, and acute in enough places, that the Commission considered them important general problems that must be addressed by both the state and local governments. These three problems may be summarized succinctly as follows:

(1) Citizens expect urban levels of services in certain unincorporated areas.

Citizens in densely populated unincorporated areas desire levels of services that are characteristic of cities, but existing local governments are often not well designed to provide them. Cities have difficulty gaining voter approval for annexation; counties normally do not have the necessary revenue-raising capability; and special purpose districts, limited to a single service, can become so numerous and overlapping that in the aggregate they lack accountability and sometimes efficiency.

(2) Problems and/or service needs extend across governmental boundaries.

In many cases, particularly where population has grown and spread across a broad area, problems and service needs tend to have an areawide scope that do not respect long-established legal boundaries. The presence of many local governments means that there can be serious problems of coordination, delay, inaction, or duplication.

(3) Local government revenues are not adequate to their service responsibilities.

Revenue sources are stagnating. The federal government has recently eliminated general

revenue-sharing and cut back a number of grant programs. The differing economic and political contexts across the state provide local governments with different revenue-raising capabilities. At times, local governments compete with each other to raise revenue from the same sources. There is also a lack of "fit" between revenue sources and service responsibilities. Finally, the federal and state governments continue to expect or require local governments to meet high performance standards, but do not always provide financial assistance to do the job.

Premises and Principles

As the Commission considered the history of local governments in Washington, analyzed these major problems, and weighed alternative possible solutions, it began to articulate some premises and principles that seemed to apply in a general way to the future of local governance in Washington. It was not always appropriate or possible to follow these principles in every instance, but they served to guide or shape the thinking of Commission members as they grappled with the problems. We state them below, as another step toward recommended solutions.

The Commission believes that the state's role should be (a) to create a general policy framework and processes through which citizens and local governments may design their own preferred futures, (b) to provide some general guidance and assistance, and (c) to allow local diversity and initiative to create the forms of the future. Once the state has provided the tools for effective action, it should allow (and expect) citizens and local governments to do the rest.

Several basic principles have emerged from our deliberations and guided our recommendations. By stating such assumptions and goals at this point, the Commission hopes to focus public discussion on the key issues of values and purposes in local governance that it strongly believes should be debated in an open manner involving the widest possible participation.

1. **Cities** and **counties** each have vital functions to perform on behalf of their citizens. History teaches that they function best when their missions are distinctive, and cooperation rather than competition is their characteristic relationship. Their roles and responsibilities

today should be defined so as to maximize their distinctiveness, and their revenue sources allocated accordingly so as to minimize competition.

2. **Cities** differ greatly in size, character, capabilities, and needs. But in general, they offer the cultural amenities and distinctive community relationships that are the foundation of our national social life. They are in most cases the logical and cost-effective providers of the services that are part of urban living. They should be given the chance to grow, revitalize themselves, and take on new challenges that will enable them to fulfill their continuing promise.
3. **Counties** also vary greatly in size, character, and extent of change since their origins. Most are structured as they were decades ago, when they had defined and limited services to provide. Some have restructured to meet the new and varied demands made upon them, which now include regional responsibilities (increasingly, those involving new social service and environmental health problems), but this has proven difficult to do without a crisis. Counties should be encouraged to accept their new regional responsibilities, and enabled to fulfill them.
4. In some areas of the state, particularly the more densely populated regions, it appears that **neither cities nor counties** as they are presently constituted are adequate to solve problems that cross jurisdictional lines. Transportation, air and water quality, and waste disposal of various kinds are only the most obvious examples of such problems. To function responsibly and accountably, however, any cooperative mechanism or new unit of government must have the confidence and support of local governments and their citizens. Means should be provided to enable local units and people to be the sources of any such cross-jurisdictional capabilities.
5. **Special purpose districts** provide services of quite different kinds, and have their own distinct histories and future roles. They have all served an important purpose in the last fifty years, as population spread more rapidly than general purpose governments could accommodate. Lack of coordination between districts and general purpose governments, however, has impeded growth planning, and some districts are simply too small. In the future, the goals of cost-effectiveness, coordination, and accountability should have precedence. That is, in urban areas, city/special district contracts for service provision will be desirable in some cases, while in others cities should absorb special purpose districts. Smaller districts should be consolidated with other districts or absorbed by cities for the same reasons.
6. **The State Legislature** is a continuing participant in local government, vital as the source of all local authority to act but not always welcome when it changes the rules of the game. The Legislature should provide a general framework within which local governments are truly empowered to cope with their problems, and then insist/allow that they do so without further intervention. Matters of compelling statewide interest should be so identified, and statewide standards set (with the funding required to meet them.) In other respects, the Legislature should restrain itself from intervening; **de facto** home rule practice by the Legislature is an essential complement to genuine local responsibility.
7. **State agencies and departments** are too often interveners in local settings without adequate understanding of local needs and conditions or consultation with local governments. By their actions, they frequently place unnecessary burdens on local units. Local governments should have greater leverage and control over what the state does in their jurisdictions.
8. Adequate **revenues** are essential to the performance of assigned functions. The revenue powers of all jurisdictions should be redesigned to be flexible, commensurate with their specific responsibilities, and free of conflict with other jurisdictions. The state should not add new responsibilities without providing the funds to discharge them. Any new cross-jurisdictional units authorized or created should be provided with appropriate revenue sources.
9. The **state should provide financial assistance** to local governments to enable them to meet the requirements of the Local Governance Service Agreement and Citizens' Review Process that we recommend. This assistance could take the form of funds for planning staff assistance and new resource allocation, or new local revenue options, once these processes have been successfully completed.
10. **Fiscal pressures** will be a principal agent of change in local government structures and functions in the coming period. Cost-effectiveness and economies of scale will drive the reconfiguration of local governments, and require the elimination, merger, or consolidation of smaller units.

Goals

The Commission seeks to improve the delivery of services to citizens, wherever they may reside. Given the diversity of local areas within the state and its strong tradition of local control, the Commission believes that local governments and their citizens should have full responsibility for all decisions about future governmental forms and functions. The Commission seeks to provide local governments and their citizens with the necessary tools to accomplish those tasks. The state's role should be limited to that of establishing processes which will facilitate such local action, and offering incentives and other assistance to encourage participation.

The recommendations that follow in Chapter 7 are designed to provide citizens and local governments with the tools they need to meet these challenges. They often stem from problem-solving actions already taken by some enterprising Washington local governments, or the thoughtful reflections of their experienced practitioners. Together, they make up a future-oriented proposal that will enable local governments to deal efficiently and effectively with the problems that confront them today — as well as those that threaten tomorrow.



Recommendations



The Commission's recommendations will be offered in four parts. The main body of recommendations is contained in the first two, entitled the **Local Government Service Agreement (LGSA)** and **Citizens' Review Process (CRP)**. The third part, **Revenue Proposals**, will suggest some financial incentives to implement the LGSA and CRP proposals and address the need for some immediate and long term tax revenue changes. The fourth part, **Supplementary Recommendations** includes recommendations on a wide range of other issues, some of which are unrelated to the major problems and recommendations.

I. The Local Government Service Agreement (LGSA)

Definition. The Local Government Service Agreement (LGSA) is a comprehensive set of multilateral and/or bilateral agreements between local governments regarding present and future service responsibilities within a county.

Purpose. The LGSA provides a process and incentives for local resolution of questions of which unit is to provide what service(s) for citizens in county, subcounty and/or multicounty areas both today and in the near future.

Procedure. Within 90 days after the effective date of implementing legislation, each county's legislative body shall convene a meeting of all the local governments (counties, cities, and all independently-governed special purpose districts except school districts) of that county to decide when to begin the LGSA process. The affirmative votes to establish a starting date must include those of the county, cities totalling 50% of the incorporated population, and at least 20% of those special purpose districts which attended the first meeting and cast a vote; all votes shall be cast within 60 days after the meeting is held.

At any later time, however, the county or cities totalling 50% of the incorporated population may call another meeting of all local governments in the county, and again raise the question of establishing a starting date. In any event, the local governments of every county will be required to start the LGSA process within six years from the effective date of implementing legislation. (This requirement shall be contingent upon continued state funding as provided in Section III (c).)

The following provisions shall apply when governments enter the LGSA process:

- A. **Process.** The local governments of the county will establish a process to produce all needed agreements regarding present and future service responsibilities on either a county, subcounty or a multicounty basis. These agreements should also include decisions about which units are to provide services to urban density areas and which are to provide areawide services.

In general, cities should provide urban density services, counties should provide areawide services, and special purpose districts should provide those services transitionally required by a growing population and not otherwise available from general purpose governments. Local governments should assess present and future service needs in order to determine which government(s) are the most effective provider of services to citizens.

The process established should assure that all governments (including special purpose districts and, at their option, Indian tribes) are heard on issues relevant to them, and may include dispute resolution arrangements if desired, including the use of mediation services to be made available by the Department of Community Development. Local governments may wish to resolve service delivery issues through a council of governments or some other group, or through individual negotiations.

- B. **Urban and urbanizing areas.** Agreements in those counties with substantial urban or urbanizing unincorporated areas should indicate tentatively which parts of such areas are candidates for future annexation or incorporation, and encourage the expectation that cities will in time be the provider of urban density services for residents in those areas. Improved annexation procedures are proposed in the Supplementary Recommendations (Section IV below). Suggested criteria for boundary change actions, and encouragement for incorporation under certain circumstances, are provided in Exhibit A, which is integral to our purposes herein.

Agreements should address and make provisions for joint city/county land use planning, zoning, and development standards,

and for coordination of all jurisdictions' capital improvement plans. (For additional details on potential items that may be included in a Local Government Service Agreement, see Exhibit A.)

- C. **Financial Arrangements.** See Section III (c), Revenue Proposals.
- D. **The state role.** Completion of the LGSA is expected within three years from initial negotiations, although longer time spans may be necessary in some cases. Completed LGSAs that do not reasonably fulfill the minimal standards set forth here shall not qualify for DCD certification of eligibility for state financial incentives. DCD will obtain a work plan from the locals that specifies their definition of problems, the process they plan to pursue, goals and objectives, and milestones for meeting such objectives. To receive financial incentives, the local area LGSA must address services on a comprehensive basis.
- E. **Long-term effects.** The agreements constituting the LGSA are intended to have long-term binding character. If desired, agreements might provide for binding arbitration or mediation in situations where one party wishes to opt out or modify the agreement and the other(s) do not.

When the LGSA has been completed as outlined in the workplan submitted to DCD, and an adequate dispute resolution process has been locally established, the general purpose governments may decide to eliminate the county Boundary Review Board, if one exists in that county. The state should consider establishing a Hearing Officer process to assist in resolution of any issues that local governments may have after the exhaustion of local remedies.

II. The Citizens Review Process (CRP)

Definition. The Citizens Review Process is a modification of the city-county article (Article 11, Section 16) of the State Constitution, providing for a different makeup of the review body, additional ways of invoking the procedure for proposing changes to governmental structures, and prevention of elimination of local units without approval of their voters.

Purpose. The CRP is intended to allow local governments and their citizens to propose changes in their governments more readily to the voters of the county for their approval or rejection.

Procedure. At any time after the effective date of implementing legislation (after the authorizing constitutional amendment has been approved by the voters), the governments or voters of a county may invoke the provisions of the CRP in any of the following ways:

- (1) By filing of a petition by citizens totalling 10% of those voting in the last general election with the county legislative body, or
- (2) By resolution of the county legislative body,
In cases (1) and (2) above, the county legislative body shall call for appointment by local governments, and election of citizen members at the next general election, of members of the Citizens Review Committee described below.
- (3) By resolution of the county legislative body, or the legislative bodies of cities totalling 50% of the incorporated population of the county, calling for the question of invoking the CRP to be placed on the county ballot, and
- (4) Ten years after the constitutional amendment is passed or ten years after the last CRP process was invoked in the county, the county legislative body shall be required to conduct the election of voters to serve on the Citizens Review Committee and call for appointment of local government members.

In (3) above, the county legislative body shall place the question of invoking the CRP on the county ballot at the next general election. If the voters approve the invocation, the county legislative body shall proceed to call for appointment by local governments, and election by citizens at the next general election, of members of the Citizen Review Committee.

Exception: Home rule counties may at their discretion use the CRP process in place of their charter review.

The state should provide financial assistance for implementation of this process, whenever it is invoked, as described in Section III (c) below.

Where the CRP has been invoked, the following provisions shall apply:

- A. **Process.** The Citizens Review Committee shall be composed in accordance with the following formula:
- (1) In counties with a population of 1,000,000 or more, the Committee shall consist of 31 persons; in counties with at least 50,000 but less than 1,000,000 population, 25 persons; and in counties with less than 50,000 population, 15 persons.

- (2) In order to maintain a ratio of approximately 60% citizens and 40% local government officials, the makeup of the Committee shall be in the first case, 13 local government officials and 18 citizens; in the second case, 10 local government officials and 15 citizens; and in the third case, 6 local government officials and 9 citizens.
- (3) Citizen members shall be elected directly for this purpose from county commissioner or council districts. Whenever the total number of citizen members shall exceed the

number that can be divided equally into the existing number of commissioner or council districts in a county, any overage shall be elected at large from the county as a whole. Any citizen, including officials and employees of local governments, shall be eligible for election as a citizen member.

- (4) Local government members shall be advisory only, and be appointed by the legislative bodies of units of government as follows:

| Category of Counties | | Local Govt Representation | | | Citizens | Total |
|----------------------|--|---------------------------|--------|-------------|----------|-------|
| | | Co. | Cities | Spec. Dist. | | |
| I. | 1,000,000 or more pop. (1 county) | 3(1)* | 6 | 3 | 18(58%) | 31 |
| II. | 50,000-999,999 pop. (16 counties) | 3(1)* | 3 | 3 | 15(60%) | 25 |
| III. | Less than 50,000 pop. (22 counties) | 2 | 2 | 2 | 9(60%) | 15 |

* Seat goes to county where unincorporated area population exceeds 50%, otherwise to cities.

(a) Each county shall appoint its representatives from among county commissioners or councilpersons, elected county executives, and other elected county officials. In any county of more than 50,000 population where more than 50% of the total population resides in unincorporated areas, the county shall appoint one additional member from the same group of elected county officials.

remaining local government members, paying due regard to population size and geographic distribution (e.g., cities with more than 100,000 population should have at least two representatives.)

(b) The independently governed special districts of each county shall appoint their representatives by categories of districts. For this purpose, all ports and public utility districts shall be considered as one category and jointly appoint one member; all utility-type districts whose revenues are derived primarily from rates and charges for service shall be considered as one category and jointly appoint one member; and all primarily tax-supported districts shall be considered as one category and jointly appoint one member. In counties of less than 50,000 population, however, the special purpose districts of the first two categories shall be combined and appoint one member.

B. Organization. The county shall take the lead in convening the Citizens Review Committee as soon as citizen members have been elected. A citizen member shall be elected by the Committee to serve as chair for a term that they establish. Recommendations shall be by majority vote of citizen members present; local government officials shall serve in an advisory capacity only. All recommendations must be forwarded to the voters for approval.

Any Citizens Review Committee may join with the Citizens Review Committee(s) of other counties to establish a multicounty CRC to consider the counties involved as a single unit for specified purposes. If such multicounty review committee proposes structural changes or the assignment of specific functions to a new regional unit, such proposal shall be presented to each county's Citizens Review Committee for consideration and subsequent referral to the voters, as later provided.

(c) The cities of the county shall appoint all the

C. Term. There is no requirement that any change be recommended to the voters, and

whenever such determination is reached, the CRC shall disband.

When the CRC decides to recommend a change in the structures or powers of local governments, it shall forward such proposal to the county legislative body to be placed on the ballot at the next general election, and its term shall end 30 days after that election.

Whenever a CRC has been in existence for one calendar year without forwarding a proposal for change to the county legislative body, that body may at its discretion declare the CRP process concluded and disband the CRC.

- D. Powers.** The powers of the Citizens Review Committee are derived from the city-county article (Article 11, Section 16) of the State Constitution, and extend to (1) the reallocation of powers already granted by the Legislature to counties, cities, towns, and special purpose districts, not including school districts, and (2) the redesign of structural forms of such local governments.

At the discretion of the CRC, its recommendations may be cast in the form of a charter or other specific alternative to which the electorate can respond with yes or no votes, or as a general concept, in which voter support is sought for further study or planning and later formulation as a specific proposal. Where further implementation is required, recommendations should prescribe the specific steps to be taken.

The Department of Community Development shall make available a variety of model charters and other designs for accomplishing particular structural changes. For example, CRCs should have available models of full-service county structures, city-county consolidations, regional councils, multipurpose special districts, consolidations of districts, etc.

Any recommendations to be placed on the ballot shall be forwarded to the county legislative body at least 120 days before the general election at which they are to be voted on.

- E. Voting.** Any proposed change must be approved by a majority of the voters in the units of government directly affected by the proposal, taken together. But if 60% of the voters in any unit proposed for elimination vote against the proposal, it shall not be effective for that unit.

Each issue must be framed and presented separately.

- F. Financial Incentives.** See Section III (c) Revenue Proposals.

III. Revenue Proposals

- (a) **Short-term.** A number of local governments are in severe financial distress today and need immediate help from the Legislature. The Commission endorses the efforts of local government associations and the Legislature to find ways of serving those immediate needs.

- (b) **Long-term.** The tax structure of Washington local governments is clearly inadequate. The state and its local governments should together examine the overall tax system of the state and jointly seek long-term solutions that are the only means of addressing present and future inadequacies. The Commission welcomes the Department of Revenue's commitment to work together with local governments to implement such a study over the next few years. The Commission recommends that the state develop means of assuring, consistent with Initiative 62, that the state not mandate new local government functions or performance standards without providing the revenue source(s) to accomplish them.

- (c) **Implementing LGSA and CRP.** Local governments need state financial assistance to undertake the data collection, planning, and negotiations involved; without such assistance, these constructive processes could seem like another burdensome state mandate without financing. The Commission recommends state financial assistance in planning each of these processes, and state-provided financial incentives for successful completion, as follows:

* Initially, an annual amount of \$3 million general fund state should be established for allocation by DCD to those governments undertaking either an LGSA or a CRP. After three years, the adequacy of such funds should be reexamined.

* Local government revenue statutes should be amended to permit such governments the flexibility to adjust their tax rates by agreement in an LGSA to each other to fit with reallocations of service responsibilities. (See Exhibit B for some examples.)

* New local revenue options or state-shared sources, should be made available as incentives for completion of the LGSA. (See Exhibit B for some examples.)

The Department of Community Development will design and make available a financial methodology for local governments to employ in assessing the need for, and the appropriate nature of, financial adjustments between local governments such as revenue reallocations to accompany reallocations of service responsibilities and/or post-annexation adjustments such as tax-base sharing for a period of years.

IV. Supplementary Recommendations

The Commission also makes several recommendations regarding a variety of other issues. Some of these address specific issues that trouble local governments or have been the subject of recent concern, but are unrelated to the major problems and recommendations presented earlier. Others are of general and immediate relevance, and stand on their own as worthy of the attention of the Governor and Legislature. Because some of these matters have not been analyzed in detail in the text of this report, we provide a brief statement of the problem with each recommendation.

1. Special Purpose District Statutes

Problem: Over sixty different types of special districts have been authorized to be created in this state. Over 1400 of these special districts have been incorporated. Some of these special districts have had their single or few powers and authorities expanded into many powers and authorities. Little consistency exists in the laws granting similar powers to different special districts. The inconsistencies are historical products whose elimination would require major time investment by legislative staff and committees. But they are unjustifiable and confusing to all.

Recommendation: When time permits, a systematic recodification of these statutes should be conducted.

2. New Special Purpose Districts

Problem: Several proposals have been made to authorize voters to create special districts to impose taxes to finance increased levels of law enforcement in unincorporated areas, and/or to create other new kinds of special purpose districts. The government body of these districts would be the county legislative authority.

Recommendation: In general, new types of special purpose districts should not be authorized. Instead, general purpose governments should provide needed services. The Commission endorses the recently enacted "sunrise" provisions regarding all special purpose districts.

3. Home Rule Charters

Problem: Three different types of home rule charters can be framed by elected boards of freeholders, and submitted to voters for their approval or rejection: (a) first class city charters; (b) county charters; and (c) combined city-county charters by which any local governments could be affected within the county. The freeholder process can be laborious and result in politically charged proposals that the electorate refuses to approve. No issue has arisen with respect to (a), and these charter provisions are acceptable as they stand. LGSC has provided in the Citizens' Review Process set forth earlier for an improved version of (c), whose difficulties we have acknowledged.

Recommendation: The Commission supports a streamlined version of recent proposals made by the Washington State Association of Counties. The constitutional amendment should simply authorize counties to place a home rule charter on the ballot. This would bring county powers somewhat parallel to those of cities, whose councils can choose to shift to optional municipal code status, subject to voter referendum.

4. County Boundary Changes

Problem: Counties do not have a ready process for making boundary changes, although in recent years the Washington State Association of Counties has proposed (unsuccessfully) a constitutional amendment for that purpose.

Recommendation: The Commission endorses the WSAC proposal. The constitutional amendment should establish an easy process through which counties can merge, split, trade territory, and otherwise adapt their boundaries to perceived needs, subject to voter approval.

5. Vacancies in Local Government Governing Bodies

Problem: Some problems have arisen concerning when a vacancy arises on a local government governing body, and when a vacancy arises, how it is filled. There are inconsistencies and gaps in existing law with respect to vacancies in office and the methods for making interim appointments.

Recommendation: The Commission recommends that these matters be referred to appropriate Legislative committees with the suggestion that it is desirable to have complete and consistent provisions covering them.

6. Consolidation of Like Special Districts

Problem: Special purpose districts are unable to consolidate with or annex non-contiguous like districts. Nor are they supplied with procedures for ready dissolution.

Recommendation: The Commission recommends that the Legislature enact provisions for non-contiguous consolidations and annexations, for merging small districts to another district (for example, in cases where an annexation leaves only a small portion of a service area remaining in a district), and for easier dissolution.

7. Dillon Rule Issues

Problem: "Dillon's Rule" is a court-generated rule of decisionmaking holding that local governments have only those powers specifically authorized to them by the Legislature. If Dillon's Rule were modified or eliminated, local governments would be able to conduct more of their business on a home rule basis without turning to the Legislature for confirming grants of authority.

Recommendation: In light of the Commission's earlier analysis of local governments' need for the tools to respond to local problems, the appropriate Legislative committees should study the possibility of developing a new decision rule for the state to modify or replace Dillon's Rule in Washington.

8. Terms and Makeup of Local Boards and Commissions

Problem: Many local boards and commissions have functions that are chiefly advisory, and the creation of many such boards and commissions is at the discretion of local governments. Nevertheless, the makeup and terms of members is often prescribed by statute, leaving no local discretion as to those matters.

Recommendation: The appropriate Legislative committees should study the possibility of permitting local governments to specify the number of members and the length of terms for such boards and commissions.

9. Remaining Issues Involving the \$9.15 Limit

Problem: The statutory limit on local governments' property tax rates, and the pro-ratoning requirement when the aggregate of rates exceed that limit, works special hardship on the junior taxing districts. (See Chapter 4 for a full analysis of this problem.) The Commission made several recommendations with respect to this issue to the 1987 Legislature, and temporary ameliorative action was taken.

Recommendation: (a) Extend such legislation until local government tax reform is enacted permanently addressing the ability of one government to contract for a service with another government, and to transfer funds to another government in exchange for that government's lowering of its tax levy rate.

(b) Endorse efforts to find alternative means of funding for hospital districts, particularly including costs of indigent care.

10. Improving the State's Annexation Procedures

Problem: Washington has comparatively restrictive annexation procedures, and the problems of providing services to citizens in high-density unincorporated areas described in Chapter 2 result in part from this fact. The Commission believes that, in general, the right to majority vote should always be available to decide major annexations. But at the same time, cities are normally the most effective provider of urban-level services, and there are circumstances when the public health, safety, or welfare may justify annexation; moreover, procedures should not unduly restrict cities in their efforts to include logical areas within their jurisdictions.

Recommendation: The Commission therefore proposes a number of minor changes in annexation laws which will have the cumulative effect of redressing the balance and improving procedures. These are listed specifically below with brief explanations.

- (1) **Amend RCW 35.13.080 and 35A.14.080 requiring separate ballot issues for annexation and assumption of bonded indebtedness.** A vote for annexation should automatically include bonded indebtedness as part of the ballot issue. This would lower the profile of the debt issue and lessen voter apprehension to the annexation. This would also eliminate the possibility of a city being placed in an unenviable position of having a positive annexation vote and a negative indebtedness vote. This has happened in Vancouver and Lynnwood.
- (2) **Encourage a time-phased tax base sharing between affected jurisdictions (city, county, fire district) of revenue accruing from an annexed territory.** This would reduce the fiscal impact on affected jurisdictions and likely lead to less opposition to annexation proposals. A model to follow on the process would be the Puyallup/Pierce County annexation accord.
- (3) **Add a new section to RCW 35.13 and amend 35A.14.295, 297, 299 to introduce a new modified-unilateral annexation process for unincorporated islands and peninsulas.** This process would be initiated by council resolution. A citizen participation element would allow 40 percent of the property owners of a proposed annexation to trigger an annexation election.

The definition of an unincorporated island would include the current 35A.14.295 specifications (except the 100-acre lid) and would also include an area bounded by one or more cities and/or a county boundary.

- (4) Do not encourage legislation which prohibits the creation of future unincorporated peninsulas (bounded by 80 percent city boundary). Due to many factors such as geography, land use, ownership patterns, and infrastructure capacity, there are many legitimate reasons to have unincorporated peninsulas. To not allow their creation at all is arbitrary and inflexible.
- (5) Amend RCW 35.13.125 and 35A.14.120 to require that before the 10 percent **petition** for annexation is submitted, the city has the ability to geographically define the annexation area. This would allow the city to be more responsible for fashioning sound annexation boundaries.
- (6) Eliminate RCW 35.13.025 and amend 35A.14.020 to eliminate the role of the county prosecuting attorney in determining if a **city** or town is authorized to annex. The city corporation counsel is the proper agent to determine annexation legality. Currently, the review by the prosecuting attorney adds to processing time and is a potential source of political conflict.
- (7) Amend RCW 35.13.060 and 35A.14.050 to remove the authority of county commissioners to set the annexation election date. The city should have the ability to set the date of election to best suit its timeline and beneficial voter turnout.
- (8) Amend RCW 35.13.130 and **35A.14.120** to change the direct petition method ratifying percentage of property owners from 75 percent of property value to 60 percent. To require the "supermajority" which 75 percent represents is unnecessary, burdensome, and obstructive to an orderly annexation process in the unincorporated urban fringe. An island or peninsula annexation should be benefitted by an even lower 50 percent majority property value ratification to encourage these jurisdictional anomalies to be eliminated whenever possible.
- (9) Amend RCW 42.17.130 to eliminate the possible prohibition of local government-sponsored annexation election public information programs. If the annexation election process is to be eased, the ability of all local governments to provide accurate public information to the annexation electorate is essential.

- (10) Add new sections to the County Planning Enabling Act Shoreline Management **Act**, State Environmental Policy Act, and Subdivision Act to allow counties to adopt city **landuse** regulations designed for the unincorporated urban fringe. Subsequent enforcement of these landuse regulations would be agreed upon through interlocal agreement. This would remove the fear of potentially annexed residents that landuse regulations will substantially change when transferring from county to city jurisdiction.

EXHIBIT A

SUGGESTED CONTENT FOR AN LGSA

The following is an outline of some steps locals may wish to use in pursuing an LGSA.

A. Organization

1. Members appointed and process (individual negotiations, group decision making, etc.) defined.
2. Conduct a preliminary assessment which would identify county-wide (or multi-county) specific problems.
3. Define and articulate each participating jurisdiction's expectations and goals/criteria and possible outcomes of LGSA effort.
4. Develop workplan(s) which identifies content to be addressed, scope of work, information needs, specific objectives and outcomes to be accomplished. Establish milestones for accomplishment of tasks and outcomes. Submit to DCD as part of eligibility for implementation funds and financial incentives.

B. Content of LGSA

1. The LGSA should be a comprehensive services agreement within a county not isolated to a narrow range of services or problem areas.
2. Possible areas for agreement include, but are not limited to:
 - a. Service provision
 - (i) **Areawide** services. Identification of those services that should be provided on an areawide basis (normally countywide, but possibly sub-county or multi-county) and specify which unit is to provide such services. Such services might include, for example, jails, public health, environmental health, and social

services. In some cases, it may be desirable to assign the planning or funding of services to an areawide unit, while the actual delivery of services remains a local responsibility. The assumption is that a county could provide these services unless it is more effective to use a special purpose district or city.

- (ii) Individual Services. Establishment of service provision arrangements for the entire county. Within an urban area (described below), the assumption is that a city could provide all urban density services, except where those services may be provided more effectively under contract with a special district (such as a fire district) or the county.
- b. Urban areas. Urban area definitions may be designed to fit local circumstances but should include all land that is urban or designated to become urban (per the local threshold for "urban") within a certain time period. Urban areas may be subject to the boundary change provisions outlined below.
- c. Boundary changes.
 - (i) Annexation. Multi-year phased annexation program may be tailored to each urban area with a time table.
 - (ii) Standards for annexation. See Supplementary Recommendations (Section IV) for proposed improvements in annexation procedures.
 - (iii) Incorporation. As an alternative to annexation, particularly where there is an urbanized area that is a distinct unit, larger than nearby cities, separated by some geographic barrier from an established city, or at some distance from an established city, centers of population of at least 5,000 people may be encouraged to incorporate as an independent city. DCD should be available to provide assistance to interested citizens.
- (d) Goals and Objectives in Annexation or Incorporation. The following goals and objectives derived from existing statutes (RCW 36.93.170 and RCW 43.21C 220) should be considered in a city or county hearing on any contested annexation or any incorporation.
 - (i) Population and territory; population

density; land area and land uses; comprehensive use plans and zoning; per capita assessed valuation; topography, natural boundaries and drainage basins, proximity to other populated areas; the existence of prime agricultural soils and agricultural uses; the likelihood of significant growth in the area and in adjacent incorporated and unincorporated areas during the next ten years; location and most desirable future location of community facilities;

- (ii) Municipal services; need for municipal services; effect of ordinances, governmental codes, regulations and resolutions on existing uses; present cost and adequacy of governmental services from other sources; probable future needs for such services and controls; probable effect of proposal or alternative on cost and adequacy of services and controls in area and adjacent area; the effect on the finances, debt structure, and contractual obligations and rights of all affected governmental units; and
- (iii) The effect of the proposal or alternative on adjacent areas, on mutual economic and social interests, and on the local governmental structure of the county.
- (iv) Preservation of natural neighborhoods and communities; use of physical boundaries, including but not limited to bodies of water, highways, and land contours; creation and preservation of logical service areas; prevention of abnormally irregular boundaries; discouragement of multiple incorporation of small cities and encouragement of incorporation of cities in excess of five thousand population in heavily populated urban areas; dissolution of inactive special purpose districts; adjustment of impractical boundaries; incorporation as cities or towns or annexation to cities or towns of unincorporated areas which are urban in character; protection of agricultural lands; and provide reasonable assurance that the extension of municipal services and the additional payments to be made by the property owners of the area to be annexed in the form of taxes will remain reasonably equal to the value of the additional municipal services to be received during a period of ten years following the

effective date of the proposed annexation.

(e) **Financial Expectation.** Provide for equitably adjusting the financial obligations and revenue sources of cities and counties and special purpose districts if boundary changes are made. This will include arrangements for upgrading of any infrastructure deficiencies, tax base sharing into the future where justified, etc. Financial adjustments will also be needed for service reallocations.

(f) **Land use planning and zoning.** The county and appropriate cities may develop and implement joint land use plans and zoning ordinances covering urbanizing areas. All units' capital improvement plans should be consistent to the greatest practical extent with the LGSA and joint county-city planning.

C. Study/Analysis Phase

Develop detailed understandings on: type, costs, and impact of services under consideration, statutory authorities, present and future service levels and needs, historical developments, funding sources.

D. Solution Development Phase

Develop options and solutions to problems that encompass: funding sources, policy governing roles, service delivery strategies, service levels, and boundary changes.

E. Decision Phase

1. Conduct a public review of proposed changes.
2. Impacted jurisdictions agree upon solutions to be implemented.

F. Implementation Phase

Execute required interlocal agreements.

EXHIBIT B

LGSA AND CRP FINANCING

A. PLANNING GRANTS

Up front state general fund planning money of \$9 million for three years or \$3 million a year.

Once an LGSA or CRP is completed, the following revenue options could be available, based upon an agreement between the local governments involved.

B. EXISTING RESOURCE REALLOCATION

1. Sales Tax Reallocation

Allow for a reallocation between city and county of the 15% of second half cent depending upon service reallocation or boundary change.

2. Property Tax Reallocation

(a) Allow for reallocation between local governments of their property tax levy.

(b) Permit a general purpose government which takes over the service of a special district to use the special district levy or rate raising capacity to provide the service.

C. EXAMPLES OF NEW RESOURCE ALLOCATION (at local option)

1. Remove lids on current taxes

(a) City B&O tax (0.2% on business and 6% on utilities)

(b) Cities with no B&O tax could levy higher utility taxes

2. Create new tax authority

(a) Utility tax in unincorporated area for counties

(b) Utility tax in incorporated and unincorporated area for counties

(c) Permit locals to impose one-half cent real estate and half cent sales tax at same time

(d) Eliminate sales tax on governmental services

(e) Permit locals who do not have a PBTA to levy 3/10 of a sales tax or permit locals with a PBTA who have not used their maximum to use the additional sales tax capacity for other purposes.

3. Permit stem development fees

4. **Create state general revenue sharing program** for local governments in fiscal distress. Possible source would be an additional 5 cents on the state property tax of \$3.60.

5. **Permit tax differentials** by changing the uniformity clause in the state constitution.

6. **Allow tax base sharing** of any local revenue source between the cities and county and council of governments.

ENDNOTES

¹*Seattle Times*, December 16, 1986.

²Other counties have large unincorporated populations, but tend to be more rural in nature.

³King County has an unincorporated population of 41%.

⁴U.S. Bureau of the Census, *State and Metropolitan Area Data Book, 1986* (Washington, D.C.: US Government Printing Office, 1986) p. 548.

⁵Puget Sound Water Quality Authority, *State of the Sound Report*, July 1986 pp. 30-31.

⁶"The Costs of Sprawl: Detailed Cost Analysis" (Real Estate Research Corporation, 1974) estimated that in high density communities the costs were 55% lower for roads and utilities than in low density communities.

⁷Institute of Transportation Engineers, January 1987.

⁸Owners of 75% of the assessed valuation may approve an annexation by petition without a vote. This is the most frequent method of annexation.

⁹The Boundary Review Board statutes imply that cities should be the major urban service providers.

¹⁰Special thanks to members of the city and county planning associations for their help in providing

LGSC with information on Washington experiences.

¹¹U.S. Department of Commerce Bureau of the Census, *Governmental Finances 1983-84*, p. 75.

¹²Data provided by the Department of Revenue and the State Auditor's Office.

¹³Data provided by the Department of Ecology.

¹⁴King County 2000 Organizational Committee, *King County 2000 Report* (June 10, 1987), p. 16.

¹⁵Washington State Auditor's Office, 1984 Local Government Comparative Statistics.

¹⁶US Bureau of the Census, *Census of Governments, 1982*, ("Finances of Special Purpose Districts"), p. vi.

¹⁷Washington State Department of Revenue, *Comprehensive State/Local Taxes, 1985*, p. 18.

¹⁸Washington State Department of Revenue, *Comprehensive State/Local Taxes, 1985*, p. 18.

¹⁹U.S. Advisory Commission on Intergovernmental Relations, *State and Local Government Finances 1986*, p. 87

²⁰Special thanks to members of the city and county financial task force for assistance in assembling the revenue package.

LOCAL GOVERNANCE STUDY COMMISSION
AUTHORIZING STATUTES

ESSB 4339: ORIGINAL 1985 STATUTE

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds state statutes allocating governmental powers, duties, and relationships were first enacted nearly a century ago and reflect ideas of their time. The legislature further finds that Washington state was a rural, agrarian society at that time, and that cities were relatively small, surrounded by rural areas, and served as a commercial and social center for those areas.

The legislature finds that the state created counties as political and administrative subdivisions of itself, and allowed for the creation of cities by the local citizenry to provide such additional municipal services as might be desired in areas of greater population density. The legislature further finds that in order to forestall imprudent or hasty creation of local governments, the process was deliberately made somewhat difficult. The legislature also finds that cities and counties were provided with differing tax structures, reflective of their differing governmental and service roles.

The legislature finds that, contrary to expectation, urban development has occurred not only within cities, but around cities and in clusters remote from any city, and that, in 1985, nearly half of the state's population lives in unincorporated, but largely urbanized areas. The legislature further finds that while this situation is the result of a number of factors, the unintended effects of the policies of various levels of government played a major role in creating it.

The legislature finds that some services are best delivered on a city-wide basis, some services are best delivered on a county*wide basis, while others might best be delivered on a greater than city, less than county-wide basis, and some might best be provided on a multicounty basis. The legislature further finds that in many cases, service needs have no relationship to political jurisdictions' boundary lines. The legislature also finds that there is uncertainty as to the proper role of some units of local government in rendering basic public services. The legislature further finds that cities, counties, and special purpose districts rendering basic municipal services spend approximately two billion dollars per year in providing such services and that there is a state interest in the efficient and effective provision of local government services.

Therefore, the legislature finds that there is a need to examine the present demographic and governmental service provision situation, in order to determine the manner in which local public services are presently delivered and funded in Washington State, the public policies which have led to the present situation, and the manner in which each contributed to it. The legislature further finds that there is a need to examine the practices of other states in such matters and in terms of allocations of responsibility, authority, and funding among various levels and agencies of government. The legislature also finds that there is a need to examine the policies and practices of other states in providing for city incorporation and annexation.

NEW SECTION. Sec. 2. For purposes of sections 3 through 6 of this act, "commission" means the local governance study commission created in section 3 of this act.

***NEW SECTION.** Sec. 3. There is hereby created a local governance study commission to consist of the following:

- (1) Twenty-one voting members appointed by the Governor consisting of:
 - (a) Eight members of the state legislature, four nominated by the Speaker of the House of Representatives, four nominated by the President of the Senate, two from each caucus of the respective house;
 - (b) Four members nominated by the Association of Washington Cities or its successor;
 - (c) Four members nominated by the Washington state Association of Counties or its successor;
 - (d) One member nominated by the Washington State Association of Sewer Districts;
 - (e) One member nominated by the Washington State Association of Water Districts;
 - (f) One member nominated by the Washington association of Fire Districts;
 - (g) One member nominated by the Washington Public Utility Districts Association; and

APPENDIX A CONT.

- (h) One member nominated by the Washington Library Association.
- (2) Three members serving in an ex officio nonvoting capacity;
 - (a) The executive director of the Association of Washington Cities or its representative;
 - (b) The executive director of the Washington State Association of Counties or its representative; and
 - (c) The director of the Department of Community Development, who shall serve as chair of the commission.
- (3) Commission members shall serve without pay, at the pleasure of the Governor. Nonlegislative members shall be paid travel expenses incurred in their travel to and from meetings of the commission and while attending all meetings of the commission in accordance with RCW 43.03.050 and 43.03.060. Legislative members shall be paid travel expenses incurred in their travel to and from meetings of the commission and while attending all meetings of the commission in accordance with RCW 44.04.120.

*Sec. 3 was partially vetoed, see message at end of chapter.

NEW SECTION. Sec. 4. The commission shall:

- (1) Identify and examine the present demographic and governmental service provision of cities, counties, and special purpose districts together with an examination of the present manner in which revenues are received for the provision of services by the various jurisdictions;
- (2) Examine the public policies and history that led to the current situation;
- (3) Analyze why policies that are identified in the study had an impact on growth and development in the state of Washington and why they contributed to the current situation;
- (4) Examine the policies, practices, and experiences in other states in regard to allocating responsibility, revenue authority, and responsiveness to provide governmental services;
- (5) Create advisory committees of representatives of special purpose districts, to advise the commission on issues affecting the operation of these districts, and members of the private sector;
- (6) Develop recommended policy, statutory, and constitutional changes as may be determined would serve to better define the appropriate roles and activities of cities, counties, and special purpose districts and their interrelationship to one another; and
- (7) Submit to the Governor and the legislature a report containing the commission's findings, conclusions, and recommendations by November 1, 1986.

NEW SECTION. Sec. 5. The department shall provide the necessary support to the commission to carry out the purposes of sections 2 through 4 of this act. The department may employ such staff as is necessary to carry out the purposes of sections 2 through 4 of this act. The provisions of chapter 41.06 RCW do not apply to such staff.

NEW SECTION. Sec. 6. A new section is added to chapter 82.44 RCW to read as follows:

For the biennium beginning July 1, 1985, distributions of motor vehicle excise tax receipts to counties, cities, and towns under RCW 82.44.150 shall be altered as follows:

- (1) Prior to placing moneys in the county sales and use tax equalization account under RCW 82.14.200, an amount equal to twenty thousand eight hundred thirty-three dollars from amounts otherwise to be placed in this account shall be placed into the account created under section 7 of this act, for each of the quarterly distributions on July 1, 1985, October 1, 1985, January 1, 1986, April 1, 1986, July 1, 1986, and October 1, 1986.
- (2) Prior to distributing the moneys to cities and towns under RCW 82.44.150(3)(a), an amount equal to twenty thousand eight hundred thirty-three dollars from amounts otherwise to be distributed to cities and towns shall be placed into the account created under section 7 of this act, for each of the quarterly distributions on July 1, 1985, October 1, 1985, January 1, 1986, April 1, 1986, July 1, 1986, and October 1, 1986.

This section shall expire June 30, 1987.

APPENDIX A CONT.

NEW SECTION. Sec. 7. A new section is added to chapter 43.63A RCW to read as follows:

The local government study commission account is hereby established in the state treasury. Moneys shall be placed into the local government study commission account as provided in section 6 of this act to be used by the Department of Community Development for the biennium ending June 30, 1987, to carry out the purposes of sections 1 through 5 of this act.

This section shall expire June 30, 1987.

NEW SECTION. Sec. 8. There is appropriated from the local governance study commission account to the Department of Community Development for the biennium ending June 30, 1987, the sum of two hundred forty-nine thousand nine hundred ninety-six dollars, or so much thereof as may be necessary, to carry out the purposes of this act.

NEW SECTION. Sec. 9. Sections 1 through 5 of this act are each added to chapter 43.63A RCW.

NEW SECTION. Sec. 10. Sections 2 through 5 of this act are each added to chapter 43.63A RCW.

NEW SECTION. Sec. 11. This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect immediately.

NEW SECTION. Sec. 12. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

Passed the Senate April 23, 1985.

Passed the House April 12, 1985.

Approved by the Governor May 20, 1985, with the exception of certain items which are vetoed.

Filed in Office of Secretary of State May 20, 1985.

NOTE: Governor's explanation of partial veto is as follows:

"I am returning herewith without my approval as to portions of Section 3(1)(a) through (h) of Engrossed Substitute Senate Bill No. 4399 entitled:

"AN ACT Relating to creating a local governance study commission."

I fully support the purpose of this legislation. I believe that it is now timely for the state, in cooperation with local government representatives, to undertake a comprehensive review of the state's assignment of various public service responsibilities, authorities and funding sources among counties, cities and special districts. Much of the rationale for the current allocation of responsibilities and authorities may now be outmoded due to the changes that have occurred over time in population growth and settlement patterns. The proposed Local Governance Study Commission represents useful opportunity to recommend needed changes to state policies, statutes, and the constitution, which better serve current public service requirements, and which more appropriately define the roles and activities of cities, counties and special districts, as well as their interrelationship to one another.

However, language contained in Section 3(1)(a) through (h) of this bill directs the Governor to appoint to the commission twenty-one persons who are nominated by certain specified organizations related to local governance. While I concur with the appropriateness of placing representatives of the named organizations on the commission, I believe this language precludes gubernatorial discretion and negates the Governor's appointment authority.

Therefore, in order to preserve the Governor's appointment prerogatives, I have vetoed the language that requires the Governor to appoint the nominees of specified organizations. I will, of course, honor the spirit of the vetoed language when making my appointments.

With the exception of portions of Section 3(1)(a) through (h), ESSB 4399 is approved."

APPENDIX A CONT.

ESHB 296: 1987 AMENDING STATUTE

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. Sec. 1. A new section is added to chapter 82.08 RCW to read as follows:

For the biennium beginning July 1, 1987, distributions of liquor excise tax receipts to counties, cities, and towns under RCW 82.08.170 shall be altered as follows: After apportioning, but prior to distributing moneys in the liquor excise tax fund to counties, cities, and towns under RCW 82.08.170, an amount equal to sixteen thousand dollars from the amount to be apportioned to counties, and sixteen thousand dollars from the amount to be apportioned to cities and towns shall be placed into the local governance study commission account for each of the quarterly distributions on July 1, 1987, October 1, 1987, January 1, 1988, and April 1, 1988.

This section shall expire June 30, 1988.

Sec. 2. Section 4, chapter 388, Laws of 1985 and RCW 43.63A.253 are each amended to read as follows:

The commission shall:

- (1) Identify and examine the present demographic and governmental service provision of cities, counties, and special purpose districts together with an examination of the present manner in which revenues are received for the provision of services by the various jurisdictions;
- (2) Examine the public policies and history that led to the current situation;
- (3) Analyze why policies that are identified in the study had an impact on growth and development in the state of Washington and why they contributed to the current situation;
- (4) Examine the policies, practices, and experiences in other states in regard to allocating responsibility, revenue authority, and responsiveness to provide governmental services;
- (5) Create advisory committees of representatives of special purpose districts, to advise the commission on issues affecting the operation of these districts, and members of the private sector;
- (6) Develop recommended policy, statutory, and constitutional changes as may be determined would serve to better define the appropriate roles and activities of cities, counties, and special purpose districts and their interrelationship to one another; and
- (7) Submit to the Governor and the legislature a report containing the commission's findings, conclusions, and recommendations by ((November 1, 1986)) January 2, 1988.

Sec. 3. Section 9, chapter 388 Laws of 1985 and RCW 43.63A.255 are each amended to read as follows: RCW 43.63A.250 through 43.63A.254 shall expire June 30, ((1987)) 1988,

NEW SECTION. Sec. 5. There is appropriated from the local governance study commission account to the Department of Community Development for the fiscal year ending June 30, 1988, the sum of one hundred twenty-eight thousand dollars or so much thereof as may be necessary, to carry out the purposes of this act.

NEW SECTION. Sec. 6. This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect June 30, 1987.

APPENDIX B

LOCAL GOVERNMENT TAX POWERS, STATE AND FEDERAL SHARED REVENUES AND INDEBTEDNESS

Local governments' major operating revenues are derived from local government generated taxes, state and federal revenues/grants, and charges for services. The table below gives a quick comparison of how much revenue each local government received in 1984 as well as the percent of each source contributed to their overall budget.

| | 1984 (\$ in Thousands) | | | | SPECIAL DISTRICTS |
|---------------|---------------------------|-----------|--------------|-----------|----------------------|
| | CITIES | | COUNTIES | | |
| Property Tax | \$ 188 | 18% | \$303 | 35% | \$172 |
| Sales Tax | \$ 191 | 18% | \$ 79 | 9% | \$115 |
| B&O Tax | \$ 176 | 17% | \$ 0 | 0 | |
| Miscellaneous | \$ 176 | 19% | \$148 | 17% | |
| Federal | \$ 101 | 8% | \$108 | 12% | |
| State | \$ 112 | 11% | \$167 | 19% | |
| Charges | <u>\$ 91</u> | <u>9%</u> | <u>\$ 74</u> | <u>8%</u> | |
| | \$1035 | 100% | \$880 | 100% | |

Sources: State Auditor's Local Government Comparative Statistics and the Department of Revenue Property Tax Levies due in 1984

I. LOCAL GOVERNMENT TAX POWERS

A. PROPERTY TAX (1889) RCW 84.52

A major source of tax revenues for most local governments is the property tax. In 1984 property tax revenues were 35 percent of the counties' budget, 18 percent of cities budget, and for some special districts such as library and fire, almost 100 percent of their budget. All taxes must be uniform on the same class of property and are required by the Constitution to be levied at a uniform rate within a governmental unit. Thus, one government, such as the county, cannot charge different property tax levies throughout its jurisdiction. There are two kinds of property tax levies: 1) regular and 2) excess.

1. **Regular Levy** - The aggregate of regular property taxes is levied annually, usually by a governing body acting without voter approval. According to the Constitution, it can be no more than 1 percent of true and fair value of real and personal property. There are also two important statutory limitations on the property tax. The first restriction imposes a maximum of \$9.15* per \$1000 based on the following schedule (contained in RCW 84.52.043):

| <u>Taxing District</u> | <u>Incorporated Area</u> | <u>Unincorporated Area</u> |
|--------------------------|---------------------------------------|----------------------------|
| | (\$ per \$1,000 of AV) | |
| State (public schools)** | \$3.60 | \$3.60 |
| County | \$1.80 | \$1.80 |
| City | \$3.375 regular | -0- |
| | \$0.225 for old firefighter system*** | |
| County Road Districts | -0- | \$2.25 |
| Junior Districts | <u>\$0.15</u> | <u>\$1.50</u> |
| MAXIMUM TOTAL | \$9.15 | \$9.15 |

APPENDIX B CONT.

Approximately 34 cities and 13 counties are at their statutory maximum (see chart A). Smaller cities and towns in Eastern Washington tend to have reached their limits due to farmers' ability to tax land based on current use. The junior taxing (special purpose) districts each have their own maximum statutory rate (see chart B). If the combined total of taxes levied by junior taxing districts exceeds the statutory maximum for all such taxing districts, each must reduce its levy on a prorata basis, and in some cases the levy may be eliminated. In recent years, there have been a number of instances where the \$9.15 limit has been reached by local governments, triggering a proration among special districts in Grant, Pacific and Thurston County, as well as others. Reasons for this trend: First, hospital districts have imposed property taxes at substantially higher rates. Second, new legislation has allowed both fire protection and library districts to annex cities. Third, assessed property values have dropped, requiring local governments to raise their levies to obtain the same dollar amount as previously levied when assessed property values were higher.

* Ports and PUDs are excluded from the 1 percent of assessed value limit and they plus emergency medical services are excluded from the \$9.15 limit).

** State law requires that the regular school levy be levied equally statewide at 100 percent assessment level. In general, state estimates for 100 percent assessed value are about 15 percent higher than local assessments.

*** All or part of this earmark for the fire fighters' pension may be used for general purposes if the actuary says the pension system is solvent.

The second restriction (RCW 84.55.010), effective in 1973, limits the property tax levy to an amount that cannot exceed 106 percent of the highest amount levied in the past 3 years (excluding new construction, improvements to property and any increase in the assessed value of state assessed property and excess levies from the base). According to the Department of Revenue, local governments could have levied an additional \$257 million of property taxes in 1985 if the 106 percent limit was not in effect. Local governments were particularly hurt by this limit during the mid to late 1970's when inflation caused property values to increase substantially beyond 6 percent and they were not able to tap into this increase. While revenues were held relatively constant, the cost of delivering services soared. During the 1980's the economic downturn in this state caused property values to remain stagnant or decline, reducing the impact of the 106 percent limit.

The 106 percent lid may be lifted for one year by a majority of the voters in a taxing district. The lifting creates a new base for subsequent years. Fire districts regularly lift the lid to obtain increased revenues. For example, in 1985, 14 of the 40 fire districts in King County passed lid lifts. In 1986, Seattle lifted their lid to pay for the new art museum downtown.

2) **Excess Levy** - Excess property tax levies over the constitutional and statutory limits may be approved by voters. There is no dollar limit for these levies. Excess property taxes are imposed for a number of years to pay off general obligation bonds for construction, or a single year (two years for school districts) for general operating purposes. The State Constitution requires a voter turnout equal to 40 percent of those who voted in the previous general election and a 60 percent favorable majority vote. Cities, counties, and the special purpose districts all have this excess capacity. Some special purpose districts have only this excess levy capacity (e.g., water, sewer). Approximately 7 percent of the counties and 15 percent of the cities' property tax collections are from excess levies. Fire and hospital districts use the excess levy more than other districts. It should be noted that many library districts are multi-county and it is difficult for them to pass excess levies because the levy must pass in each county within the library district.

A number of exemptions from property taxation have decreased the revenues available to local governments over the years. Some of the most recent include: open space, agriculture and timberlands (now taxed on current use), seniors, and business inventory. A decrease in one category requires that the rate for other taxpayers be raised.

Several methods exist for shifting tax resources between different units of government to provide services. First, counties can use monies collected from the county road fund for general county purposes in unincorporated areas. In 1987, Pierce County has directed \$2 million of their road fund for general purposes. Other counties such as Pacific, Lewis, and Spokane have diverted smaller amounts. Secondly, cities can annex into library and fire districts. The result is that a library or fire district will assume and levy the property tax for those services upon city residents which then permits cities to shift that portion of their property tax levy to other purposes.

B. SALES TAX (1970, 1982) RCW 82.14

Another source of revenue is the retail sales and use taxes for cities (18 percent of their 1984 revenues), counties (9 percent of their 1984 revenues) and public transportation authorities (45 percent of their 1984 revenue).

In 1970 the legislature granted 0.5 percent local sales tax authority to cities and counties, which was the first major taxing authority granted to them since statehood. All cities but one, and all counties, impose this first half cent. Another 0.5 percent was granted to cities and counties in 1982; this additional amount could be levied unless a voter referendum prevented it from going into effect. Today a total of 30 counties and 230 cities impose all or a part of the second half cent sales tax.

When both the county and a city within that county levy the sales tax, a county will receive 15 percent of the amounts raised in the city. Those entities which do not wish to levy the second 0.5 percent sales tax (particularly those located on the borders of the state), may levy a 0.5 percent real estate excise tax in lieu of the sales tax (see real estate excise tax description).

A sales tax equalization fund was also set up in 1982 to enable both counties and cities to obtain up to 70 percent of the state wide average per capita yield for the total sales tax. The purpose of this equalization fund is to provide an additional revenue source to those cities and counties which do not have enough commercial activity within their borders to raise sufficient revenues from the sales tax. There is a high incentive for smaller cities and counties to impose the sales tax because they can then share the revenues from the equalization account. This process is accomplished through Motor Vehicle Excise Tax (MVET) receipts (35 percent of the cities current MVET share and 2 percent of the state's MVET share for counties) diverted into an equalization account and then dispensed quarterly to participating entities.

Public transportation authorities (cities, counties, or Public Transit Benefit Authorities) may impose a sales tax (first authorized for Metro in 1971 and later made available to other jurisdictions) from 0.1 percent up to 0.6 percent upon voter approval. There are 16 transit authorities currently imposing this tax. Metro is the highest at .6 percent.

C. BUSINESS AND UTILITY TAXES (1889) RCW 35.11 and 35A.82

Cities have had the authority to levy business and utility taxes through the licensing powers since statehood. Counties do not have this authority. These taxes amount to 17 percent of the cities' 1984 budget. No limit was set on these taxes until 1982 when the business taxes were capped at .2 percent of gross receipts, unless a higher rate was in effect at that time and any increase or new Business and Occupation (B&O) tax was made subject to a voter approved referendum. Utility taxes for gas, steam, electricity, and telephones were capped at 6 percent of gross receipts unless a rate increase is approved by a majority of the voters. For cities over these limits special provisions were made to permit the B&O tax rate to remain in effect but limit its growth to 2 percent of the current growth. The utility tax rate was phased down to 6 percent over ten years. One hundred and twenty cities impose the B&O tax and/or utility tax; no cities east of the Cascades impose the B&O tax. All rates upon a single category of business such as retail must be uniform.

D. LOCAL REAL ESTATE EXCISE TAX (1982) RCW 82.46

In 1982 cities and counties were granted the power to levy a real estate excise tax of 0.5 percent as an option to levying the second half cent sales tax for general purposes. This half cent tax is subject to voter referendum. This alternative is especially important to those entities which border another state or Canada with lower or no sales tax. Four counties (Island, Lincoln, Whitman, and Okanogan) and two cities (Vancouver and Coupeville) currently impose all or part of the 0.50 percent real estate excise tax in lieu of the sales tax. An additional 0.25 percent tax was permitted for capital purposes. Cities and counties are not eligible for state public works trust fund loans unless they have levied this quarter cent real estate excise tax for capital purposes. Approximately 150 cities and 13 counties impose this 0.25 percent real estate excise tax.

APPENDIX B CONT.

E. LEASEHOLD EXCISE TAX (1976) RCW 82.29A

Cities and counties may levy an excise tax on all leases of public property in lieu of collecting a property tax. The county may levy up to 6 percent of the rent in the unincorporated area and 2 percent in the incorporated jurisdictions. Cities may levy up to 4 percent of the rent. These levies are credited against the state levy.

F. OTHERS

Some minor taxing powers that cities and counties have included the **Gambling Tax (1973) RCW 9.46.110-115** permits these entities to tax varying amounts of gross receipts; and the **Admissions Tax (1943) RCW 35A.20.020 and 35.21.280** permits these entities to tax up to 5 percent of admissions charges.

II. STATE SHARED REVENUES

A portion of all income received by local government entities comes from the state in the form of state shared revenues. These revenues are produced by both state levied taxes and nontax state revenue sources. The amount cities and counties receive is determined by a formula specified in state law and in some cases fluctuates with available revenue. Most formulas use population as a key element in determining distribution.

The major Washington State tax sources shared with local governments include the Motor Vehicle Fuel Tax, Motor Vehicle Excise Tax, Timber Excise Tax, and Distilled Spirits Sales Tax. The principal nontax state shared revenue is the Liquor Board Excess Fund. Other state collected revenues which are distributed to cities and counties on a much smaller scale include the Public Utility District Privilege Tax, Fire Insurance Premiums Tax, "Hotel/Motel" Sales Tax, and Camper and Travel Trailer Excise Tax.

Major State Shared Revenues

Motor Vehicle Fuel Tax (Gas Tax) – RCW 82.36 (1921) The current gas tax is 18 cents per gallon. This tax is administered by the Department of Licensing and paid by gasoline distributors. However, consumers bear the burden of this tax by its inclusion in the pump price of gasoline. After deducting administrative expenses and one cent earmarked for special transportation programs, cities and counties receive 11.53 percent and 22.78 percent, respectively, of the motor vehicle fuel tax receipts. Expenditures of this money are limited to highway purposes only.

Motor Vehicle Excise Tax (MVET) – RCW 82.44 (1937) Motor vehicle owners must pay an annual excise tax on the fair market value of their vehicle to the Department of Licensing. The base tax rate of the MVET is 2 percent of the value of the vehicle. Cities receive 17 percent of the base collections and are required to spend these funds on police and fire protection and the preservation of public health. Counties receive 2 percent of the base collections, which provide the revenues for their sales tax equalization fund. The state receives the remainder (71 percent).

Timber Excise Tax – RCW 84.33 (1971) Public and private timber is subject to a yield tax collected by the Department of Revenue. The tax is based on a fixed percentage of gross harvest value and paid quarterly by the timber harvester based on either the average market value for timber as determined by the Department of Revenue for large harvesters or the adjusted receipts from the sale of the harvest timber by small operators. The 1984 legislature initiated a phase down of the timber tax from 6.5 percent to 5 percent for the period from 1985 to 1988. Each county is allowed to enact a local timber excise tax on private timber at a rate of 4 percent, which is allowed as a credit against the state tax. If the county tax is imposed, the 4 percent timber tax revenues are returned to the county to be deposited in a "Local Timber Tax Distribution Account" and distributed to local taxing districts. As the overall tax rate is phased down, the county rate of 4 percent will remain constant, and the state portion will decrease accordingly. Private timber tax revenues are distributed to the state, counties, and other local taxing districts (excluding cities) in proportion to the value of the harvest in each taxing district. Public timber tax revenues go directly to the State General Fund. There are no expenditure limitations on funds from this revenue source.

APPENDIX B CONT.

Distilled Spirits Sales Tax — RCW 82.08 (1935) Individuals, bars, and restaurants pay a distilled spirits sales tax on purchases from state liquor stores. Individuals and businesses also pay a litre tax on the amount of distilled spirits purchased. Current tax rates are: 15 percent plus a 14 percent surcharge (17.1 percent) on all sales to consumers of distilled spirits OR 10 percent plus a 14 percent surcharge (11.4 percent) sales tax on distilled spirits-by-the-drink sold on premises (Class H licensees), PLUS an effective rate of \$1.96 for each litre of distilled spirits sold. Cities and counties share the base 15 percent and 10 percent sales tax revenues with the state according to statutory distribution rates. Two percent of these monies must be used in alcoholism programs.

Excess Liquor Control Board Funds — RCW 66.08 (1933) Washington is a liquor monopoly state and profits from the sales of the Liquor Control Board (as well as all license fees, permit fees, penalties, forfeitures, and excise taxes on wine and beer) are disbursed from a liquor revolving fund. Included in excess funds are the excise taxes on wine and beer. Wholesalers of wine pay a base excise tax of 20 cents per litre and brewers or beer wholesalers pay a base rate of \$2.60 for a 31-gallon barrel of beer. Cities and counties receive 40 percent and 10 percent, respectively, of the "excess" funds from the Liquor Control Board. Two percent of these revenues must be spent on alcoholism programs.

Other State Shared Revenues

Public Utility District Privilege Tax (PUD Tax)—RCW 54.28 (1941) The PUD tax is levied in lieu of property taxes. PUD's are exempt from property taxes by virtue of their status as municipal corporations. The PUD tax is levied for the privilege of operating electrical energy generation and distribution facilities. Currently the rate is 2.14 percent of gross revenues derived from the sale or distribution of power PLUS a 5.35 percent tax on the first four mills per kilowatt hour, distributed 37.6 percent to the State General Fund and 62.4 percent returned to local taxing districts. The wholesale value of energy produced for use or sale in the case of thermal electric generating facilities is taxed at the rate of 1.605 percent. Distribution in this case is: 50 percent to the State General Fund, 22 percent to counties, 23 percent to cities, 3 percent to fire protection districts, and 2 percent to library districts. A percentage of county revenues must be remitted to cities where PUD facilities exist within corporate limits. There are no limitations on the use of these revenues.

Fire Insurance Premiums Tax — RCW 41.16 (1947) This annual tax is levied in lieu of the state business and occupations tax. It is a 2 percent tax on fire insurance premiums and is paid by insurance companies directly to the State Treasurer. A 7 percent surcharge was applied to this tax by the 1982 Legislature. Fire insurance premiums are distributed as follows: 40 percent to the volunteer firemen's relief and pension funds, 45 percent to firemen pension funds of cities with regularly organized, full-time fire departments, and 15 percent to the State General Fund.

"Hotel/Motel" Sales Tax — RCW 67.28 (1967) The 1967 Legislature authorized any class AA county (King) to levy a tax on the charges for transient lodging in order to finance stadium construction. The law was revised in 1973 to allow any city or county to levy the tax; and use of the funds has been expanded to include public athletic or convention centers, performing and visual art centers, and facilities for encouraging tourist expansion. A percentage of the state's sales tax on lodgings is shared with cities (2 percent maximum) and counties (2 percent maximum) if levied for the above-mentioned facilities. In calendar year 1984, cities received \$2.6 million and counties \$3.8 million in "hotel/motel" taxes.

Camper and Travel Trailer Excise Tax — RCW 82.50 (1955) Travel trailers, campers, and pickup campers are subject to an annually levied excise tax of 1 percent of their market value in lieu of personal property taxes. Public schools receive 70 percent, cities and counties each receive 15 percent. Disbursements are made on a quarterly basis and based upon official population estimates. Expenditures are not restricted by state law.

APPENDIX B CONT.

III. FEDERAL GRANTS-IN-AID

Federal transfers began to make up a significant share of state and local government budgets in the 1950s and 1960s. Grants-in-aid were offered directly to local governments for a variety of specific purposes, and substantial sums went to the states for their activities, many with local impacts. In the 1970s, general revenue sharing was initiated, consolidated block grants began to replace the categorical grants, and greater decision-making authority was provided for state and local units. The net result of this set of practices for local governments has been inducement to take on some new projects and programs, perhaps some easing of the local tax burden, and a certain increased dependence on the federal revenue transfer process. Of the 392 categorical grants funded as of January 1, 1984. Major ones include the Community Development Block Grant programs, General Revenue Sharing, the National Forest Fund, Payment In Lieu of Taxes, Wastewater Treatment Plant Construction Grant Program, and the Job Training Partnership Program.

The General Revenue Sharing Program was terminated in 1987. Washington local governments lost about \$100 million.

IV. LOCAL GOVERNMENT INDEBTEDNESS

There are two distinct categories of indebtedness (or borrowing) by local governments.

(1) General obligation debts are secured by the full faith and credit of the issuing unit and its power to tax property (occasionally, other objects) to assure repayment. There are two kinds of general obligation debt, consistent with the different kinds of property taxing power that are held by local governments: (a) "Councilmanic" debt, which can be issued by governments possessing the power to tax without specific voter approval; and (b) voter-approved debt (sometimes involving a dedicated excess levy), issued by those governments which are required to obtain such approval to impose property taxes, and/or by other governments holding property tax power in order to secure certain types of debt.

General obligation debt, because it is linked to the property tax power, is limited by both the State Constitution and subsequent statutes. The constitutional limit for local governments is set at one and one-half percent of the assessed valuation of property within the jurisdiction, with provisions for approving higher levels (usually by a 60 percent majority of voters) up to 5 percent (10 percent for cities owning water and sewer systems). However, various statutory limits average half of these constitutional limits, so that even with voter approval local governments in practice cannot exceed two and one-half percent of their assessed valuation (7.5 percent for cities owning utilities.) Only a few local governments are at or near their general obligation debt limits at any given time, for one or more of the following reasons: governments are reluctant to impose significant increases in property taxes, even for needed capital improvements; there are alternative forms of debt that are not subject to these limitations; and most governments prefer to maintain a margin of debt capacity for emergencies.

(2) Other debts do not carry the government's pledge of full faith and credit and are therefore not counted within its debt limitations. Nor do they carry any requirements for voter approval, although in some cases there are requirements for support by a minimum share of affected taxpayers. The leading example in this category is revenue debt (incurred in Washington since 1895 and the most rapidly increasing form of debt today) which is repayable solely through the fund of money generated by rates and charges for the service (water, sewer, etc.) provided. Other types are special assessment debt, special tax or fund debt, and the industrial development debt approved for use in Washington in 1981, in which a government's tax-exempt borrowing power is used to fund private construction and the debt is repayable entirely by that private entity.

In the case of special assessment and Local Improvement District bonds which are paid from a guaranty fund to which tax revenues may be contributed, there is reason for inclusion within a local government's limited debt obligations. But otherwise the absence of a government commitment of its property taxing power means that the debt remains legally outside both constitutional and statutory limits. Instead of a limit based on the total of assessed valuation of property, which is inappropriate to debts where the property tax power has not been pledged, the only limit on local government indebtedness of this type is the judgment of its officials and that of the bond market. No measures of fiscal capacity have been found adequate for purposes of more formal limitation of such indebtedness.

APPENDIX B CONT.

CHART A

MAJOR CITY TAXES

| <u>TAX</u> | <u>TAX BASE & RATE</u> | <u># AT MAXIMUM</u> | <u># OF CITIES LEVYING</u> | <u>VOTER APPROVAL</u> | <u>RCW</u> |
|---------------------------|---|-------------------------|--|--|--------------------|
| PROPERTY | Up to: \$3.375/\$1000 AV \$.225/\$1000 AV | 72 | 265 | NO | 84.52 |
| BUSINESS & | Up to 0.2% of gross value of business activity, no limits if measured as a fixed fee, fee based on # of employees or square footage | N/A | 120 (levy either B&O or Utility Tax | YES (for new tax or rate increase) | 35.21.70 35A.82 |
| UTILITY* | Up to 6% of gross value of business activity for gas, telephone, steam & electricity. No limit on others (e.g., water, sewer or solid waste) | N/A | 150 B&O or Utility Tax or both) | YES (for rate increase) | 35.11 & 35A.82 |
| SALES | Up to 1% of retail sales 1st 0.5% 2nd 0.5% | 266 219 | 266 230 | NO (but 2nd 0.5% subject to voter referendum) | 82.14 |
| REAL ESTATE EXCISE TAX | Up to 0.5% of real estate sales transaction | 2 | 2 | NO (but subject to voter referendum) | 82.46 |
| | Up to 0.25% of real estate sales transaction | 100 | 100 | NO | 82.46 |

* This tax is broken here because a higher rate can be imposed, but is essentially a B&O tax on utilities.

MAJOR COUNTY TAXES

| <u>TAX</u> | <u>TAX BASE & RATE</u> | <u># AT MAXIMUM</u> | <u># OF COUNTIES LEVYING</u> | <u>VOTER APPROVAL</u> | <u>RCW</u> |
|---------------------------|--|-------------------------|--------------------------------------|--|------------|
| PROPERTY | Up to: \$1.80/\$1000 AV (General) \$2.25/\$1000 AV (Roads) | 14 16 | 39 39 | NO | 84.52 |
| SALES | Up to 1% of retail sales 1st 0.5% 2nd 0.5% | 39 28 | 39 30 | NO (but 2nd 0.5% subject to voter referendum) | 82.14 |
| REAL ESTATE EXCISE TAX | Up to 0.5% real estate sales transaction | 2 | 4 | NO (but subject to voter referendum) | 82.46 |
| | Up to 0.25% of real estate sales transaction | 18 | 18 | NO | |

APPENDIX B CONT.

MINOR CITY & COUNTY TAXES

| <u>TAX</u> | <u>TAX BASE & RATE</u> | <u>RCW</u> |
|------------|--|-----------------|
| ADMISSIONS | Up to 5% of admission | 35!20.020 & 280 |
| GAMBLING | 5-10% of gambling receipts | 9.46.110 |
| LEASEHOLD | 6% of taxable rent (counties) 4% of taxable rent (cities) up private entities renting public space | 82.29A |

Source: Washington State Department of Revenue

CHART B

SPECIAL DISTRICTS SUBJECT TO \$9.15 PROPERTY TAX LIMIT

| <u>DISTRICT</u> | <u>FIRST PROPERTY TAX RATE</u> | <u>SECOND PROPERTY TAX RATE</u> | <u>THIRD PROPERTY TAX RATE</u> | <u>FOURTH PROPERTY TAX RATE</u> | <u>FIFTH PROPERTY TAX RATE</u> | <u>VOTER APPROVAL</u> | <u>RCW</u> |
|--|--|---|--|---|--|---------------------------|------------------------|
| Fire | \$.50 | \$1.00 | | | | No | 52.16.130 |
| Hospital | .75 | | | | | No | 70.44.060 |
| Library | .50 | | | | | No | 27.12.050 27.12.150 |
| Metropolitan Park | .75 | | | | | No | 35.61.210 |
| Airport | | | \$.75 | | | Yes (simple majority) | 14.00.290 |
| Ferry | | | 1.25 | | | No | 36.54.080 |
| Water** | | | .50 | | | No | 57.20.100 |
| Cemetery | | | .115 | | | No | 86.15.160 |
| Flood Control | | | | \$.50 | | No | 86.15.160 |
| Park & Recreation District | | | | | \$.15 (5 years) | Yes 60/40 | 39.69.145 |
| Park & Recreation Service Area | | | | | \$.15 (6 years) | Yes 60/40 | 36.38.400 |
| Cultural Arts Stadium & Convention | | | | | \$.25 (6 years) | Yes 60/40 | 67.38.130 |

*The constitutional limit is one percent (or \$10 per \$1000 AV). A levy for Emergency Medical Services for \$.25 for six years is within the one percent, but outside the statutory limit of \$9.15. Emergency Medical Services may be levied by hospital, fire, city/town, or county governments.

**Water districts may impose this levy for fire protection purposes only, if no fire district is located in the water district. (Source: Steve Lundin, House Counsel)

APPENDIX C

FUNCTIONS BY GOVERNMENTAL UNIT*

o = mandatory

x = discretionary

| <u>Program:</u> | <u>CITY</u> | <u>COUNTY</u> | <u>SPECIAL DISTRICT</u> |
|-------------------------------|-------------|----------------------------|-----------------------------|
| Public Health | o | o | |
| Juvenile Detention and Courts | | o | |
| Youth Services | x | x | |
| Hospital | x | x | o (hospital) |
| Women's Programs | x | x | |
| Veteran's Programs | x | o | |
| Cooperative Extension | | x | |
| Aging | x | x | |
| Mental Health | o | | |
| Developmental Disabilities | o | | |
| Arts | x | x | o (cultural arts) |
| Courts — Superior | o | | |
| Courts — District | o | | |
| Courts — Municipal | o | o | |
| Adult Detention Pretrial | o | o | |
| Adult Detention Felons | o | | |
| Public Safety (crimes) | o | o | |
| Traffic Enforcement | o | o | |
| Public Defense | o | o | |
| Attorney (city/county cases) | o | o | |
| Airport | x | x | o (port) |
| Roads | x | o | |
| Surface Water | x | x | o (flood & drainage) |
| Solid Waste Collection | x | | o (metro) |
| Solid Waste Disposal | x | x | o (metro) |
| Sewage Collection | x | x | |
| Sewage Treatment | x | x | o (metro) |
| Planning | x | x | o (metro) |
| Land Use Controls | x | x | |
| Boundary Review Boards | | o (x in small counties) | |

"Adapted from "Countywide Cost of Services Study", Puget Sound Council of Governments, 1984.

APPENDIX C CONT.

FUNCTIONS BY GOVERNMENTAL UNIT*

o = mandatory

x = discretionary

| <u>Program:</u> | <u>CITY</u> | <u>COUNTY</u> | <u>SPECIAL DISTRICT</u> |
|----------------------------|-------------|---------------|---------------------------------|
| Parks and Recreation | x | x | o (Parks and Rec.) o (metro) |
| County Fair | | x | |
| Fire Code | x | x | o |
| Fire Suppression | x | | o (fire) |
| Historic Preservation | x | x | |
| Community Development | x | x | |
| Stadium | x | x | o (Stadium) |
| Housing | | | o (Housing Authority) |
| Water Supply | x | x | o (Water) |
| Electric Energy | x | | x (Sewer, PUD, Port, Water) |
| Licensing | x | o | |
| Workmen's Compensation | o | o | o (all dist.) |
| Budget | o | o | o (all dist.) |
| Auditor | | o | |
| Elections | | o | |
| Administrative Support | x | x | x (all dist.) |
| Finance/Treasurer | o | o | |
| Executive | o | o | |
| Legislative Council | o | o | x (all dist.) |
| Assessor | | o | |
| Animal Control | x | x | |
| State Examiner | | o | |
| Board of Equalization | | o | |
| Library | x | x | o (library) |
| Involuntary Treatment | | o | |
| Emergency Medical Services | x | x | x (fire) |
| Medical Examiner | | o | |
| Air Pollution | o | o | |
| Public Transportation | x | x | x (metro, PBTA) |
| Employment and Training | x | x | |
| Cemetery | x | | o (cemetery) |
| Human Rights | o | | |

*Adapted from "Countywide Cost of Services Study", Puget Sound Council of Governments, 1984.

APPENDIX D

MAJOR NEW LOCAL GOVERNMENT SERVICES SINCE STATEHOOD

| | |
|--|--|
| Agricultural Assistance | Human Rights |
| Alcohol and Drug Abuse | Land Use Planning and Zoning |
| Arts Commissions | Libraries |
| Consumer Protection | Mental Health Services |
| Economic Development | Parks and Recreation |
| Electric Power | Public Defense |
| Emergency Medical Services | Public Port Facilities |
| Employment and Training | Public Transit |
| Environmental and Personal Health Services | Social Services (Aging, Youth Services, Developmental Disabilities) |
| Flood Control | Stadium/Convention/Cultural Centers |
| Historic Preservation | Traffic Control and Enforcement |
| Housing and Community Development | Water and Air Pollution Control |

APPENDIX E

SPECIAL ANALYSIS: THE KNOWLEDGEABLE VOTER

The survey asked respondents the usual questions about their social and economic backgrounds, such as age, education, home ownership, income, county of residence, etc. It also asked questions designed to measure knowledge about local government and regularity of voting for local, state, and national offices. The best knowledge measure proved to be the request to name a county commissioner or councilperson, and as we indicated in the text a surprising 25 percent of all respondents were able to do so accurately. These more knowledgeable people were inclined to judge local governments a bit more harshly than the rest of the sample, particularly with respect to cooperation among governments, protecting the environment, and following their personal preferences.

The most reliable indicator of regular voting, in a context of the usual tendency to over-report voting, was the answer to a question about how often the respondent voted for special district official such as a school or fire official. A total of 37 percent of all respondents said that they "always" voted in such elections, a smaller proportion than in elections for city or county officials. High participation people were not much different in their attitudes from the sample as a whole, except for a bit more support for local autonomy solutions.

In order to understand the relationship between knowledge and participation, we combined the two measures to produce a matrix in which every respondent can be located in one of the four cells, as follows:

| | | Participation | |
|------------------|----------------|---------------|----------------|
| | | <u>High</u> | <u>Med/Low</u> |
| Knowledge | <u>High</u> | 10% | 8% |
| | <u>Med/Low</u> | 27% | 54% |

What this comparison makes clear is first, that the great bulk of respondents are medium or low in both knowledge and participation; second, that high knowledge pulls people toward participation, although not all well-informed people are regular voters; next, that some people are moved to vote regularly (or to say that they do...) for reasons quite apart from the extent of their knowledge about local government. The most interesting group identified by this comparison is the 10 percent who are high in both knowledge and voting regularity. On further analysis, this group was found to be two-thirds city residents (as compared to slightly over half of the sample), disproportionately older and retired persons (37 percent to 19 percent of the sample), and people who work locally, i.e., less than five miles from home (50 percent to 37 percent of the sample.) There was very little difference between this group and the total sample in regard to education, income, or other background characteristics. In other words, the most knowledgeable and active—voting component of the population for local governments appears to be older city dwellers who work — or did work — in the local community; a substantial fraction might even be retired government employees.

The attitudes of this high-knowledge, high-voting group are naturally quite important to local governments. In general, their evaluation of local government performance was much like that of the total sample, although police services were ranked **more** highly (perhaps because of the city bias of the group) and land use and planning services lower. However, they did rank more problems as more serious than did the other respondents. The point where this group most departed from the rest of the sample, however, was with respect to the judgment about how well governments worked together: on this question, the high-knowledge, high-voting respondents were much more likely to say that governments did not cooperate very well at all.

**WASHINGTON STATE LOCAL GOVERNANCE
STUDY COMMISSION SURVEY**

FALL 1986

Results of A Statewide Survey

Conducted By
The Social And Economic Sciences Research Center
Washington State University
Pullman, Washington
(509) 335-1511

For
The Washington State Local Governance Study Commission

Data were collected by telephone interviews completed with 695 randomly selected households in Washington State between October 6 and September 8, 1986.

WASHINGTON STATE LOCAL GOVERNANCE SURVEY
 RESPONSE SUMMARY QUESTIONNAIRE
 FALL, 1986

Washington State Local Governance Study
 Fall 1986

Q1. Enter the Phone Number. _____

Q2-Q4. Enter Today's Date. Q2. MM __ Q3. DD __ Q4. YY __

Q5. Enter the Beginning Time of Interview. _____

Q6. Enter YOUR ID Number. _____

Q7. Enter the County Code. _____

DIAL THE TELEPHONE NUMBER

Q8. Hello, my name is _____, and I'm calling from the Public Opinion Lab at Washington State University in Pullman, Washington. We have been asked by the Washington State Local Government Commission to talk with people throughout the state about some issues facing local governments.

The person I need to interview is the person currently living in your household who is 18 years or older, who had the most recent birthday. Is that you?

RESPONSE OPTIONS

SELF: GOTO #10
 SOMEONE ELSE: GOTO #10

| SURVEY RESULTS | | | | |
|----------------------|------|--------|-------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 84 | 86 | 81 | 84 | |
| 16 | 14 | 19 | 16 | |
| N= 658 | 355 | 246 | 57 | |

WASHINGTON STATE LOCAL GOVERNANCE SURVEY
 RESPONSE SUMMARY QUESTIONNAIRE
 FALL, 1986

Q9. Of the ones that you do know, who had the most recent birthday?

RESPONSE OPTIONS

SELF..
 SOMEONE ELSE (ASK TO SPEAK TO
 THAT PERSON)

| | SURVEY RESULTS | | | |
|---|----------------------|------|--------|-------|
| | Percent of Responses | | | |
| | Total | City | Fringe | Rural |
| SELF.. | 0 | 0 | 0 | 0 |
| SOMEONE ELSE (ASK TO SPEAK TO THAT PERSON) | 0 | 0 | 0 | 0 |
| N= | 0 | 0 | 0 | 0 |

Q10.

(INTERVIEWER: Read if "Someone Else")

Hello, my name is _____, and I'm calling from the Public Opinion Lab at Washington State University in Pullman, Washington. We have been asked by the Washington State Local Government Commission to talk with people throughout the state about some issues facing local governments.

The Commission makes recommendations to the State Legislature concerning solutions to local government problems. We are calling you because The Commission wants to know what citizens like yourself think, not just the experts who have been helping them. The questions I need to ask should take about 10 minutes. This interview is voluntary and if we should come to any question you would prefer not to answer just let me know and I'll skip over it. Okay?

In order to determine whether to ask you more questions about city or county government, I need to know whether the home where you live is located inside or outside the city limits of a Washington city. Do you live. . .

RESPONSE OPTIONS

INSIDE CITY LIMITS
 (CITY DWELLER)
 OUTSIDE THE CITY LIMITS: GOTO #13
 NOT SURE: GOTO #13

| | SURVEY RESULTS | | | |
|--|----------------------|------|--------|-------|
| | Percent of Responses | | | |
| | Total | City | Fringe | Rural |
| INSIDE CITY LIMITS (CITY DWELLER) | 54 | 100 | 1 | 2 |
| OUTSIDE THE CITY LIMITS: GOTO #13 | 44 | 0 | 95 | 98 |
| NOT SURE: GOTO #13 | 2 | 0 | 4 | 0 |
| N= | 686 | 368 | 255 | 63 |

WASHINGTON STATE LOCAL GOVERNANCE SURVEY
 RESPONSE SUMMARY QUESTIONNAIRE
 FALL, 1986

Q11. What is the name of the city you live in? (FOR RESULTS, SEE ATTACHED LOCATION SECTION)

1-301 (City Code on List) : GOTO #22
 305 (City Code Not on List): GOTO #12

Q12. Many places are well known by particular names, but are not actually incorporated as cities. In this survey, we are defining cities as places that are governed by city councils, commissions and/or mayors. I have a list of all these places for the state and the name you gave me is not on this list. Can you give me the name of the nearest city that has a city government? (FOR RESULTS, SEE ATTACHED LOCATION SECTION)

(UNCONDITIONAL BRANCHING: GOTO QUESTION # 14)

1 3 In this survey, we are defining cities as places that are governed by city councils, commissions, and/or mayors. Can you give me the name of the nearest city that has a city government? (FOR RESULTS, SEE ATTACHED LOCATION SECTION)

Q14. Is that city more than three miles away from your home?

RESPONSE OPTIONS

YES: GOTO #16
 NO
 Don't Know

| SURVEY RESULTS | | | | |
|----------------------|------|--------|-------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 54 | 0 | 43 | 100 | |
| 43 | 0 | 54 | 0 | |
| 3 | 0 | 3 | 0 | |
| N= 318 | 0 | 255 | 63 | |

Q15. Please think for a moment about the three residences nearest to you. How many of these three are within a hundred yards in any direction of your home?

RESPONSE OPTIONS

NONE.
 ONE
 TWO
 THREE

| SURVEY RESULTS | | | | |
|----------------------|------|--------|-------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 12 | 0 | 12 | 0 | |
| 9 | 0 | 9 | 0 | |
| 14 | 0 | 15 | 0 | |
| 64 | 0 | 64 | 0 | |
| N= 145 | 0 | 145 | 0 | |

(UNCONDITIONAL BRANCH: GOTO #18)

WASHINGTON STATE LOCAL GOVERNANCE SURVEY
 RESPONSE SUMMARY QUESTIONNAIRE
 FALL, 1986

Q16. Please think for a moment about the three residences nearest to you. How many of these three are within a hundred yards in any direction of your home?

RESPONSE OPTIONS

NONE: GOTO #22
 ONE: GOTO #22
 TWO
 THREE

| SURVEY RESULTS | | | | |
|----------------------|------|--------|-------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 19 | 0 | 0 | 51 | |
| 16 | 0 | 0 | 44 | |
| 18 | 0 | 27 | 3 | |
| 47 | 0 | 73 | 2 | |
| N= 172 | 0 | 109 | 63 | |

Q17. Now imagine that a circle is drawn around your house to enclose all residences that are up to one mile away. Would you say that there are around 500 people or more living in this imaginary circle?

RESPONSE OPTIONS

YES (INCORPORATION): GOTO #20
 NOT SURE (INCORPORATION):
 GOTO #20
 NO (RURAL): GOTO #22

| SURVEY RESULTS | | | | |
|----------------------|------|--------|-------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 52 | 0 | 53 | 0 | |
| 45 | 0 | 47 | 0 | |
| 3 | 0 | 0 | 100 | |
| N= 112 | 0 | 109 | 3 | |

Q18. Just suppose there were a proposal to include the area in which you now live within that city nearest to you. How would you feel about the proposal? Would you.. .

RESPONSE OPTIONS

FAVOR IT
 NOT CARE ONE WAY OR THE OTHER
 OPPOSE IT

| SURVEY RESULTS | | | | |
|----------------------|------|--------|-------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 17 | 0 | 17 | 0 | |
| 23 | 0 | 23 | 0 | |
| 60 | 0 | 60 | 0 | |
| N= 138 | 0 | 138 | 0 | |

Q19. What are the main reasons you feel that way about such a proposal?

(FOR RESULTS, SEE ATTACHED REMARKS SECTION: QUESTION 19.)

(UNCONDITIONAL BRANCHING: GOTO #22)

WASHINGTON STATE LOCAL GOVERNANCE SURVEY
 RESPONSE SUMMARY QUESTIONNAIRE
 FALL, 1986

Q20. Just suppose there were a proposal to turn your area into an incorporated city with a city council or mayor. How would you feel about the proposal? Would you...

RESPONSE OPTIONS

FAVOR IT
 NOT CARE ONE WAY OR THE OTHER
 OPPOSE IT

| SURVEY RESULTS | | | | |
|-------------------------------|-------|------|--------|-------|
| Percent of Responses | | | | |
| | Total | City | Fringe | Rural |
| FAVOR IT | 24 | 0 | 24 | 0 |
| NOT CARE ONE WAY OR THE OTHER | 19 | 0 | 19 | 0 |
| OPPOSE IT | 57 | 0 | 57 | 0 |
| N= | 100 | 0 | 100 | 0 |

Q21. What are the main reasons you feel that way about such a proposal?

(FOR RESULTS, SEE ATTACHED REMARKS SECTION: QUESTION 21.)

Q22. In the next part of this interview, I'm going to ask for your opinion on different aspects of local government and politics. Let me begin by asking, what is the first thing that comes to mind when you hear the words "local government?"

(FOR RESULTS, SEE ATTACHED REMARKS SECTION: QUESTION 22.)

Q23-Q31. Public services are provided by different kinds of local governments, for example by the city, the county, special districts such as school or fire districts, or even by the state. I'm going to read a list of several services you may receive. If a local government provides this service to your household, please tell me whether the quality of the service you receive is excellent, good, fair or poor. Let's begin with fire protection. Would you say that this service is excellent, good, fair, or poor? The next one is . . .

Q23. Fire Protection

RESPONSE OPTIONS

EXCELLENT
 GOOD
 FAIR
 POOR
 Don't Receive Service
 Don't Know.

| SURVEY RESULTS | | | | |
|-----------------------|-------|------|--------|-------|
| Percent of Responses | | | | |
| | Total | City | Frinse | Rural |
| EXCELLENT | 48 | 52 | 46 | 32 |
| GOOD | 38 | 36 | 40 | 40 |
| FAIR | 6 | 4 | 8 | 14 |
| POOR | 1 | 1 | 1 | 0 |
| Don't Receive Service | 1 | 1 | 0 | 5 |
| Don't Know. | 6 | 6 | 5 | 9 |
| N= | 685 | 368 | 254 | 63 |

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Q24. Police Protection

RESPONSE OPTIONS

EXCELLENT
 GOOD
 FAIR
 POOR.
 Don't Receive Service
 Don't Know

| SURVEY RESULTS | | | | |
|----------------------|------|--------|-------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 14 | 19 | 9 | 8 | |
| 46 | 49 | 44 | 40 | |
| 30 | 24 | 38 | 27 | |
| 6 | 4 | 7 | 19 | |
| 1 | 0 | 0 | 3 | |
| 3 | 4 | 2 | 3 | |
| N= 684 | 366 | 255 | 63 | |

Q25. Sewer Service

RESPONSE OPTIONS

EXCELLENT
 GOOD..
 FAIR
 POOR
 Don't Receive Service
 Don't Know

| SURVEY RESULTS | | | | |
|----------------------|------|--------|-------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 15 | 20 | 10 | 2 | |
| 38 | 52 | 26 | 5 | |
| 9 | 11 | 7 | 1 | |
| 4 | 5 | 3 | 2 | |
| 28 | 5 | 48 | 87 | |
| 6 | 7 | 6 | 3 | |
| N= 685 | 367 | 255 | 63 | |

Q26. Water

RESPONSE OPTIONS

EXCELLENT
 GOOD
 FAIR..
 POOR..
 Don't Receive Service
 Don't Know

| SURVEY RESULTS | | | | |
|----------------------|------|--------|-------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 23 | 26 | 23 | 11 | |
| 47 | 54 | 43 | 21 | |
| 9 | 11 | 8 | 6 | |
| 4 | 5 | 2 | 0 | |
| 16 | 2 | 24 | 62 | |
| 1 | 2 | 0 | 0 | |
| N= 686 | 368 | 255 | 63 | |

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Q27. Parks

RESPONSE OPTIONS

EXCELLENT
 GOOD
 FAIR
 POOR
 Don't Receive Service
 Don't Know

| SURVEY RESULTS | | | | |
|----------------------|------|--------|-------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 30 | 33 | 27 | 24 | |
| 45 | 45 | 45 | 44 | |
| 14 | 12 | 17 | 13 | |
| 4 | 5 | 5 | 6 | |
| 4 | 2 | 4 | 16 | |
| 3 | 3 | 2 | 3 | |
| N= 684 | 367 | 254 | 63 | |

428. Libraries

RESPONSE OPTIONS

EXCELLENT
 GOOD
 FAIR
 POOR
 Don't Receive Service
 Don't Know

| SURVEY RESULTS | | | | |
|----------------------|------|--------|-------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 32 | 32 | 31 | 33 | |
| 46 | 46 | 45 | 45 | |
| 11 | 11 | 11 | 8 | |
| 2 | 2 | 3 | 3 | |
| 3 | 1 | 5 | 5 | |
| 6 | 8 | 5 | 6 | |
| N= 686 | 368 | 255 | 63 | |

Q29. Roads and Streets

RESPONSE OPTIONS

EXCELLENT
 GOOD
 FAIR
 POOR
 Don't Receive Service
 Don't Know

| SURVEY RESULTS | | | | |
|----------------------|------|--------|-------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 5 | 4 | 5 | 8 | |
| 39 | 32 | 47 | 46 | |
| 39 | 42 | 35 | 35 | |
| 17 | 22 | 13 | 11 | |
| 0 | 0 | 0 | 0 | |
| N= 683 | 365 | 255 | 63 | |

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Q30. Land Use Planning and Zoning

RESPONSE OPTIONS

EXCELLENT
 GOOD.
 FAIR.
 POOR.
 Don't Receive Service
 Don't Know

| | | SURVEY RESULTS | | | |
|----|-----------------------|----------------------|------|--------|-------|
| | | Percent of Responses | | | |
| | | Total | City | Fringe | Rural |
| | EXCELLENT | 2 | 3 | 2 | 1 |
| | GOOD. | 31 | 31 | 31 | 30 |
| | FAIR. | 32 | 33 | 32 | 24 |
| | POOR. | 16 | 15 | 17 | 13 |
| | Don't Receive Service | 0 | 0 | 0 | 0 |
| | Don't Know | 19 | 18 | 18 | 32 |
| N= | | 682 | 365 | 254 | 63 |

Q31. Public Transportation

RESPONSE OPTIONS

EXCELLENT
 GOOD.
 FAIR
 POOR
 Don't Receive Service
 Don't Know

| | | SURVEY RESULTS | | | |
|----|-----------------------|----------------------|------|--------|-------|
| | | Percent of Responses | | | |
| | | Total | City | Fringe | Rural |
| | EXCELLENT | 17 | 22 | 12 | 10 |
| | GOOD. | 40 | 42 | 41 | 26 |
| | FAIR . | 15 | 15 | 15 | 14 |
| | POOR . | 8 | 6 | 10 | 10 |
| | Don't Receive Service | 14 | 7 | 18 | 39 |
| | Don't Know | 6 | 8 | 4 | 1 |
| N= | | 682 | 366 | 254 | 62 |

Q32.

(INTERVIEWER: For each Service that was Marked Excellent or Poor, please ask the following question. Write an answer for each Service that applies.

In just a few words, can you tell me why do you feel that (_____) is/are excellent/poor)?

(FOR RESULTS, SEE ATTACHED REMARKS SECTION: QUESTIONS 76-94.)

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Q33-Q41. Now I want to read you a list of problems that some local governments are facing or could face in the next five years. For each one, please tell me whether you think it is or is about to become a serious problem, a moderate problem, a slight problem or no problem in your community. First, do you believe pollution of drinking water is or is about to become a serious problem, moderate problem, slight problem or no problem in your community? The next one is . . .

433. Pollution of Drinking Water

RESPONSE OPTIONS

SERIOUS PROBLEM
 MODERATE PROBLEM
 SLIGHT PROBLEM
 NO PROBLEM
 Don't Know

| SURVEY RESULTS | | | | |
|----------------------|------|--------|-------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 20 | 20 | 20 | 22 | |
| 24 | 26 | 23 | 18 | |
| 22 | 22 | 20 | 25 | |
| 31 | 29 | 35 | 33 | |
| 3 | 3 | 2 | ? | |
| N= 681 | 366 | 252 | 63 | |

Q34. Costs of Garbage Disposal

RESPONSE OPTIONS

SERIOUS PROBLEM
 MODERATE PROBLEM
 SLIGHT PROBLEM
 NO PROBLEM
 Don't Know

| SURVEY RESULTS | | | | |
|----------------------|------|--------|-------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 34 | 37 | 32 | 24 | |
| 27 | 25 | 31 | 24 | |
| 14 | 15 | 9 | 24 | |
| 19 | 16 | 23 | 24 | |
| 6 | 7 | 5 | 4 | |
| N= 676 | 363 | 251 | 62 | |

Q35. Lack of Affordable Housing

RESPONSE OPTIONS

SERIOUS PROBLEM
 MODERATE PROBLEM
 SLIGHT PROBLEM
 NO PROBLEM
 Don't Know

| SURVEY RESULTS | | | | |
|----------------------|------|--------|-------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 20 | 21 | 18 | 21 | |
| 26 | 30 | 22 | 21 | |
| 19 | 17 | 20 | 21 | |
| 29 | 27 | 33 | 29 | |
| 6 | 5 | 7 | 8 | |
| N= 679 | 365 | 252 | 62 | |

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Q36. Prosecution of People Who Break the Law

RESPONSE OPTIONS

SERIOUS PROBLEM
 MODERATE PROBLEM
 SLIGHT PROBLEM
 NO PROBLEM
 Don't Know

| SURVEY RESULTS | | | | |
|----------------------|------------|------------|-----------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 38 | 35 | 41 | 44 | |
| 28 | 32 | 25 | 19 | |
| 15 | 14 | 16 | 16 | |
| 12 | 11 | 14 | 11 | |
| 7 | 8 | 4 | 10 | |
| N= 675 | 361 | 252 | 62 | |

Q37. Lack of Public Transportation

RESPONSE OPTIONS

SERIOUS PROBLEM
 MODERATE PROBLEM
 SLIGHT PROBLEM
 NO PROBLEM
 Don't Know

| SURVEY RESULTS | | | | |
|----------------------|------------|------------|-----------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 10 | 8 | 11 | 16 | |
| 16 | 15 | 16 | 23 | |
| 22 | 23 | 22 | 19 | |
| 47 | 49 | 46 | 34 | |
| 5 | 5 | 5 | 8 | |
| N= 678 | 364 | 252 | 62 | |

Q38. Costs of Sewage Disposal

RESPONSE OPTIONS

SERIOUS PROBLEM
 MODERATE PROBLEM
 SLIGHT PROBLEM
 NO PROBLEM
 Don't Know

| SURVEY RESULTS | | | | |
|----------------------|------------|------------|-----------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 22 | 24 | 20 | 18 | |
| 26 | 30 | 23 | 15 | |
| 11 | 12 | 12 | 1 | |
| 23 | 21 | 23 | 33 | |
| 18 | 13 | 22 | 33 | |
| N= 671 | 363 | 247 | 61 | |

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Q39. Poor Condition of Streets and Roads

RESPONSE OPTIONS

SERIOUS PROBLEM
 MODERATE PROBLEM
 SLIGHT PROBLEM
 NO PROBLEM
 Don't Know

| SURVEY RESULTS | | | | |
|----------------------|------|--------|-------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 22 | 26 | 18 | 19 | |
| 35 | 37 | 33 | 29 | |
| 20 | 20 | 23 | 14 | |
| 23 | 17 | 26 | 36 | |
| 0 | 0 | 0 | 2 | |
| N= 679 | 364 | 252 | 63 | |

Q40. Insufficient parks and recreational facilities

RESPONSE OPTIONS

SERIOUS PROBLEM
 MODERATE PROBLEM
 SLIGHT PROBLEM
 NO PROBLEM
 Don't Know

| SURVEY RESULTS | | | | |
|----------------------|------|--------|-------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 7 | 7 | 8 | 8 | |
| 17 | 15 | 20 | 11 | |
| 22 | 25 | 19 | 21 | |
| 52 | 50 | 52 | 60 | |
| 2 | 3 | 1 | 0 | |
| N= 678 | 365 | 251 | 62 | |

Q41. Inadequate Land Use Planning and Zoning

RESPONSE OPTIONS

SERIOUS PROBLEM
 MODERATE PROBLEM
 SLIGHT PROBLEM
 NO PROBLEM
 Don't Know

| SURVEY RESULTS | | | | |
|----------------------|------|--------|-------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 19 | 18 | 22 | 14 | |
| 27 | 27 | 28 | 15 | |
| 16 | 18 | 14 | 16 | |
| 21 | 18 | 23 | 31 | |
| 17 | 19 | 13 | 24 | |
| N= 675 | 361 | 252 | 62 | |

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Q42. Are there other problems that I have not mentioned?

RESPONSE OPTIONS

YES
 NO
 Don't Know.

| SURVEY RESULTS | | | | |
|----------------------|------|--------|-------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 28 | 28 | 26 | 34 | |
| 71 | 71 | 73 | 66 | |
| 1 | 1 | 1 | 0 | |
| N= 680 | 364 | 254 | 62 | |

Q43. What are these problems?

(FOR RESULTS, SEE ATTACHED REMARKS SECTION: QUESTION 43.)

Q44. Many people feel that local governments have responsibility for promoting economic development and have responsibility for protecting the environment. Please tell me which of the following statements you most agree with. . .

RESPONSE OPTIONS

MY LOCAL GOVERNMENTS HAVE DONE A LOT TO PROTECT THE ENVIRONMENT BUT NOT ENOUGH TO PROMOTE ECONOMIC DEVELOPMENT
 MY LOCAL GOVERNMENTS HAVE DONE A LOT TO PROMOTE ECONOMIC DEVELOPMENT BUT NOT ENOUGH TO PROTECT THE ENVIRONMENT
 MY LOCAL GOVERNMENTS HAVE REACHED A GOOD BALANCE BETWEEN PROTECTING THE ENVIRONMENT AND PROMOTING ECONOMIC DEVELOPMENT

| SURVEY RESULTS | | | | |
|----------------------|------|--------|-------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 20 | 23 | 19 | 14 | |
| 34 | 34 | 34 | 35 | |
| 46 | 43 | 47 | 51 | |
| N= 624 | 335 | 234 | 55 | |

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Q45. City, county, state, and special district governments sometimes have to work together to deal with problems. How well do you think governments in your community cooperate with each other? Do you feel they cooperate . . .

RESPONSE OPTIONS

VERYWELL
 SOMEWHATWELL
 NOT VERY WELL
 Don't Know

| SURVEY RESULTS | | | | |
|----------------------|-------|------|--------|-------|
| Percent of Responses | | | | |
| | Total | City | Fringe | Rural |
| VERYWELL | 16 | 16 | 16 | 19 |
| SOMEWHATWELL | 57 | 57 | 56 | 56 |
| NOT VERY WELL | 18 | 18 | 17 | 20 |
| Don't Know | 9 | 9 | 11 | 5 |
| N= | 673 | 363 | 251 | 59 |

Q46. Naturally, local conditions are so different around the state that local governments take on different responsibilities in different settings. If there were a problem in your local area that did not clearly fall within one local government's jurisdiction, for example contamination of drinking water, would you rather see it handled by . . .

RESPONSE OPTIONS

COUNTY GOVERNMENT
 CITY GOVERNMENT
 A SPECIAL DISTRICT
 A PRIVATE COMPANY
 THE STATE
 A REGIONAL BODY
 SOMEONE ELSE
 Don't Know

| SURVEY RESULTS | | | | |
|----------------------|-------|------|--------|-------|
| Percent of Responses | | | | |
| | Total | City | Fringe | Rural |
| COUNTY GOVERNMENT | 27 | 21 | 33 | 34 |
| CITY GOVERNMENT | 12 | 17 | 6 | 5 |
| A SPECIAL DISTRICT | 6 | 5 | 8 | 8 |
| A PRIVATE COMPANY | 10 | 9 | 12 | 15 |
| THE STATE | 27 | 28 | 25 | 28 |
| A REGIONAL BODY | 7 | 8 | 5 | 5 |
| SOMEONE ELSE | 3 | 3 | 3 | 2 |
| Don't Know | 8 | 9 | 8 | 3 |
| N= | 673 | 363 | 249 | 61 |

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447. Many problems, such as public transportation or sewage disposal, cover an area different from any existing local governments' boundaries. Sometimes the area of the problems are bigger, sometimes smaller than the local governments' boundaries. Questions often arise about how to handle such problems. Which of these statements do you MOST agree with?

RESPONSE OPTIONS

- THE PROBLEM SHOULD BE HANDLED BY A GOVERNMENT WHOSE BOUNDARIES ARE THE SAME OR LARGER THAN THE PROBLEM
- THE STATE SHOULD PROVIDE SOME DIRECTION TO ENCOURAGE EXISTING LOCAL GOVERNMENTS TO DEAL WITH SUCH PROBLEMS
- EXISTING LOCAL GOVERNMENTS SHOULD HANDLE SUCH PROBLEMS AS THEY SEE FIT
- None of the Above

| | SURVEY RESULTS | | | |
|--|----------------------|------|--------|-------|
| | Percent of Responses | | | |
| | Total | City | Fringe | Rural |
| THE PROBLEM SHOULD BE HANDLED BY A GOVERNMENT WHOSE BOUNDARIES ARE THE SAME OR LARGER THAN THE PROBLEM | 21 | 22 | 22 | 15 |
| THE STATE SHOULD PROVIDE SOME DIRECTION TO ENCOURAGE EXISTING LOCAL GOVERNMENTS TO DEAL WITH SUCH PROBLEMS | 49 | 51 | 49 | 41 |
| EXISTING LOCAL GOVERNMENTS SHOULD HANDLE SUCH PROBLEMS AS THEY SEE FIT | 28 | 25 | 28 | 41 |
| None of the Above | 2 | 2 | 1 | 3 |
| N= | 669 | 360 | 250 | 59 |

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Q48. One of the responsibilities shared between the state, counties, cities, and special districts is that of planning future growth, for example, to see that urban services are available when needed and to see that agricultural or forest land is preserved. Different approaches have been tried in various states and in various parts of Washington State. Which of the following approaches do you MOST agree with?

(INTERVIEWER: After first reading, ask "Would you like me to read these choices again?")

RESPONSE OPTIONS

SURVEY RESULTS
 Percent of Responses
Total City Fringe Rural

| | | | | |
|---|------------|------------|------------|-----------|
| THE STATE SHOULD SET GOALS AND STANDARDS AND SEE THAT LOCAL GOVERNMENTS FOLLOW THEM | 19 | 20 | 15 | 22 |
| THE STATE SHOULD FIND WAYS TO ASSURE COORDINATION BETWEEN LOCAL GOVERNMENTS IN REACHING LOCAL AGREEMENTS | 42 | 44 | 39 | 39 |
| LOCAL GOVERNMENTS SHOULD NEGOTIATE AGREEMENTS WITH EACH OTHER TO COVER THESE MATTERS WITHOUT STATE DIRECTION | 25 | 24 | 27 | 24 |
| INDIVIDUAL LOCAL GOVERNMENTS SHOULD BE ALLOWED TO HANDLE SUCH PROBLEMS OR NOT AS THEY SEE FIT INDEPENDENTLY OF EACH OTHER | 12 | 10 | 17 | 10 |
| Don't Know | 2 | 2 | 2 | 5 |
| N= | 666 | 359 | 248 | 59 |

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Q49-Q52. There has been a great deal of debate about whether most local government officials should be appointed or elected. I'm going to read a list and I'd like you to tell me whether you believe it is very important, somewhat important or not important to ELECT each of the following officials. Let's start with City Council Members. Is it VERY IMPORTANT, SOMEWHAT IMPORTANT OR NOT IMPORTANT to elect city council members? The next one is . . .

Q49. City Council Members

RESPONSE OPTIONS

VERY IMPORTANT
 SOMEWHAT IMPORTANT
 NOT IMPORTANT
 Don't Know

| SURVEY RESULTS | | | | |
|----------------------|------------|------------|-----------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 82 | 83 | 81 | 75 | |
| 15 | 14 | 16 | 23 | |
| 2 | 2 | 1 | 2 | |
| 1 | 1 | 2 | 0 | |
| N= 677 | 364 | 252 | 61 | |

Q50. County Commissioners or Council Members

RESPONSE OPTIONS

VERY IMPORTANT
 SOMEWHAT IMPORTANT
 NOT IMPORTANT
 Don't Know

| SURVEY RESULTS | | | | |
|----------------------|------------|------------|-----------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 76 | 74 | 81 | 70 | |
| 20 | 22 | 16 | 21 | |
| 3 | 3 | 2 | 7 | |
| 1 | 1 | 1 | 2 | |
| N= 677 | 363 | 253 | 61 | |

Q51. County Officials Who Administer One Department
 For Example the Coroner, Treasurer, or Auditor

RESPONSE OPTIONS

VERY IMPORTANT
 SOMEWHAT IMPORTANT
 NOT IMPORTANT
 Don't Know

| SURVEY RESULTS | | | | |
|----------------------|------------|------------|-----------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 45 | 44 | 47 | 52 | |
| 34 | 33 | 36 | 28 | |
| 19 | 22 | 15 | 18 | |
| 2 | 1 | 2 | 2 | |
| (N= 676) | 362 | 253 | 61 | |

WASHINGTON STATE LOCAL GOVERNANCE SURVEY
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Q52. Commissioners Who Run A single Purpose District
 For Example Fire, Water or Sewer Commissioners

RESPONSE OPTIONS

VERY IMPORTANT
 SOMEWHAT IMPORTANT
 NOT IMPORTANT
 Don't Know.

| SURVEY RESULTS | | | |
|----------------------|------|--------|-------|
| Percent of Responses | | | |
| Total | City | Fringe | Rural |
| 42 | 41 | 40 | 51 |
| 37 | 36 | 42 | 26 |
| 18 | 21 | 16 | 16 |
| 3 | 2 | 2 | 7 |
| N= 677 | 363 | 253 | 61 |

Q53. Thinking about local government in your area, how often do you think local officials follow your preferences? Do they follow your preferences . . .

RESPONSE OPTIONS

ALL OF THE TIME
 MOST OF THE TIME
 SOME OF THE TIME
 HARDLY EVER

| SURVEY RESULTS | | | |
|----------------------|------|--------|-------|
| Percent of Responses | | | |
| Total | City | Fringe | Rural |
| 1 | 0 | 1 | 2 |
| 27 | 27 | 26 | 29 |
| 62 | 63 | 63 | 56 |
| 10 | 10 | 10 | 13 |
| N= 646 | 351 | 236 | 59 |

Q54-Q59. Please tell me how often you vote in elections for each of the following officials. Do you always, frequently, sometimes, or almost never vote for The President? The next one is . . .

Q54. The President

RESPONSE OPTIONS

ALWAYS
 FREQUENTLY
 SOMETIMES
 ALMOST NEVER
 DOESNT APPLY

| SURVEY RESULTS | | | |
|----------------------|------|--------|-------|
| Percent of Responses | | | |
| Total | City | Fringe | Rural |
| 82 | 79 | 82 | 95 |
| 6 | 6 | 7 | 2 |
| 4 | 6 | 2 | 0 |
| 6 | 7 | 7 | 3 |
| 2 | 2 | 2 | 0 |
| N= 675 | 362 | 252 | 61 |

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Q55. The Governor

RESPONSE OPTIONS

ALWAYS
 FREQUENTLY
 SOMETIMES
 ALMOST NEVER
 DOESN'T APPLY

| SURVEY RESULTS | | | | |
|----------------------|------|--------|-------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 77 | 75 | 78 | 90 | |
| 7 | 7 | 6 | 5 | |
| 6 | 7 | 7 | 0 | |
| 8 | 9 | 6 | 5 | |
| 2 | 2 | 3 | 0 | |
| N= 674 | 362 | 251 | 61 | |

Q56. State Legislators in Olympia

RESPONSE OPTIONS

ALWAYS
 FREQUENTLY
 SOMETIMES
 ALMOST NEVER
 DOESN'T APPLY

| SURVEY RESULTS | | | | |
|----------------------|------|--------|-------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 60 | 58 | 62 | 64 | |
| 14 | 15 | 12 | 23 | |
| 12 | 12 | 12 | 7 | |
| 11 | 12 | 10 | 6 | |
| 3 | 3 | 4 | 0 | |
| N= 673 | 361 | 251 | 61 | |

Q57. The County Commissioner or Council Member

RESPONSE OPTIONS

ALWAYS
 FREQUENTLY
 SOMETIMES
 ALMOST NEVER
 DOESN'T APPLY

| SURVEY RESULTS | | | | |
|----------------------|------|--------|-------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 50 | 47 | 53 | 54 | |
| 18 | 17 | 17 | 26 | |
| 16 | 18 | 13 | 13 | |
| 13 | 14 | 13 | 5 | |
| 3 | 4 | 4 | 2 | |
| N= 673 | 360 | 252 | 61 | |

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Q58. A City Official

RESPONSE OPTIONS

ALWAYS
 FREQUENTLY
 SOMETIMES
 ALMOST NEVER
 DOESN'T APPLY

| SURVEY RESULTS | | | | |
|----------------------|------|--------|-------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 37 | 49 | 23 | 26 | |
| 14 | 14 | 12 | 20 | |
| 15 | 17 | 13 | 6 | |
| 16 | 17 | 17 | 10 | |
| 18 | 3 | 35 | 38 | |
| N= 673 | 360 | 252 | 61 | |

Q59. A Special District Official such as a School or Fire Official

RESPONSE OPTIONS

ALWAYS
 FREQUENTLY
 SOMETIMES
 ALMOST NEVER
 DOESN'T APPLY

| SURVEY RESULTS | | | | |
|----------------------|------|--------|-------|--|
| Percent of Responses | | | | |
| Total | City | Frinse | Rural | |
| 44 | 40 | 46 | 51 | |
| 15 | 13 | 15 | 26 | |
| 17 | 19 | 17 | 10 | |
| 20 | 24 | 18 | 11 | |
| 4 | 4 | 4 | 2 | |
| N= 673 | 360 | 252 | 61 | |

Q60. If you happen to know the name of one of your county commissioners, please tell me his or her name.

RESPONSE OPTIONS

KNOWS COMMISSIONER'S NAME
 DOESN'T KNOW COMMISSIONER'S NAME.

| SURVEY RESULTS | | | | |
|----------------------|------|--------|-------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 24 | 25 | 24 | 25 | |
| 76 | 75 | 76 | 75 | |
| N= 686 | 368 | 255 | 63 | |

Q61. One of the main purposes of this survey is to find ways local governments can be improved. When you think about the things we've talked about, and also the things we haven't covered, what would you say is the single most important thing about local government that needs to be changed?

(FOR RESULTS, SEE ATTACHED REMARKS SECTION: QUESTION 61.)

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■ ■ we would like to ask you a few questions about your own background.

52. INTERVIEWER: Record the respondent's sex

RESPONSE OPTIONS

MALE
 FEMALE

| SURVEY RESULTS | | | | |
|----------------------|-----------|-----------|-----------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 45 | 45 | 47 | 31 | |
| 55 | 55 | 53 | 69 | |
| N= 678 | 364 | 253 | 61 | |

53. What is your zip code? _____

64. In which county do you live?

RESPONSE OPTIONS

ADAMS
 ASOTIN
 BENTON
 CHELAN
 CLALLAM
 CLARK
 COLUMBIA
 COWLITZ
 DOUGLAS
 FERRY
 FRANKLIN
 GARFIELD
 GRANT
 GRAYS HARBOR
 ISLAND
 JEFFERSON
 KING
 KITSAP
 KITTITAS
 KLUCKITAT
 LEWIS
 LINCOLN
 MASON
 OKANOGAN
 PACIFIC
 PIERCE
 SAN JUAN

| SURVEY RESULTS | | | | |
|----------------------|------------|------------|------------|--|
| Percent of Responses | | | | |
| Total | City | Fringe | Rural | |
| 0.6 | 0.0 | 0.4 | 4.8 | |
| 0.7 | 0.6 | 0.8 | 1.6 | |
| 2.8 | 3.9 | 2.0 | 0.0 | |
| 1.0 | 1.1 | 1.2 | 0.0 | |
| 1.6 | 0.6 | 2.8 | 3.2 | |
| 5.6 | 4.4 | 8.7 | 0.0 | |
| 0.2 | 0.3 | 0.0 | 0.0 | |
| 1.9 | 2.2 | 0.8 | 4.8 | |
| 0.4 | 0.0 | 0.8 | 1.6 | |
| 0.2 | 0.0 | 0.0 | 1.6 | |
| 0.4 | 0.8 | 0.0 | 0.0 | |
| 0.2 | 0.0 | 0.0 | 1.6 | |
| 1.5 | 1.1 | 1.6 | 3.2 | |
| 1.5 | 1.9 | 1.2 | 0.0 | |
| 1.9 | 1.1 | 2.4 | 4.8 | |
| 0.3 | 0.3 | 0.0 | 1.6 | |
| 30.6 | 36.5 | 26.9 | 11.3 | |
| 3.6 | 1.7 | 5.5 | 6.5 | |
| 0.6 | 0.8 | 0.0 | 1.6 | |
| 0.3 | 0.3 | 0.4 | 0.0 | |
| 1.2 | 1.1 | 0.8 | 3.2 | |
| 0.4 | 0.6 | 0.4 | 0.0 | |
| 0.9 | 0.0 | 1.6 | 3.2 | |
| 0.6 | 0.3 | 1.2 | 0.0 | |
| 0.6 | 0.6 | 0.8 | 0.0 | |
| 11.7 | 10.5 | 13.4 | 11.3 | |
| 0.2 | 0.0 | 0.4 | 0.0 | |

WASHINGTON STATE **LOCAL GOVERNANCE** SURVEY
 RESPONSE SUMMARY QUESTIONNAIRE
 FALL, 1986

(Continued: **Q64. In which county do you live?**)

RESPONSE OPTIONS

SKAGIT
 SKAMANIA
 SNOHOMISH.
 SPOKANE.
 STEVENS.
 THURSTON
 WAHIAKUM.
WALLAWALLA.
 WHATCOM.
 WHITMAN.
 YAKIMA

SURVEY RESULTS

| Percent of Responses | | | | |
|----------------------|------|--------|-------|--|
| Total | City | Fringe | Rural | |
| 1.0 | 1.4 | 0.0 | 3.2 | |
| 0.3 | 0.3 | 0.4 | 0.0 | |
| 7.7 | 6.6 | 7.5 | 14.5 | |
| 7.8 | 8.6 | 7.5 | 4.8 | |
| 1.0 | 1.1 | 0.4 | 3.2 | |
| 3.3 | 3.3 | 3.6 | 1.6 | |
| 0.2 | 0.3 | 0.0 | 0.0 | |
| 1.6 | 1.9 | 1.6 | 0.0 | |
| 2.4 | 2.5 | 2.4 | 1.6 | |
| 0.4 | 0.6 | 0.0 | 1.6 | |
| 3.0 | 3.0 | 2.8 | 3.2 | |
| N= 677 | 362 | 253 | 62 | |

Q65. Do you own or rent the place where you live?

RESPONSE OPTIONS

OWN/BUYING
 RENT/LEASE
 Other

SURVEY RESULTS

| Percent of Responses | | | | |
|----------------------|------|--------|-------|--|
| Total | City | Fringe | Rural | |
| 73 | 64 | 83 | 81 | |
| 26 | 35 | 16 | 14 | |
| 1 | 1 | 1 | 5 | |
| N= 679 | 364 | 253 | 62 | |

Q66. Would you describe the place where you live as a . . .

RESPONSE OPTIONS

SINGLE FAMILY HOUSE
 MOBILE HOME
 DUPLEX
 APARTMENT
 CONDO
 SOMETHING ELSE

SURVEY RESULTS

| Percent of Responses | | | | |
|----------------------|------|--------|-------|--|
| Total | City | Fringe | Rural | |
| 76 | 73 | 79 | 77 | |
| 8 | 4 | 12 | 18 | |
| 2 | 2 | 2 | 2 | |
| 9 | 14 | 3 | 3 | |
| 4 | 5 | 2 | 0 | |
| 1 | 2 | 2 | 0 | |
| N= 679 | 364 | 253 | 62 | |

WASHINGTON STATE LOCAL GOVERNANCE SURVEY
 RESPONSE SUMMARY QUESTIONNAIRE
 FALL, 1986

17. Which of the following **BEST** describes your work situation?

RESPONSE OPTIONS

EMPLOYED FULL TIME
 EMPLOYED PART TIME
 NOT EMPLOYED OUTSIDE THE HOME:
 GOTO Y69
 UNEMPLOYED: **GOTO #69**
 RETIRED: **GOTO Y69**
 Something Else: **GOTO #69**

| | SURVEY RESULTS | | | |
|---------------------------------|----------------------|------------|------------|-----------|
| | Percent of Responses | | | |
| | Total | City | Fringe | Rural |
| EMPLOYED FULL TIME | 53 | 54 | 54 | 46 |
| EMPLOYED PART TIME | 12 | 11 | 13 | 13 |
| NOT EMPLOYED OUTSIDE THE HOME: | | | | |
| GOTO Y69 | 11 | 9 | 10 | 20 |
| UNEMPLOYED: GOTO #69 | 4 | 4 | 4 | 2 |
| RETIRED: GOTO Y69 | 19 | 20 | 18 | 19 |
| Something Else: GOTO #69 | 1 | 2 | 1 | 0 |
| N= | 676 | 363 | 252 | 61 |

18. On average, how many miles do you travel each day to get to work, one way?

RESPONSE OPTIONS

ZERO MILES (WORK AT HOME)
 FIVE MILES OR LESS
 SIX TO TEN MILES
 ELEVEN TO TWENTY MILES
 TWENTY TO THIRTY MILES
 MORE THAN THIRTY MILES

| | SURVEY RESULTS | | | |
|---------------------------|----------------------|------------|------------|-----------|
| | Percent of Responses | | | |
| | Total | City | Fringe | Rural |
| ZERO MILES (WORK AT HOME) | 4 | 3 | 4 | 11 |
| FIVE MILES OR LESS | 37 | 43 | 34 | 11 |
| SIX TO TEN MILES | 22 | 23 | 21 | 19 |
| ELEVEN TO TWENTY MILES | 20 | 15 | 26 | 20 |
| TWENTY TO THIRTY MILES | 11 | 9 | 9 | 33 |
| MORE THAN THIRTY MILES | 6 | 7 | 6 | 6 |
| N= | 434 | 233 | 165 | 36 |

19-Q71. What is your birthdate? Q69. MM ___ Q70. DD ___ Q71. YY ___

RESPONSE OPTIONS

LESS THAN 20 YEARS
 20 to 29 YEARS
 30 to 39 YEARS
 40 to 49 YEARS
 50 to 59 YEARS
 60 YEARS AND OVER.

| | SURVEY RESULTS | | | |
|--------------------|----------------------|------------|------------|-----------|
| | Percent of Responses | | | |
| | Total | City | Fringe | Rural |
| LESS THAN 20 YEARS | 6 | 6 | 7 | 5 |
| 20 to 29 YEARS | 19 | 23 | 16 | 9 |
| 30 to 39 YEARS | 30 | 30 | 31 | 25 |
| 40 to 49 YEARS | 15 | 13 | 17 | 21 |
| 50 to 59 YEARS | 10 | 8 | 12 | 16 |
| 60 YEARS AND OVER. | 20 | 20 | 17 | 24 |
| N= | 686 | 368 | 255 | 63 |

WASHINGTON STATE LOCAL GOVERNANCE SURVEY
 RESPONSE SUMMARY QUESTIONNAIRE
 FALL, 1986

Q72. How many years of school have you completed?

RESPONSE OPTIONS

NO HIGH SCHOOL
 SOME HIGH SCHOOL
 HIGH SCHOOL DEGREE OR GED
 SOME COLLEGE
 COLLEGE DEGREE
 SOME GRAD
 MASTER'S DEGREE
 PH. D. DEGREE
 OTHER

| | SURVEY RESULTS | | | |
|---------------------------|----------------------|------------|------------|-----------|
| | Percent of Responses | | | |
| | Total | City | Fringe | Rural |
| NO HIGH SCHOOL | 3 | 3 | 3 | 2 |
| SOME HIGH SCHOOL | 8 | 8 | 8 | 5 |
| HIGH SCHOOL DEGREE OR GED | 26 | 24 | 27 | 38 |
| SOME COLLEGE | 35 | 32 | 38 | 36 |
| COLLEGE DEGREE | 14 | 16 | 10 | 11 |
| SOME GRAD | 12 | 14 | 11 | 5 |
| MASTER'S DEGREE | 1 | 1 | 1 | 2 |
| PH. D. DEGREE | 1 | 1 | 1 | 1 |
| OTHER | 0 | 0 | 1 | 0 |
| IN- | 673 | 359 | 253 | 61 |

Q73. Finally, would you mind telling me which of the following five categories BEST describes your total FAMILY income, before taxes, from all sources in 1985

RESPONSE OPTIONS

LESS THAN \$10,000
 BETWEEN \$10,000 AND 20,000
 BETWEEN 20,000 AND 30,000
 BETWEEN 30,000 AND 40,000
 BETWEEN 40,000 AND 50,000
 MORE THAN 50,000
 Don't Know
 Won't Say

| | SURVEY RESULTS | | | |
|-----------------------------|----------------------|------------|------------|-----------|
| | Percent-of Responses | | | |
| | Total | City | Fringe | Rural |
| LESS THAN \$10,000 | 11 | 13 | 7 | 10 |
| BETWEEN \$10,000 AND 20,000 | 20 | 22 | 18 | 17 |
| BETWEEN 20,000 AND 30,000 | 22 | 19 | 25 | 22 |
| BETWEEN 30,000 AND 40,000 | 22 | 18 | 26 | 28 |
| BETWEEN 40,000 AND 50,000 | 8 | 8 | 9 | 4 |
| MORE THAN 50,000 | 11 | 11 | 9 | 12 |
| Don't Know | 2 | 3 | 1 | 2 |
| Won't Say | 5 | 5 | 5 | 5 |
| N= | 663 | 355 | 250 | 58 |

Q74. This completes the interview. I want to thank you very much for talking with me today. If you have any other comments you want me to write down, I can do that now. [Also, if you would like a copy of the results in about four months, I can take down your name and address.]

(FOR RESULTS, SEE ATTACHED REMARKS SECTION: QUESTION 74.)

Q75. ENDING time _____

LOCATION

CITIES THAT RESPONDENTS LIVE IN OR NEAR

WASHINGTON STATE LOCAL GOVERNANCE SURVEY

FALL, 1986

NUMBER OF RESPONDENTS LIVING IN OR NEAR
INCORPORATED CITIES IN WASHINGTON STATE

| | Q11 Live in City | Q12 Live Near City | Q13 Live Near City |
|----------------|------------------------|--------------------------|--------------------------|
| Aberdeen | 5 | 0 | 1 |
| Airway Heights | 1 | 0 | 0 |
| Anacortes | 3 | 0 | 1 |
| Arlington | 0 | 0 | 4 |
| Auburn | 8 | 0 | 8 |
| Battleground | 0 | 0 | 1 |
| Bellevue | 14 | 0 | 3 |
| Bellingham | 7 | 0 | 6 |
| Blaine | 0 | 0 | 1 |
| Bonney Lake | 1 | 0 | 0 |
| Bothell | 2 | 0 | 4 |
| Brenerton | 6 | 1 | 9 |
| Brier | 2 | 0 | 0 |
| Buckley | 2 | 0 | 1 |
| Burlington | 1 | 0 | 0 |
| Carnation | 1 | 0 | 1 |
| Castle Rock | 1 | 0 | 1 |
| Centralia | 2 | 0 | 1 |
| Chehalis | 2 | 1 | 1 |
| Cheney | 1 | 0 | 2 |
| Chewelah | 0 | 0 | 1 |
| Clarkston | 1 | 0 | 2 |
| Cle Elum | 0 | 0 | 1 |
| Colfax | 0 | 0 | 1 |
| College Place | 2 | 0 | 0 |
| Colville | 4 | 0 | 1 |
| Concrete | 1 | 0 | 0 |
| Coulee Dam | 1 | 0 | 0 |
| Coupeville | 1 | 0 | 2 |
| Davenport | 0 | 0 | 1 |
| Dayton | 1 | 0 | 0 |
| Deer Park | 1 | 0 | 2 |
| Des Moines | 2 | 0 | 2 |
| Duvall | 1 | 0 | 0 |
| East Wenatchee | 0 | 0 | 2 |
| Edmonds | 3 | 0 | 2 |
| Electric City | 1 | 0 | 0 |
| Ellensburg | 2 | 0 | 0 |
| Enurclaw | 0 | 0 | 2 |
| Ephrata | 1 | 0 | 1 |
| Everett | 12 | 0 | 7 |
| Ferndale | 3 | 0 | 1 |
| Fife | 1 | 0 | 0 |
| Forks | 0 | 0 | 1 |

| | Q11 Live in City | Q12 Live Near City | Q13 Live Near City |
|--------------------|------------------------|--------------------------|--------------------------|
| Gig Harbor | 0 | 0 | 3 |
| Goldendale | 1 | 0 | 1 |
| Grandview | 1 | 0 | 0 |
| Issaquah | 4 | 0 | 1 |
| Kelso | 2 | 0 | 3 |
| Kennewick | 8 | 0 | 3 |
| Kent | 6 | 0 | 9 |
| Kirkland | 3 | 0 | 4 |
| Lacey | 2 | 0 | 4 |
| Lake Forest Park | 1 | 0 | 1 |
| Lake Stevens | 0 | 0 | 1 |
| Langley | 0 | 0 | 5 |
| Leavenworth | 2 | 0 | 0 |
| Long Beach | 1 | 0 | 1 |
| Longview | 4 | 0 | 1 |
| Lynwood | 0 | 0 | 3 |
| Marysville | 4 | 0 | 3 |
| Mercer Island | 2 | 0 | 0 |
| Millwood | 0 | 0 | 1 |
| Milton | 0 | 0 | 1 |
| Monroe | 0 | 0 | 2 |
| Moses Lake | 2 | 0 | 3 |
| Mount Lake Terrace | 2 | 0 | 0 |
| Mount Vernon | 1 | 0 | 1 |
| Napavine | 1 | 0 | 0 |
| North Bend | 0 | 0 | 2 |
| Oak Harbor | 3 | 0 | 2 |
| Ocean Shores | 2 | 0 | 0 |
| Odessa | 1 | 0 | 0 |
| Olympia | 8 | 0 | 5 |
| Orak | 0 | 0 | 2 |
| Orting | 0 | 0 | 1 |
| Othello | 0 | 0 | 2 |
| Pasco | 2 | 0 | 2 |
| Pomeroy | 0 | 0 | 1 |
| Port Angeles | 0 | 0 | 4 |
| Port Orchard | 1 | 0 | 5 |
| Port Townsend | 1 | 0 | 3 |
| Pullman | 2 | 0 | 0 |
| Puyallup | 8 | 0 | 8 |
| Quincy | 0 | 0 | 1 |
| Raymond | 1 | 0 | 1 |
| Redmond | 6 | 0 | 4 |
| Renton | 7 | 0 | 7 |
| Republic | 0 | 0 | 1 |
| Richland | 6 | 0 | 0 |
| Ritzville | 0 | 0 | 1 |
| Rockford | 0 | 0 | 1 |
| Roy | 0 | 0 | 1 |
| Royal City | 0 | 0 | 1 |

| | Q11 Live in City | Q12 Live Near City | Q13 Live Near City |
|----------------|------------------------|--------------------------|--------------------------|
| Seattle | 79 | 0 | 26 |
| Sedro Woolley | 0 | 0 | 1 |
| Sequim | 1 | 0 | 4 |
| Shelton | 0 | 0 | 3 |
| Snohomish | 1 | 0 | 2 |
| Snoqualmie | 0 | 0 | 1 |
| Soap Lake | 0 | 0 | 1 |
| South Cle Elum | 1 | 0 | 0 |
| Spokane | 30 | 0 | 18 |
| Sprague | 1 | 0 | 0 |
| Stanwood | 0 | 0 | 1 |
| Stevenson | 1 | 0 | 1 |
| Sultan | 0 | 0 | 2 |
| Sunnyside | 1 | 0 | 0 |
| Sunnyside | 2 | 0 | 0 |
| Tacoma | 26 | 1 | 29 |
| Toledo | 0 | 0 | 1 |
| Tonasket | 0 | 0 | 1 |
| Toppenish | 0 | 0 | 1 |
| Tukwila | 0 | 0 | 1 |
| Tumwater | 1 | 0 | 2 |
| Vancouver | 14 | 0 | 19 |
| Waitsburg | 1 | 0 | 0 |
| Walla Walla | 4 | 0 | 2 |
| Washougal | 1 | 0 | 0 |
| Wenatchee | 3 | 0 | 3 |
| Westport | 0 | 0 | 1 |
| West Richland | 0 | 0 | 2 |
| Winslow | 0 | 0 | 2 |
| Woodland | 1 | 0 | 0 |
| Yacolt | 0 | 0 | 1 |
| Yakima | 7 | 0 | 8 |
| Zillah | 1 | 0 | 1 |
| N= | 368 | 3 | 314 |

APPENDIX G

CHRONOLOGY OF LOCAL GOVERNANCE STUDY COMMISSION MEETINGS AND EVENTS

| <u>Date</u> | <u>Topics</u> |
|-------------------------------|--|
| November 1985 - March 1986 | History of Local Governments Revenue Issues Problems of Urban Unincorporated Areas |
| | <u>Products</u> |
| | Working Papers 1-4 (incorporated into Volumes 1 and 2 of Final Report) |
| | <u>Guest Speakers</u> |
| | Don Burrows, Former Director Department of Revenue |
| | Trevor Thompson, Assistant Director Department of Revenue |
| | Mike Lynch, Administrator North Central Library |
| | Donna Gordon King County Council Staff |
| | Paul Grattet, City Manager City of Vancouver |
| | Ron Clarke Former Department of Community Development Planning Administrator |
| | Tony Anderson Institute for Urban and Local Studies Eastern Washington University |
| | Larry Frazier, Director Pierce County Planning Department |
| | Bob Wubbena, President Economic and Engineering Services |
| | Joe Miller Former City Manager, City of Bellevue |

APPENDIX G CONT.

| <u>Date</u> | <u>Topics</u> |
|-----------------|--|
| May - July 1986 | Propositions and Principles for Local Governance Comparison of Washington and Other States' Planning, Annexation, and Boundary Review Boards |
| | <u>Guest Speakers</u> |
| | Bob Braitman, Executive Director Association of California Local Agency Formation Commissions |
| | Kay Shoudy Redmond Planning Director |
| | Greg Smith Spokane City Attorney |
| | Tom Fitzsimmons Thurston County Administrator |
| | Dick Morrill Geography Professor, University of Washington |
| | Steve Harvey, Director Cowlitz-Wahkiakum Governmental Conference |
| | Dennis Buchanan Multnomah County Executive (Oregon) |

APPENDIX G CONT.

| <u>Date</u> | <u>Topics</u> |
|---------------------------|---|
| August - December 1986 | Urban Area Agreements Regionalism Roles and Responsibilities |
| | <u>Products</u> |
| | Public Opinion Survey Local Government Officials Survey \$9.15 Subcommittee Recommendations |
| | <u>Guest Speakers</u> |
| | Rick Gustafson, Executive Director Portland Metro |
| | Marvin Durning, Environmental Lawyer (Director of 1962 Local Government Study) |
| | Curt Smelser, Executive Director Puget Sound Council of Governments |
| | Harold Matthews, President Washington Regional Councils |
| | Alan Zimmerman, President Metro Council |
| | Nancy McKay Puget Sound Water Quality Authority |
| | Walt Crowley Municipal League of Seattle-King County |
| | Steve Forman, Executive Director Municipal League of Seattle-King County |
| | Virginia Gunby King County Council Staff |
| | Fred Jarett, President King County Suburban Cities Association |
| | Roger James Former Spokane City Utilities Director |
| | Stan Miller Section 208 Water Coordinator |
| | Al Lewis, Chair Wastewater Management Board |

APPENDIX G CONT.

Guest Speakers Cont.

Rob Higgins
Spokane Mayor Pro-Tem

Jack Geraghty
Former Spokane County Commissioner

Tom Garrett
Washington Trust Bank

Dick Anderwald
Yakima County Planning Director

Mark Hinthorne
Yakima City Planner

Dick Skone
Yakima City Planner

Richard Roeder
Governor's Office
Helena, Montana

APPENDIX G CONT.

| <u>Date</u> | <u>Topics</u> |
|---------------------|--|
| January - June 1987 | Development of LGA/SA Language Development of Supplementary Proposals |

Products

Draft LGA/SA
Draft of Volume 1 History

| <u>Date</u> | <u>Topics</u> |
|----------------------|---|
| July - December 1987 | Financial Package Revision of "LGA/SA", now LGSA/CRP |

Products

Volume I - A History of Washington's Local Governments
Volume II - The Quiet Crisis in Local Governance
(included Recommendations)

Guest Speakers

Tom Fitzsimmons
Thurston County Administrator

Paul Grattet, City Manager
City of Vancouver

Tom Carlson, Budget Director
Snohomish County

Dick Saize, City Manager
City of Yakima

Jim Rumpeltes
Clallam County Administrator

Public Meetings

Over 40 public meetings were held by LGSC around the state to review the draft recommendations.

Private Sector Meetings

Five Private Sector Advisory Boards across the state each met twice to review the draft.

