



**AGENDA  
 COUNTY FISCAL HEALTH AND GOVERNANCE ALTERNATIVES  
 ADVISORY COMMITTEE  
 JULY 27, 2007**

**Location:** County Associations Building, 206 Tenth Ave SE, Olympia WA  
[http://wacounties.org/wsac/contactus\\_directions.htm](http://wacounties.org/wsac/contactus_directions.htm) for directions

<b>Time</b>	<b>Agenda Item</b>	<b>Agenda Material</b>	<b>Presenter</b>
10 AM	1 <b>Welcome and Introductions</b>	List of Members	Facilitator and Marijo Olson, Assistant Director CTED
10:20	2 <b>Charge of the Advisory Committee</b>	Top of List of Members	Scott Merriman, Director of Legislative Affairs Governor's Office of Financial Management CTED
10:40	3 <b>Scope and Components of CTED Legislative Study with key dates</b>	Scoping Document and Key Dates	CTED
11:00	4 <b>Background Material</b>		
	<ul style="list-style-type: none"> <li>• 1988 Local Governance Commission Report Volume 1</li> <li>• County Government Structure State by State, National Association of Counties</li> <li>• Ferry County Management Review, 2005, CTED</li> </ul>	PDF attached to e-mail  PDF attached to e-mail  Executive Summary; Full Report at <a href="http://cted.wa.gov/DesktopModules/CTEDPublications/CTEDPublicationsView.aspx?tabID=0&amp;ItemID=3062&amp;Mid=877&amp;wversion=Staging">http://cted.wa.gov/DesktopModules/CTEDPublications/CTEDPublicationsView.aspx?tabID=0&amp;ItemID=3062&amp;Mid=877&amp;wversion=Staging</a>	CTED  CTED  CTED
11:20	5 <b>Study Components for Committee Feedback</b>		
	<ul style="list-style-type: none"> <li>• Washington State Local Government Fiscal Health, 2006, OFM and CTED</li> </ul>	Executive Summary; Full Report at: <a href="ftp://ftp.cted.wa.gov/cdbg/FINAL_TO_SCOTT_1-11-07.pdf">ftp://ftp.cted.wa.gov/cdbg/FINAL_TO_SCOTT_1-11-07.pdf</a>	CTED Presentation of feedback requested at next Committee meeting
11:40	6 <b>Committee Organizational Decisions</b>		
	<ul style="list-style-type: none"> <li>• Discussion of Advisory Committee Meeting schedule and location(s)</li> <li>• Election of Chair</li> </ul>	List of Suggested Meeting Dates	Facilitator  Facilitator
Noon	7 <b>Adjourn</b>		

**Legislative Study  
County Fiscal Health and Governance Alternatives  
Advisory Committee**

**Background and Charge**

The Department of Community, Trade and Economic Development (CTED) has been directed by the 2007 Legislature to examine the fiscal health of counties. The CTED study may contain options and actions for consideration by the governor and the legislature, but at a minimum must recommend the changes to constitutional and statutory law necessary to provide non-charter counties with the legal authority required to implement changes in governmental structures and functions needed to promote optimum financial efficiency and improved services.

To ensure critical information and viewpoints from stakeholders are included, CTED is convening an advisory committee. The committee will assist CTED in considering options and actions, including the pros and cons of each option, and provide advice on possible recommendations. The advisory committee consists of eleven county elected and appointed officials nominated by the Washington State Association of Counties and the Washington Association of County Officials. The committee also includes one representative from academia and one representative from the business community selected by CTED.

**Members**

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FINAL SCOPING DOCUMENT  
County Financial Health and Governance Alternatives Study

**Context**

The 2007 legislature directed the Department of Community, Trade and Economic Development to present a study of county financial health and governance alternatives to the Governor and Legislature by December 1, 2007. The study request emerged as a result of legislative debate over increases in state funding for counties. The legislature recognized that counties have limited revenue options and capacity that has been further limited over the last decade. Counties in Washington also have limited organizational structure options compared to other states and Washington cities. The legislature was concerned that these limitations may lead to inefficiencies. The state has an interest in assuring that any increased state funding goes to those jurisdictions that need it the most and that all counties have an opportunity to organize in a manner that is the most effective and cost efficient for their local circumstances.

**Study Questions**

Based on legislative direction the following “Study Questions” were developed:

- What factors contribute to county fiscal health?
- Which Washington counties are the most fiscally distressed?
- What potential efficiencies, cost savings and/or improved level of service opportunities may be gained “by authorizing non-charter counties greater flexibility in altering their forms of governance, including consolidating or merging constitutional or statutory functions or structures” within or among counties?
- What changes to constitutional or statutory law would provide counties with the legal authority necessary to implement changes in governmental structures or functions needed to optimize efficiency and/or improve service?

**Study Content**

<b>Study Questions</b>	<b>Key Information</b>	<b>Key Tension Points</b>	<b>Study Component(s)</b>
<b>What factors contribute to county fiscal health?</b>	<ul style="list-style-type: none"> <li>– What factors and/or drivers contribute to distress <u>and</u> health?</li> <li>– Do fiscally distressed counties have some common characteristics?</li> <li>– Where do the factors or characteristics intersect with governance structure?</li> </ul>	<ul style="list-style-type: none"> <li>– County tax base reductions due to tax initiatives; annexation; incorporations and land use patterns</li> <li>– External drivers of service caseloads</li> <li>– Sources of financial risk such as legacy obligations or dependence on volatile revenue</li> <li>– County capacity to resolve problems where there are competing interests and execute a range of solutions</li> <li>– State and/or Federal Mandates</li> </ul>	<ul style="list-style-type: none"> <li>– Historical studies of county governance and financial structure</li> <li>– Summary and evaluation of distress and health factors or characteristics identified in recent fiscal or service system studies</li> <li>– Information mined from county comprehensive or service system performance audits</li> <li>– Survey of County Officials</li> <li>– Factors mined from service system maps</li> </ul>

<p><b>Which counties are the most fiscally distressed?</b></p>	<ul style="list-style-type: none"> <li>- What indicators are the best predictors of county fiscal distress in Washington?</li> </ul>	<ul style="list-style-type: none"> <li>- Distress factors may change over time</li> <li>- Would fiscal distress be mitigated completely by changing governance structure?</li> </ul>	<ul style="list-style-type: none"> <li>- 2006 Fiscal Distress indicator study</li> <li>- Evaluation of common characteristics or factors based on existing studies or original analysis.</li> </ul>
<p><b>What potential efficiencies, cost savings and/or improved level of service opportunities may be gained “by authorizing non-charter counties greater flexibility in altering their forms of governance, including consolidating or merging constitutional or statutory functions or structures” within or among counties?</b></p>	<ul style="list-style-type: none"> <li>- What are the alternative governance models for counties including those that would reduce the number of separately elected officials?</li> <li>- What potential efficiencies, cost savings or improved LOS may be gained by each?</li> <li>- What are the fiscally significant changes in key county service systems that may be facilitated by altering county structure? (criminal justice, transportation, human services, general government and economic development)</li> </ul>	<ul style="list-style-type: none"> <li>- Criminal Justice system financial responsibilities</li> <li>- Funding and execution of transportation improvements</li> <li>- Application of modern technology and business practices to County general government</li> <li>- Funding of legacy obligations including deferred improvements to infrastructure and technology</li> <li>- Transition of UGA’s to cities</li> <li>- Getting the biggest economic development “bang for the buck”</li> </ul>	<ul style="list-style-type: none"> <li>- Review of existing WA governance options for Counties</li> <li>- Review of national county structure options.</li> <li>- Case studies to flesh out and/or inform the evaluation of options</li> <li>- Mapping major service systems laying out roles and financial responsibilities among counties, cities and state</li> <li>- Evaluation of each model as applied to non-charter counties and potential for efficiency/effectiveness improvement</li> <li>- Survey of County Officials</li> </ul>
<p><b>What changes to constitutional or statutory law would provide counties with the legal authority necessary to implement changes in governmental structures and functions needed to optimize efficiency and improve service?</b></p>	<ul style="list-style-type: none"> <li>- What governmental structure options available nationally are not available to WA counties?</li> <li>- What service system options are available in other states for the division of funding or responsibility between states and counties?</li> <li>- Which options would require statutory or constitutional change?</li> </ul>	<ul style="list-style-type: none"> <li>- Separately elected officials in partisan offices are integrated into local political organizations</li> <li>- Counties’ role in implementing state programs is unique</li> <li>- In what ways could the state help counties be more effective and fiscally healthy</li> </ul>	<ul style="list-style-type: none"> <li>- Identification of short list of structure options (see above).</li> <li>- Fleshing out of language to create statutory and/or constitutional change for each option.</li> </ul>
<p><b>How can stakeholders be involved in a positive</b></p>	<ul style="list-style-type: none"> <li>- What actions can be taken to increase the credibility of the</li> </ul>	<ul style="list-style-type: none"> <li>- Study may be seen as a threat to separately elected</li> </ul>	<ul style="list-style-type: none"> <li>- Survey of county officials for ideas related to improving</li> </ul>

<b>way?</b>	recommendations? – How can counties make a positive contribution to the study? – How can a broad group of legislators be informed?	county officials – Governance alternatives connection to increase in SB6050 or other state assistance to counties	efficiency/effectiveness of county services – Information presentations for county officials and legislators – Opinion leader involvement in study
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## Study Components

### Component I:

Historical background on existing county structure options, responsibilities and financial structure updated from 1988 Local Governance Commission Report Volume I

Who: Municipal Research and Services Center

### Component II:

Evaluation of common characteristics or factors based on identified fiscally stressed and healthy counties; other studies and original analysis.

Who: CTED

### Component III:

Survey of county elected and appointed officials to get their views about:

- What ideas the county officials have regarding increasing county efficiency and effectiveness – what would they do or what options would they like to have.
- What is already being done jointly among counties; intra-county; with the state and with cities. Which of these joint services work the best.
- What has been tried but did not work out in the intergovernmental cooperation arena? Why?
- Identification of potential modifications to current county government structures/framework that could maximize a county's ability to manage its service delivery efficiently, take advantage of scale, manage risk/legal claims and budget.
- The views of county elected and appointed officials about where they work in concert and where they work independently from the direction of the county commissioners on typical management issues; participation in joint internal services; or contributions to the success of established county initiatives/objectives/mission.
- Views of the county officials about some specific governance alternatives and their usefulness in Washington.

Who: WSU Department of Rural Sociology, Dr. Don Dillman's national public policy research group. WSAC and WACO could provide e-mailing and phone lists for survey along with co-sponsorship. WSAC could contribute some staffing to help cut/control costs.

### Component IV:

Mapping of key major service system components and responsibilities among levels of government. Identification and evaluation of alternative county governance models for Washington counties. Short list of alternatives drafted into specific legislative language.

Who: WSAC with WACO contributions will do mapping. MRSC would do the initial identification and evaluation of governance models with input from system mapping as necessary. Special Assistant Attorney General would answer legal questions and draft legislative language for short list of alternatives.

Component V:

Evaluation and analysis of potential and realized cost savings/effectiveness gains for each alternative governance model. Include data from case studies, related current studies and other components in analysis. Three specific case studies are proposed:

- General Government (Assessor, Treasurer, Auditor, Clerk): Compare Clark and Douglas County Auditor, Assessor, Treasurer “one stop customer service” with similar size counties using individual service departments. Review these same county general government departments for other potential business process improvement opportunities. Construct a theoretical evaluation of potential cost savings/service improvement opportunities if Assessor, Auditor and Treasurer functions were merged within each county in one high fiscal distress region of the state. (Use this case study to inform the governance options of structural home rule, intra-county and multi-county department consolidation.)
- Criminal Justice (Sheriff, Prosecutor, Clerk, Coroner, Judges): Compare a set of counties with joint judicial districts where elected judge positions and administration are consolidated with counties of similar size that have separate elected judges and court administrations. Compare Whatcom Co where the County Clerk and court are consolidated with a county of similar size where the elected clerk and court are separate. Construct a theoretical evaluation of potential cost savings/service improvement opportunities if Courts, Clerk, Sheriff and Prosecutor functions remained separate but were merged among several counties in one high fiscal stress region of the state. (Use this case study to inform the governance options of structural home rule multi-county department consolidation.)
- Intergovernmental Service or UGA Agreements (All county functions): Motivators of existing or dissolved cooperative service provision among counties or between cities and counties in order to identify factors that facilitate and get in the way of inter-local cooperation. (Use this case study to inform statutory/constitutional changes needed to facilitate service consolidation among local governments).

Who: Management or Performance Audit Consultant

Component VI:

Stakeholder involvement including a twelve member advisory committee and periodic meetings with key legislative committees and/or members. Advisory committee would hear information from study components and provide feedback including feedback on pros and cons of alternative governance structures.

Who: Contract Facilitator. WSAC/WACO may provide meeting space, meeting organization support, copies of materials for members, etc.

Component VII:

Project management, development of recommendations and report production.

Who: CTED

### Budget Proviso Language

“\$200,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for a study to examine the **fiscal health of counties**. The study shall address spending and revenues, as well as the demographic, geographic, social, economic, and other **factors contributing to or causing financial distress**. The study shall also examine **the financial efficiencies, cost savings, and improved levels of service that may be gained by authorizing non-charter counties greater flexibility in altering their forms of governance, including consolidating or merging constitutional or statutory functions or structures**.”

The department of community, trade, and economic development may contract or consult with any agency, organization, or other public or private entity as it deems necessary in order to complete the study required under this section. The study may contain **options and actions for consideration by the governor and the legislature, but at minimum shall recommend the changes to constitutional and statutory law necessary to provide counties with the legal authority required to implement the changes in governmental structures and functions needed to promote optimum financial efficiency and improved services.**

The study shall be transmitted to the appropriate committees of the legislature and the governor by **December 1, 2007.**”

HB 1128, Section 127, Proviso 50, 2007 Legislative Session

Associated 2007 House Bills: HB 4211 and HB 4212

**Key Dates**  
**County Fiscal Health and Legislative Alternatives Study**

<b>Task</b>	<b>Key Date</b>	<b>Lead</b>	<b>Status</b>
<b>Project Administration</b>			
Scope approved	7-5-2007	ALP	Approved
Budget and Employee assignments approved	7-5-2007	ALP	Approved
<b>Background Section</b>			
Contract with MRSC	6-13	ALP	Approved – Work underway
Word Formatted Doc to MRSC	7-13	DM	70% complete
Draft Complete	Oct 8	MRSC - Tobin	
Present to AC	September?	MRSC - RY	
Final Document		MRSC - DM	
<b>Fiscal Health Analysis</b>			
Present OFM Report to AC	7-27 and August	ALP	
Evaluate Health Indicators		ALP	
Draft material for Report		ALP	
Present to AC		ALP	
Final Draft for Report		ALP - DM	
<b>Alternatives</b>			
Contracts – MRSC and Special Asst AG	6-13 and 7-13		Contracts approved
Draft from MRSC	8-10		20% complete
Long List Presentation to AC	August		
Short list to SAAG and HB			
Short list to AC	September		
Draft Leg Language to SAAG	September		
Final Leg Language	October 1		
<b>Survey</b>			
Contract	7-9-2007	ALP	Pending signature by MO
Questions	7-10-2007	ALP	Draft for discussion
Address/Phone Info	7-10-2007	WSAC/WACO	Request to WSAC/WACO

<b>Survey starts</b>	<b>7-25</b>	<b>WSU – Kent Miller</b>	
<b>Draft Report</b>	<b>9-20</b>	<b>WSU</b>	
<b>Presentation to AC</b>	<b>September?</b>	<b>WSU</b>	
<b>Final Report</b>	<b>10-1</b>	<b>WSU</b>	
<b>Case Studies</b>			
<b>Scope</b>	<b>7-2-2007</b>	<b>ALP</b>	<b>Approved</b>
<b>Solicitation</b>	<b>7-6-2007 to 7-20</b>	<b>ALP</b>	
<b>Contract</b>	<b>8-1</b>	<b>ALP</b>	
<b>Draft Report</b>	<b>10-1</b>	<b>Vendor</b>	
<b>Present to AC</b>	<b>October</b>	<b>Vendor</b>	
<b>Final Report</b>	<b>10-15</b>	<b>Vendor</b>	
<b>Mapping</b>			
<b>Agree on Format</b>	<b>7-5</b>	<b>HB, JM, DW, ALP</b>	<b>Complete</b>
<b>First three data point complete</b>		<b>JM, HB, DW</b>	<b>In process</b>
<b>Finalize additional data needs</b>	<b>7-20</b>		
<b>Draft complete</b>	<b>8-20</b>	<b>JM, HB, DW</b>	
<b>Present to AC</b>	<b>September</b>	<b>JM, HB, DW</b>	
<b>Final Complete</b>	<b>September</b>	<b>JM, HB, DW</b>	
<b>Stakeholders</b>			
<b>Key Legislators and OFM review scope</b>	<b>6-15-2007</b>	<b>ALP and Marie S</b>	<b>Complete</b>
<b>Briefings of other Legislators</b>	<b>July-Aug</b>	<b>Marie S</b>	<b>Under way</b>
<b>Progress Meeting with Legislators and OFM</b>	<b>September Leg Weekend</b>	<b>Marie S</b>	<b>Request to Legislators</b>
<b>Final briefing of Legislators and OFM</b>	<b>December</b>	<b>Marie S and ALP</b>	
<b>Info on study to WACO and WSAC members</b>	<b>June</b>	<b>Working Group</b>	<b>Complete</b>
<b>AC Appointments</b>	<b>7-6-2007</b>	<b>Bill, Debbie and MO</b>	<b>Complete</b>
<b>AC Facilitator</b>		<b>HB</b>	<b>Interviews 7-18</b>
<b>AC First Meeting</b>	<b>7-27-2007</b>	<b>Debbie and ALP</b>	<b>Agenda packet out</b>
<b>AC Meeting Schedule</b>	<b>7-27-2007</b>	<b>Facilitator</b>	<b>Suggested dates to Committee</b>

## **Ferry County Management and Organization Review**

**October 2005**

**Purpose: Identify alternative actions to improve Ferry County's fiscal position**

### **Management Issues:**

- **Increase revenue or decrease expenditures by \$1.1 to \$1.3 M dollars per year**
- **Replace \$40 M dollars or 53 miles of paved county roads**

### **Conclusions:**

- **Tax Base will not support basic local government services**
- **Small population counties revenue base is significantly different from other counties in the state**
- **Ferry County does not compensate more, nor employ more employees than similar Counties**
- **New revenue available in 2006 will address only 10% of the problem**
- **State or Federal grant programs will not address \$40 M dollar road need**
- **Ferry County can not address their fiscal issues alone**

### **Ferry County Recommended Alternative Actions:**

- **Adopt extraordinary tax measures (*up to \$183,000*)**
- **Fully fund Special Revenue Funds through contracts and fees (*up to \$75,000*)**
- **Use property portfolio to create revenue**
- **Foster long term tax base growth through economic development**
- **Downsize Jail, revise method of acquiring public defense services and make other selected staff reductions of 2 to 3 FTE (*up to \$370,000*)**
- **Charge grants and special revenue funds more for current expense fund services (*up to \$35,000*)**

### **State of Washington Recommended Alternative Actions for Small Population Counties:**

- **Establish a Basic State Allocation from the General Fund to support basic services (*\$604,000 to \$5.7 M*)**
- **Broaden the use of REET (conservation), Conservation Futures property tax and 0.08 diverted state sales tax; allow all court fees and fines to be kept locally (*up to \$600,000*)**
- **Change State law to allow departments headed by elected officials to be consolidated and more multi-county service delivery (*up to \$126,000*)**
- **Revise revenue payment schedule for SB 6050 to address cash flow requirements (*up to \$269,000*)**
- **Increase State investment in technology, roads, recreational facilities and buildings.**
- **Increase technical assistance in key areas – financial management, management capacity and alignment of GMA and economic development.**
- **Create single State agency umbrella contracts for county grants and services**

***WASHINGTON STATE  
LOCAL GOVERNMENT FISCAL STRESS  
ANALYSIS:***

**A Comparison to State Assistance Under Senate Bill  
6050**

**Washington State Office of Financial Management**  
Victor Moore, Director  
Scott Merriman, Director of Legislative Affairs

Contributions by the Washington State Department of Community, Trade and  
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December 2006

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# EXECUTIVE SUMMARY

## Purpose

In April 2006 the Office of Financial Management (OFM) requested that the Department of Community, Trade and Economic Development's Local Government Division assist them with an analysis, using contemporary methods, of local government financial condition in Washington's 320 cities and counties. Specifically OFM wanted to know the answer to the question: *"Are the 'right' local governments receiving state assistance under Senate Bill 6050 (RCW 43.08.290) passed by the State Legislature in 2005?"*

## Approach

A nationally recognized method of assessing local government financial condition was used to evaluate the financial distress of Washington's counties and cities. The financial indicator method has been in use for over 30 years in individual local governments and in some states and has been refined with time. Ten key indicators of financial condition were selected for Washington cities and counties. These indicators are used to determine which jurisdictions in the state were experiencing the most financial stress based on data collected between 1994 and 2004. Data was collected from generally available state sources for all 39 counties and 281 cities. The group of selected indicators was balanced to reflect the health of each local government's revenue base (resource supply), demand factors driving local government service delivery (service demand), and the financial results of operations.

## Conclusions

1. If the intention of the state is to provide SB 6050 financial assistance to counties and cities that are in the greatest financial need, then based on the results of the financial stress analysis, a smaller group of cities and counties would be receiving assistance under Senate Bill 6050. Compared to the group of 191 counties and cities receiving assistance in 2006, 144 local governments (121 cities and 23 counties) were found to be distressed. A local government was defined as distressed if it was classed as "stressed" in four or more of the ten financial condition indicators.
2. An additional 24 cities did not have complete data available and may also fall into the distressed category. Therefore the total number of distressed cities may range from 121 to 145.
3. The financial condition of Washington's local governments generally declined during the 1994-2004 decade based on the selected stress indicators. Of the ten indicators of financial health: two improved over the decade, five showed decline, and three had mixed results or could not be comparatively measured. Continued monitoring of local government financial condition over time would increase the number of measures that could be comparatively measured. The following table summarizes the statewide results for each indicator.

## Summary of Indicator Results

Indicator	Benchmark of Financial Condition	Change Over the Period 1994 to 2004
<i>General Fund Revenue Per Capita</i>	Low general fund per capita revenue is one indicator of an inadequate level of resources to meet service delivery requirements.	The number of jurisdictions with very low general fund per capita revenue decreased over the decade (from 88 to 62) showing a slight improvement in this indicator overall.
<i>Revenue Elasticity</i>	Elasticity measures whether a local government's revenue growth keeps pace with its economy by comparing revenue changes to changes in per capita personal income. State government's revenue elasticity generally is 90% of the state's economic growth as measured by changes in personal income.	23% of counties and 30% of cities had revenue base growth of less than 90% of their economic growth. Of the cities with low elasticity 29 (or 11% of all cities) experienced overall revenue declines for the decade. There are a relatively large number of local governments whose revenue base grows at rates below those of its economy and therefore may have fewer resources to address service delivery requirements.
<i>Cash Balance</i>	A cash balance of 5% or less is generally regarded by debt rating agencies as a red flag.	The number of counties with cash balances of 5% or less increased over the decade from 2 to 4. The number of cities with low cash balances declined from 37 to 25 however, eight cities reported zero or a negative cash balance (technically insolvent) in 2004 a small increase over 1994. The decade change for this indicator was mixed.
<i>Proportion of Expenditures Used for Capital or Debt</i>	A high (15% to 20% or greater) proportion of operating expenditures used for debt service is considered a warning signal by rating agencies. Capital expenditures were included for Washington local governments due to the high level of pay-as-you-go financing.	Capital and debt expenditures on average increased from 25% to 27% over the decade. The number of cities having greater than 27% expenditures increased over the decade from 128 to 138 (or 49% of all cities). The number of counties expending 27% or more for capital decreased slightly from 9 to 8 over the decade (or 20% of all counties). This indicator showed a moderate increase in the proportion of capital

Indicator	Benchmark of Financial Condition	Change Over the Period 1994 to 2004
		<p>spending overall resulting in a general increase in fiscal stress.</p>
<i>Proportion of Revenue Restricted for Specific Uses</i>	<p>An increasing proportion of restricted revenue over time is seen as reducing a government's ability to respond to changing citizen needs.</p>	<p>The average proportion of restricted local government revenue increased for both cities and counties over the decade indicating a higher level of fiscal stress overall. Restricted revenue on average topped 50% for counties (53% in 2004). Overall fewer (49 vs. 35) local governments had a very high proportion of restricted revenue.</p>
<i>Property Tax Burden</i>	<p>Compared to other states Washington's local governments have a relatively low to moderate property tax burden. Nationally, distress is defined as annual overlapping property taxes that exceed 2% of property market value.</p>	<p>Property tax limitation Initiatives passed during the study decade have affected the small number of jurisdictions with even a moderate level of tax burden compared to national benchmarks. The number of local governments with moderate tax burden related stress indicators decreased from 27 to 11 (or 3% of all local governments) between 1994 and 2004 showing improvement overall.</p>
<i>General Fund Operating Gaps</i>	<p>Local governments who had four or more general fund operating gaps during the decade (where annual expenditures exceeded annual revenue) combined with three or more aggregated special fund operating gaps were classified as stressed. In addition, local governments with two operating gaps in the last three years were classed as stressed. Two operating gaps out of five years are viewed negatively by rating firms.</p>	<p>Over the decade the number of local governments with general fund operating gap years has varied with a measurable increase in the last three years. All local governments statewide combined spent more than the revenue received in their general funds statewide during two years in the decade the most recent being 2002-2003. One hundred and seventy one cities (or 61%) and twenty two counties (or 56%) met the operating gap stress benchmarks in 2004.</p>
<i>Economic Condition</i>	<p>Lack of growth in population, and employment or low per capita personal income is an indicator of economic stress effecting revenue collections and service demand.</p>	<p>Forty three local governments (or 13% of all local governments) lost service population over the decade. Per capita personal income was in the bottom quartile for the state in 9% of local governments.</p>

Indicator	Benchmark of Financial Condition	Change Over the Period 1994 to 2004
		Employment growth was less than 1.5% (one half the state's average) for one third of the state over the last three years. Lack of employment growth was increased stress for one third of the state.
<i><b>Tax Base Condition</b></i>	Local governments are considered stressed whose major tax revenues per capita (property and sales taxes) were measured as 50% below the state average or median.	The number of local governments with low per capita sales tax revenue declined slightly over the decade but remained relatively high at 38% of all local governments in 2004. The number of local governments with low per capita assessed value increased over the decade to 23% of all local governments. Overall the number of jurisdictions with tax base related stress is higher.
<i><b>Service Demand</b></i>	Low density generally increases the cost per unit of service delivery. High proportions of DSHS clients or high school dropouts are indicators of high service demand which may place a higher than typical stress on local government resources.	Based on the measures for which data is available for the decade this indicator shows a slight decline overall with slightly more local governments showing stress. Since 2000 one fewer county and six fewer cities have population densities below the benchmark showing a slight improvement in the number of local governments with low service delivery density. The number of local governments with low assessed property value per square mile has increased over the decade from 88 in 1994 to 98 in 2004 (or 31% of all local governments). The change over the decade in dropout rates and DSHS clients could not be measured since the data being used was not collected in 1994.

4. Local Governments that had four or more stress indicators are generally smaller in population and are grouped in three areas of the state (northeast, southeast and south central/west). In addition, San Juan and Kitsap Counties and more than half of the cities in Skagit and Spokane Counties were classed as stressed.

5. There is a high degree of overlap between the groupings of local governments with high levels of financial stress and local governments with low employment and personal income growth. Any programs that affect the economic health of these regions of the state over the long term may also improve the financial health of the associated local governments.
6. There are 17 individual jurisdictions whose unique circumstances caused them to be ranked as “high stress” that fall outside the three statewide groupings.
7. There may be additional cities that fall within the “high stress” category that could not be completely measured in the financial stress analysis due to lack of data. These jurisdictions fall into roughly two categories, those 11 cities that were incorporated during the 1994 to 2004 time frame or those 19 cities that did not consistently report their financial data to the State Auditors Office. Several of those cities that did not report data show other indicators of financial stress and non-reporting may be an outcome of the circumstances they face.
8. The state of Washington has provided individual (Ferry County in 2005) and programmatic aid to financially stressed local governments over time. Washington does not monitor or report on the financial condition of local governments based on consistently reported measures unlike some other states. State statutes provide for local governments to declare insolvency (RCW 39.64 Taxing District Relief and RCW 35.21.750 Public Corporations – Insolvency), but to date no local government has used these statutes.
9. During the last forty years nationally there has been operating insolvency or debt default by local governments in other states. These local governments have been temporarily re-organized, come under state or judicially ordered independent control, or found themselves subject to budget supervision by the state. Washington does have well defined protections in place for some high financial risk areas in local government operations that have caused significant financial issues for other local governments nationally. Two examples are investment restrictions and funded retirement programs. There are other areas of high financial risk however for Washington local governments.
10. The state has an interest in the financial viability and effective management of local governments because they are a key partner in the delivery of state programs. Counties and cities are important strategic partners in the delivery of \$20.7 billion in non-education related governmental services in Washington (Legislative Evaluation and Accountability Program, 2004). The largest joint expenditures were for Criminal Justice - \$3 billion (33% state; 37% county; 30% city); Transportation - \$3.6 billion (46% state; 34% county; 20% city), and Health and Human Services - \$9.1 billion (94% state; 6% county; 1% city). States across the nation have a stake in local governments’ fiscal health and condition since local fiscal crises can affect the state’s bond ratings, the economic development potential of the state, and the quality and quantity of public services.

## Recommendation

Re-aligning SB 6050 assistance to focus on the most distressed local governments in the short term may assist them to reduce their immediate level of distress. It may be appropriate to evaluate distributing all or a portion of SB 6050 assistance in a manner that provides a larger proportion of assistance to the most stressed jurisdictions. Short term assistance may also provide a window of opportunity for these local governments to focus on strategies to eliminate their financial distress over the longer term.

It is likely that SB 6050 assistance alone will not be sufficient to address the most distressed local governments' basic service delivery requirements because the amount of assistance in most cases is smaller than the local government's need.

## Additional Options for Consideration

Since it is likely that SB 6050 assistance alone will not be sufficient to address the most distressed jurisdictions' short and long term basic needs, there are other options to consider that may address the needs of Washington's financially distressed local governments:

- Create a customized menu of state assistance/intervention for each of the three stressed "regions" and "island" jurisdictions as a whole. State policy makers could use these customized menus to provide the most effective intervention resources for the state as a whole while taking into account unique regional circumstances.
- Identify existing revenue sources that can be modified or expanded to address the needs of financially stressed jurisdictions, such as:
  - Increasing the state's share of financing for locally administered courts and health services.
  - Replacing "non-supplanting" language in statutes related to select local government revenue.
  - Implementing recommendations from the *Ferry County Management and Organization Review* conducted in October 2005.
- The state has a significant number of programs that provide operating support to local governments. Providing information to program managers about which local governments face severe financial stress may better inform resource allocation decision making and help financially stressed local governments.
- As part of the Government Management, Accountability and Performance (GMAP) program or other existing performance evaluation programs, periodically evaluate and consistently report on the financial condition of local governments statewide to gauge change and identify needed intervention. Assess where significant improvements have occurred and identify when appropriate best practices can be shared from state and local actions.

## PURPOSE OF THE STUDY

In April 2006 the Office of Financial Management (OFM) requested that the Department of Community, Trade and Economic Development's Local Government Division assist them with an analysis, using contemporary methods, of local government financial condition in Washington's 320 cities and counties. Specifically OFM wanted to know the answer to the question: *"Are the 'right' local governments receiving state assistance under Senate Bill 6050 (RCW 43.08.290) passed by the State Legislature in 2005?"*

This question arose because some local governments were reporting severe financial distress and have asked the state to intervene. Ferry County requested that the state supplement its operating fund in 2005 and Columbia County has indicated that it is experiencing similar difficulties. Recently some smaller cities have also reported severe financial difficulties. OFM wanted to determine which cities and counties were under the most financial stress and how those cities and counties compared to the list of cities and counties that were receiving assistance under SB 6050.

# BACKGROUND

## SENATE BILL 6050

Senate Bill 6050 was adopted by the State Legislature to provide financial assistance to local governments effected by the passage of Initiative 695 in November 1999 which repealed the Motor Vehicle Excise Tax. The MVET had been forecasted to generate approximately \$1.6 billion in revenues during the fiscal 1999-01 biennium. The MVET statute apportioned 23.6% of collections to counties, cities, and public health districts for the purposes of criminal justice assistance, fire and police protection, sales tax equalization, and public health totaling approximately \$189 million per year. For some jurisdictions, MVET assistance represented a relatively significant part of their operating budget. The final MVET distributions to jurisdictions occurred in January 2001.

From 2001 to 2005 annual state appropriations provided some replacement financial assistance to counties and cities. The appropriation for 2003-05 provided \$14 million to the cities and counties with the lowest taxing capacity. SB 6050 replaces these annual appropriations by reducing the portion of the Real Estate Excise Tax (REET) deposited in the Public Works Assistance Account (PWAA) from 7.7% to 6.1%, and deposits 1.6% of the REET into the new city-county assistance account.

The Real Estate Excise Tax is imposed on the sale of real property at 0.28% of the sale price. The Public Works Assistance Account assists local governments with low interest loans for roads and bridges, water and waste water systems, and solid waste and recycling facilities. The level of funding for SB 6050 assistance (estimated at \$12 million per year) is split equally between cities and counties. A separate distribution formula for cities and counties is specified. The bill also requires the Joint Legislative Audit and Review Committee to determine the extent to which the distributions to cities and counties target the funding shortfalls created by the repeal of the Motor Vehicle Excise Tax. The report is due December 31, 2008.

In 2005 Ferry County requested that the state intervene and provide supplemental operating funds sufficient for the County to meet expenses. The state (through an appropriation from the Governor's emergency fund) provided \$150,000 and required that a management review be completed. The *Ferry County Management and Organization Review* was completed in October 2005. The Review found that Ferry County had insufficient revenue and an insufficient revenue base to meet on-going basic operating expenses and would likely need continued state assistance. From the data gathered for the Review, some of the state's other small population counties appeared to be similarly situated. In 2006 Columbia County reported that it was experiencing significant financial distress and reports appeared of some smaller cities also experiencing difficulties.

## METHODOLOGY

In order to determine the level and extent of local government financial distress, nationally recognized methods of measuring local government financial condition were selected (Greisel and Kloha, 2005). The local government financial condition indicator analysis

method selected for this study has been in use for approximately 30 years. Much of the early work with this method picked a relatively large number of indicators (frequently around 30) that would be tracked over time for an individual city or county. As the methodology matured, the numbers of indicators became smaller and more self explanatory to a wider audience. States began measuring local government financial condition using indicators in the 1980's.

Ten indicators of financial condition that represented a balance between measures of operating position, revenue (or resources), and service delivery (or demand) were selected for the purpose of this analysis. Indicators were selected based on their use nationally and the availability of comprehensive data for all cities and counties in Washington. Emphasis was placed on measures as predictors of financial distress rather than indirect measures (such as legal compliance with accounting or internal control requirements) or measures of financial failure (such as default on debt) (Kloha, 2005). Predictive measures provide more information about the underpinning or drivers of distress than measures that show financial failure.

Data was collected for 1994 through 2004 in order to be able to measure changes over time. This time period brackets the repeal of the Motor Vehicle Excise Tax and provides at least a decade of comparative data. Local government financial results were influenced during this period by a number of factors other than the repeal of MVET. Other factors include widely varying economic conditions; the impact of property tax limitation initiatives; and the implementation of the state's Growth Management Act (GMA). The Act accelerated annexation and incorporation activity by cities of unincorporated county areas, creating changes in service delivery and land use patterns statewide.

The ten financial indicators selected for this analysis are presented individually in the following pages. A page of narrative and a map of the "financially distressed" counties and cities are included for each indicator. The narrative contains a detailed discussion of each indicator and its measure(s) describing how it is calculated; how the indicator is interpreted; the benchmarks used; the source of data; and the selected "point of distress."

A city or county is considered "distressed" if four or more indicators of stress are registered for that individual city or county. After looking at what other state's have done it was clear that picking too many indicators (for example 8 or more stress points out of 10) lead to a system that did not really identify local governments with significant stress early enough to provide intervention. Picking too few (for example one stress point) resulted in "false alarms" and/or a number too large for policy makers to find believable. In Washington, there are several jurisdictions that have had significant financial issues for a number of years, which many would judge to be in fiscal crisis at the present time. Added to these jurisdictions are those that show symptoms of financial distress. This last group, if addressed early enough, would potentially prevent more difficult problems. The number 4 was selected in an effort to capture both those jurisdictions in the most distress and those that were headed in the same direction. The number could be increased (e.g. 5), but likely not decreased and still be credible.

A summary of the most distressed Washington cities and counties with four or more stress points compared to those cities and counties receiving SB6050 assistance appears at the

beginning of the section on indicator results. Specific data for each indicator is included in the appendix.

Six of the measures in this analysis rely on data that is available from the Local Government Financial Reporting System maintained by the State Auditor's Office. For the decade reviewed in this study, all counties reported their financial data every year with 93% or 262 of 281 cities reporting. The appendix summary tables show an asterisk (\*) by those cities with missing data. In addition to the cities that did not report, 11 new cities were incorporated over the decade. These cities do not have data available for some measures for the years prior to incorporation.

The Local Government Financial Reporting System (LGFRS) is the only comprehensive source of financial reporting data available for all cities and counties statewide. LGFRS has limitations including that the local governments themselves report the data and in many cases it is pre-audit data. Indicator systems across the country vary in the number and type of indicators that have been selected to measure financial stress or condition but almost all systems rely to some extent on data from local government annual financial reports. When there was another source of data that has been audited, tested or generally accepted that data was used instead of LGFRS data. 2004 data was consistently used, even when later data (e.g. 2005 data) was available to provide a consistent decade measure for each indicator (1994 to 2004) and to provide consistency between indicators, avoiding the use of different time periods for each measure.

Alternative methods of conducting the financial condition analysis were reviewed and, in some cases, tested. For example, a weighing system was tested by selecting "more important" and "less important" measures. The results of the test weighing system did not vary significantly from the results of an un-weighted analysis and added an additional layer of subjective judgment. In effect, by selecting equal numbers of indicators that measured resources, service demand and results of operations those three factors were equally weighted. Finally, statistical weighing systems work better when there is a clear or statistically tested method of determining which indicators should receive the most weight. Since there are so many variables involved in evaluating local governments with such a wide range of characteristics that change over time it would be hard to construct a valid weighting system.

The selected analysis method was compared to the results of national research on the effectiveness of indicator systems in predicting financial distress to determine whether the design met the predictive criteria developed in that study (Kloha, 2005). In addition, the draft analysis was reviewed for comments by the Association of Washington Cities and Washington State Association of Counties staff.

Setting the point for each indicator that divided stressed jurisdictions from jurisdictions not experiencing stress from a given factor was the most difficult part of the analysis. In general, when a national benchmark was available for a given indicator (e.g. 5% cash balance as established by bond rating agencies) then the national benchmark was used. When a national benchmark was not available or could not be applied to Washington then a general rule of 50% below the state average or median (lowest quartile) was used. A 50% level was selected

in order to distinguish between those that are significantly different from the norm and those that vary somewhat.

## **THE STATE'S ROLE IN LOCAL GOVERNMENT FISCAL CRISIS**

American history contains many instances of localities in financial difficulty. In the 1870s, approximately one-quarter of the indebtedness of major local governments was in default, primarily as a result of carpetbagger governments and railroad-aid bonds (Advisory Commission on Intergovernmental Relations, 1985). In the 1970s and 1980s, some of the nation's larger local governments, including New York, Philadelphia and Orange County, California, faced tremendous financial difficulties and were helped out by their states. In 2002 a survey of all states found that 36 states reported one or more local governments in fiscal crisis in recent history (Honadle, 2003). In most of these instances, the state's role was reactive—stepping in when the emergency was evident. As a result of these experiences, states have also developed more proactive approaches in which they try to recognize problems and have mechanisms for dealing with them before they balloon into fiscal crises. Key to these proactive approaches is the choice of fiscal indicators to predict pending distress early enough that state or local actions can alleviate the fiscal difficulties (Cahill & James, 1992). These indicators are key to state intervention—an intervention that can be controversial because it may be uninvited and may conflict with the local autonomy.

Nationally, states vary in the role that they play in monitoring and/or intervening in a local government “fiscal crisis.” Fifteen states use some form of an indicator system to monitor the financial condition of local governments (Honadle, 2005 and Greisel, 2005). These states are Alaska, Connecticut, Florida, Illinois, Maryland, Massachusetts, Michigan, Nevada, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, and West Virginia.

An additional six states monitor or regulate local governments in poor financial condition in some other way. The states vary in their approach to intervention. While some states provide information on indicator results to local elected officials, the state legislature and/or the general public or create “watch lists;” other states intervene by providing additional funds for operations or debt payments, management assistance or economic development, approving budgets and certifying financial officers, or in the extreme, taking control of the local jurisdiction (Honadle, 2005 and Greisel, 2005).

As an example, the state of Pennsylvania passed Act 47 in 1987 that required local governments to annually report on 27 indicators related to their fiscal condition. Local governments who are classified as fiscally stressed qualify for state assistance in the form of technical assistance (up to \$100,000) and grants and loans aimed at returning the community to a sound fiscal footing. Twenty-two cities and boroughs have been designated as fiscally stressed since 1987 including the City of Pittsburgh.

Washington State adopted a statute in 1935 (RCW 39.64 Taxing District Relief) that provided authority for a local government to declare bankruptcy under federal statutes, appoint receivers, and reorganize. In 1974 the state adopted RCW 35.21.750 Public Corporations – Insolvency, which provides for the Superior Court in the appropriate County to appoint receivers or trustees. There appears to be no known use of either of these statutes by cities, towns or counties in the state.

The State Auditor's Office has the responsibility for financial and performance audits of local governments. The performance audit requirement is relatively new and the audit standards have not yet been developed. Financial audits do require that an entity be a "going concern" and the State Auditor does report to the local legislative authority if this test was not met in the last financial reporting period. The State Auditor's Office does not at this time routinely report or track specific or general indicators of financial condition. While programmatic and individual financial assistance has been provided to specific local governments over time currently there is no state agency oversight or general program of assistance to local governments in poor financial health with the exception of SB 6050 assistance.

The state has an interest in the financial viability and effective management of Washington local governments as a key partner in the delivery of state programs. Counties and cities are important strategic partners in the delivery of \$20.7 billion in non-education related governmental services in Washington (Legislative Evaluation and Accountability Program, 2004). The largest joint expenditures were for Criminal Justice - \$3 billion (33% state; 37% county; 30% city); Transportation - \$3.6 billion (46% state; 34% county; 20% city), and Health and Human Services - \$9.1 billion (94% state; 6% county; 1% city). States across the nation have a stake in local governments' fiscal health and condition since local fiscal crises can affect the state's bond ratings, the economic development potential of the state, and the quality and quantity of public services.

# TEN INDICATORS OF WASHINGTON LOCAL GOVERNMENT FINANCIAL CONDITION

Following are a summary comparing the most distressed local governments to the list of local governments receiving SB 6050 assistance and the results for each individual indicator. Each of the ten indicators of financial condition selected for Washington local governments are measured using one or more sets of data generally available for all jurisdictions between 1994 and 2004. One page of narrative for each indicator is followed by a map(s) that provides a visual summary of the counties and cities that fall below the selected stress benchmark for that indicator. The narrative includes:

- name and number of the indicator;
- how the indicator is measured;
- what the benchmarks are, and how the “line” was drawn defining stress;
- how the indicator/measure is interpreted;
- data sources for the indicator;
- findings; and
- noted changes from 1994 to 2004

## Summary of the Ten Indicators

The following map shows the counties (shown in blue) and cities (indicated under each county name by words e.g. “3 out of 8 cities”) that were determined to be the most distressed based on the data and benchmarks selected for the ten indicators of local government financial condition. In order to fall into the distressed category a city or county had to have a score of four or more stress points. A county or city received a point for each measure where they fell below the selected stress benchmark. A summary of all the scores for each jurisdiction is listed in the appendix. A second map is included for comparison showing the counties and cities that received SB 6050 assistance in 2006.

-- Map is in document available on line -- [http://ftp.cted.wa.gov/cdbg/FINAL\\_TO\\_SCOTT\\_1-11-07.pdf](http://ftp.cted.wa.gov/cdbg/FINAL_TO_SCOTT_1-11-07.pdf)

## APPENDIX

### Counties Sorted by Stress Score

County	Indicator 1	Indicator 2	Indicator 3 Cash Balance	Indicator 3 Diverted Road Tax	Indicator 4	Indicator 5	Indicator 6	Indicator 7	Indicator 8 Population	Indicator 8 Unincorporated Population	Indicator 8 Personal Income	Indicator 8 Employment Growth	Indicator 9 Assessed Value	Indicator 9 Sales Tax	Indicator 10
Skagit															
Whatcom															
Benton												1			
Island	1														
Pierce										1					
Thurston	1														
Chelan															1
Clallam								1							1
Cowlitz				1				1							
Grays Harbor								1							1
King						1				1					
Mason	1			1											
Jefferson				1				1							1
Lewis			1					1							1
Snohomish	1				1			1							
Spokane								1		1			1		
Grant						1		1					1		1
Kittitas								1				1			1
Klickitat												1		1	1
Pacific	1	1										1			1
San Juan				1		1		1				1			
Skamania		1												1	1
Walla Walla						1				1		1			1
Adams						1		1				1			1
Kitsap	1		1	1	1			1							

County	Indicator 1	Indicator 2	Indicator 3 Cash Balance	Indicator 3 Diverted Road Tax	Indicator 4	Indicator 5	Indicator 6	Indicator 7	Indicator 8 Population	Indicator 8 Unincorporated Population	Indicator 8 Personal Income	Indicator 8 Employment Growth	Indicator 9 Assessed Value	Indicator 9 Sales Tax	Indicator 10
Pend Oreille		1						1						1	1
Clark	1			1	1	1		1		1					
Douglas	1					1		1		1					1
Asotin	1				1			1				1	1	1	1
Franklin		1	1		1					1	1		1		
Garfield		1			1	1	1					1			1
Whitman		1					1			1	1		1		1
Yakima	1				1	1				1			1		
Lincoln			1	1		1		1				1			1
Okanogan	1	1	1					1					1	1	1
Wahkiakum		1	1			1		1						1	1
Columbia				1	1	1		1	1	1		1			1
Stevens	1	1						1			1	1	1	1	1
Ferry	1			1		1		1			1	1	1	1	1
<b>State</b>	<b>13</b>	<b>9</b>	<b>6</b>	<b>9</b>	<b>8</b>	<b>13</b>	<b>2</b>	<b>22</b>	<b>1</b>	<b>10</b>	<b>4</b>	<b>13</b>	<b>9</b>	<b>8</b>	<b>23</b>

## Counties Sorted Alphabetically

ID	County	Indicator 1	Indicator 2	Indicator 3 Cash Balance	Indicator 3 Diverted Road Tax	Indicator 4	Indicator 5	Indicator 6	Indicator 7	Indicator 8 Population	Indicator 8 Unincorporated Population	Indicator 8 Personal Income	Employment Growth	Indicator 9 Assessed Value	Indicator 9 Sales Tax	Indicator 10 Population Density	Assessed Value Per Sq. Mile
100	Adams						1		1				1			1	1
200	Asotin	1				1			1				1	1	1	1	
300	Benton												1				
400	Chelan															1	
500	Clallam								1							1	
600	Clark	1			1	1	1		1		1						
700	Columbia				1	1	1		1	1	1		1			1	1
800	Cowlitz				1				1								
900	Douglas	1					1		1		1					1	1
1000	Ferry	1			1		1		1			1	1	1	1	1	1
1100	Franklin		1	1		1					1	1		1			
1200	Garfield		1			1	1	1					1			1	1
1300	Grant						1		1					1		1	
1400	Grays Harbor								1							1	
1500	Island	1															
1600	Jefferson				1				1							1	
1700	King						1				1						
1800	Kitsap	1		1	1	1			1								
1900	Kittitas								1				1			1	
2000	Klickitat												1		1	1	1
2100	Lewis			1					1							1	
2200	Lincoln			1	1		1		1				1			1	1
2300	Mason	1			1												
2400	Okanogan	1	1	1					1					1	1	1	1
2500	Pacific	1	1										1			1	
2600	Pend Oreille		1						1						1	1	1
2700	Pierce										1						
2800	San Juan				1		1		1				1				

ID	County	Indicator 1	Indicator 2	Indicator 3 Cash Balance	Indicator 3 Diverted Road Tax	Indicator 4	Indicator 5	Indicator 6	Indicator 7	Indicator 8 Population	Indicator 8 Unincorporated Population	Indicator 8 Personal Income	Employment Growth	Indicator 9 Assessed Value	Indicator 9 Sales Tax	Indicator 10 Population Density	Assessed Value Per Sq. Mile
2900	Skagit																
3000	Skamania		1												1	1	1
3100	Snohomish	1				1			1								
3200	Spokane								1		1			1			
3300	Stevens	1	1						1			1	1	1	1	1	1
3400	Thurston	1															
3500	Wahkiakum		1	1			1		1						1	1	1
3600	Walla Walla						1				1		1			1	
3700	Whatcom																
3800	Whitman		1					1			1	1		1		1	1
3900	Yakima	1				1	1				1			1			
4000	State	13	9	6	9	8	13	2	22	1	10	4	13	9	8	23	13

**Suggested Future Meeting Dates**  
**COUNTY FISCAL HEALTH AND GOVERNANCE ALTERNATIVES**  
**ADVISORY COMMITTEE**

<b>Month or Key Dates</b>	<b>Suggested Committee Meeting Dates</b>	<b>Potential Agenda Topics</b>
<b>August</b>	Thursday Morning Aug 16	Feedback on Financial Health Study; Discussion of long list of Governance Alternatives; Overview of Survey Instrument and Schedule
<b>September</b>	Thursday Morning Sept 13	Feedback on Draft System Mapping Results
	Wednesday Afternoon Sept 26	Feedback on Draft Survey Results and Short list of Governance Alternatives
<b>September 27-28</b>		Legislative Committee Meetings
<b>October</b>	Thursday Morning October 11	Feedback on Draft Case Study Results and Draft Background Section
	Thursday Morning October 25	Feedback on Study Recommendations
<b>November 1</b>		Draft Document for OFM Review
<b>End of November</b>		Legislative Committee Meetings
<b>December 1</b>		Final Document to Governor and Legislature