

Small Cities & Towns

Challenges, Opportunities, and Celebrations



1

Agenda

- Opportunities
 - Legislative
 - Partnerships
 - Resources
- Challenges
- Celebrations



2

Opportunities

Legislation



3



Pulse Check

Who followed the 2023 legislative session?

4

2023 Session Recap

- 105-day session
- 2,162 bills introduced – AWC tracked ~500 bills
- 475 bills signed into law
- \$69.3 billion for FY23-FY25 budget



5

Highlights for Small Cities

- SB 5457 – GMA Comprehensive Periodic Update
- SB 5374 – Critical Areas Ordinance
- HB 1621 – Updated Procurement Standards
- HB 1086 – Contract Limits with Community Service Organizations
- HB 1577 – Contract Limits with Municipal Officers
- HB 1056 – Retire/Rehire Adjustment for Public Employees
- HB 1050 – Apprenticeship Utilization Requirements



6

SB 5457 – GMA Comprehensive Periodic Update | Sen. Shelly Short (R-Addy)

Cities with a population under 500, who have experienced less than 10% growth over the preceding decade would be allowed to update only two elements of their comprehensive plan – rather than the full extensive review.

Commerce shall review the population growth rate for a city or town participating in the partial review at least three years prior to when the update is due and notify cities or towns of their eligibility. A city or town that opts out of a full review and revision of its comprehensive plan must update its critical areas regulations as well as its capital facilities element and its transportation element as part of its scheduled update.



7

SB 5374 – Critical Areas Ordinance | Sen. Shelly Short

A city with a population under 25,000 may adopt the county's critical areas regulations by reference to satisfy the requirements to designate and protect critical areas.

If a city chooses to adopt the county regulations by reference, the city must incorporate future amendments to critical areas policies and development regulations of the county. A city that adopts the county's critical areas regulations by reference is not required to take legislative action to review and update development regulations protecting critical areas.

If grant funding is available for a local jurisdiction's periodic comprehensive planning update, and a city has adopted by reference the county's critical areas regulations, the county in which the city is located is entitled to receive a portion of the city's grant funding that would otherwise have been used for updating the city's critical areas regulations.



8

HB 1086 – Contract Limits with Community Service Organizations | Reps. Shavers (D–Oak Harbor) & Ryu (D–Shoreline)

Under RCW 35.21.278, cities have had the ability to bypass competitive bidding laws and contract directly with community service organizations on projects to preserve, maintain, and enhance local parks, trails, and open spaces. Since 1988, these contracts have been limited to \$25,000 or two dollars per resident within the city limits, whichever is greater.

HB 1086 increases the total annual contract limit to \$75,000 or two dollars per resident, whichever is greater. This increase will be beneficial to cities with a population under 12,500 as it will greatly expand the scope of projects with which they can partner with community service organizations.



Have you worked with a CSO?



HB 1577 – Contract Limits with Municipal Officers | Rep. Joe Schmick (R–Colfax)

The State has always had strict rules regarding when and how municipal officers can directly or indirectly financially benefit from a contract with a local government. One exception to these rules is when the contract falls under a certain dollar limit.

This bill increases contract limits between cities and municipal officers from \$1,500 a month to \$3,000 a month. Additionally, the bill allows second class cities, towns, or non-charter optional code cities to exceed the \$3,000 monthly limit but cannot exceed \$36,000 in any calendar year. This increased limit will aid small cities as they respond to emergent needs and issues in their communities.



11

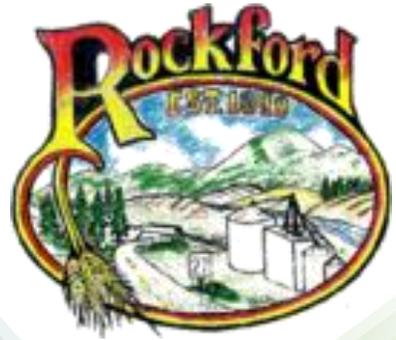
Example: Rockford



12

Example: Rockford

- Micro-burst in August
- Maxed out previous limit
- Major winter weather in November/December
- Unable to provide assistance



13

HB 1056 – Retire/Rehire Adjustment for Public Employees | Rep. Drew Stokesbary (R–Auburn)

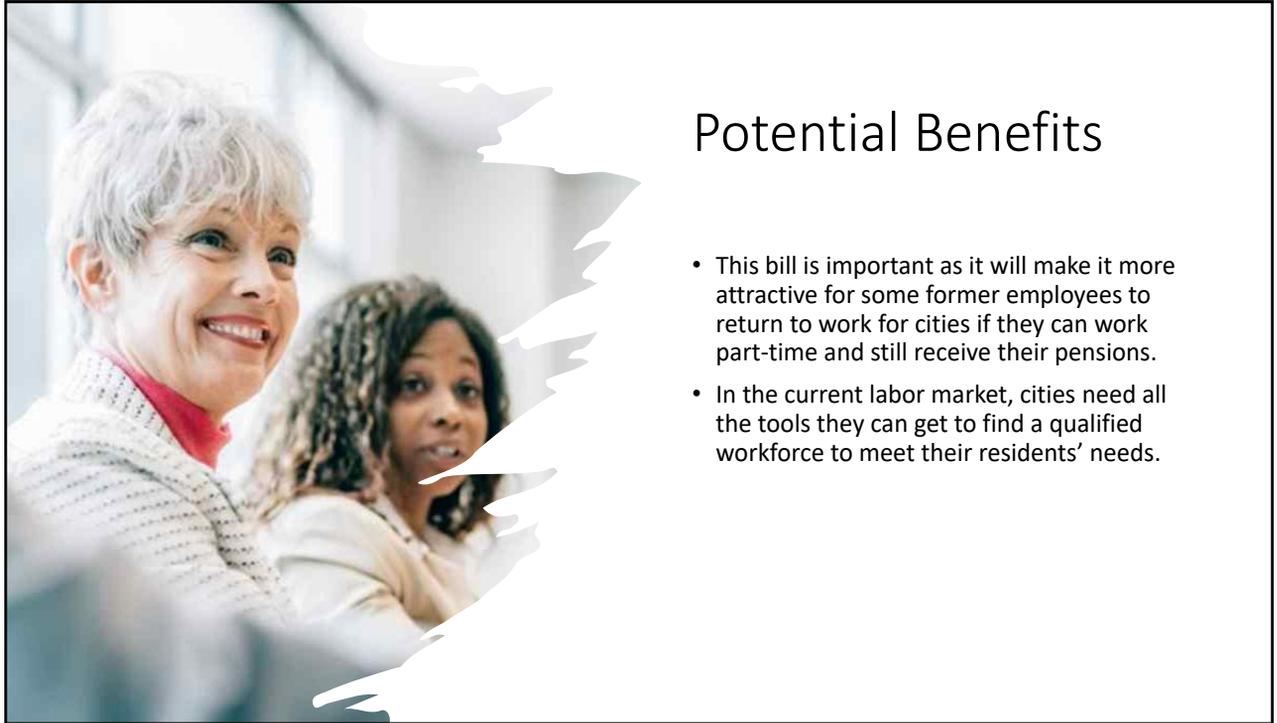
Bill authorizes retired public employees to return to limited work without losing their PERS benefits.

HB 1056 permits PERS 2 & 3 retirees that retired under the 2008 early retirement factors to return to public employment as an employee or contractor for up to 867 hours per year without losing retirement benefits, starting in 2024.

It also increases the benefits for those PERS 2/3 retirees that took early retirement under the 2000 early retirement factors (which offered a lower pension but allowed retire/rehire) to make their benefit equal to those that retired under the 2008 factors in future years.

Currently, a PERS 2/3 retiree that retired under the 2008 early retirement factors that returns to public employment would lose their retirement benefits unless they were over the age of 65.

14



Potential Benefits

- This bill is important as it will make it more attractive for some former employees to return to work for cities if they can work part-time and still receive their pensions.
- In the current labor market, cities need all the tools they can get to find a qualified workforce to meet their residents' needs.

15

HB 1050 – Apprenticeship Utilization Requirements | Rep. Marcus Riccelli (D–Spokane)

Beginning July 1, 2024, public works contracts awarded by a municipality estimated to cost more than \$2 million must require no less than 15 percent of the labor hours be performed by apprentices.

Beginning July 1, 2026, and until July 1, 2028, apprenticeship utilization requirements apply to public works contracts estimated to cost over \$1.5 million.

Beginning July 1, 2028, apprenticeship utilization requirements apply to public works contracts estimated to cost over \$1 million.



16

Did I Miss Something?



17



18

Opportunities

Resources



AWC



ADVOCACY



EDUCATION



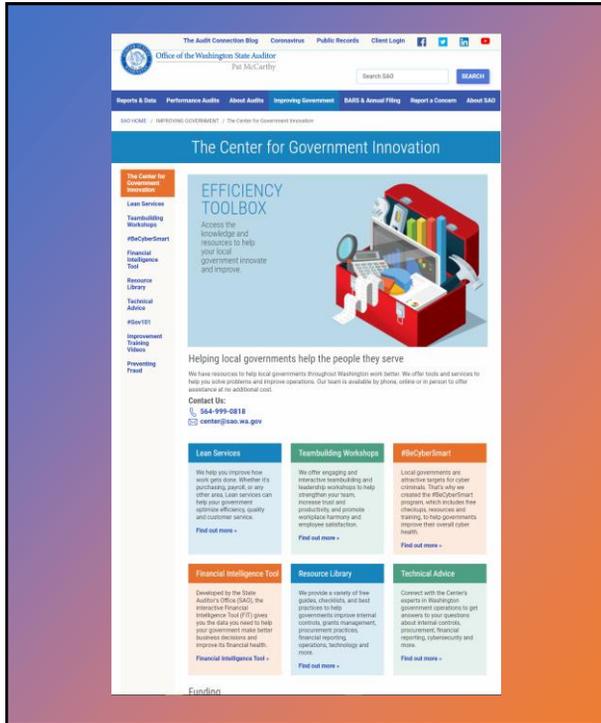
SERVICES

MRSC

-  Training
-  Research
-  Consultations
-  Publications

Insurance Provider

-  Site Visits
-  Legal Resources
-  Training Scholarships
-  Templates



State Auditor

- Newsletter, Blogs, Publications
- Cyber Check Up
- Teambuilding Workshops
- Fraud Resources
- Procurement Guidance
- Audits

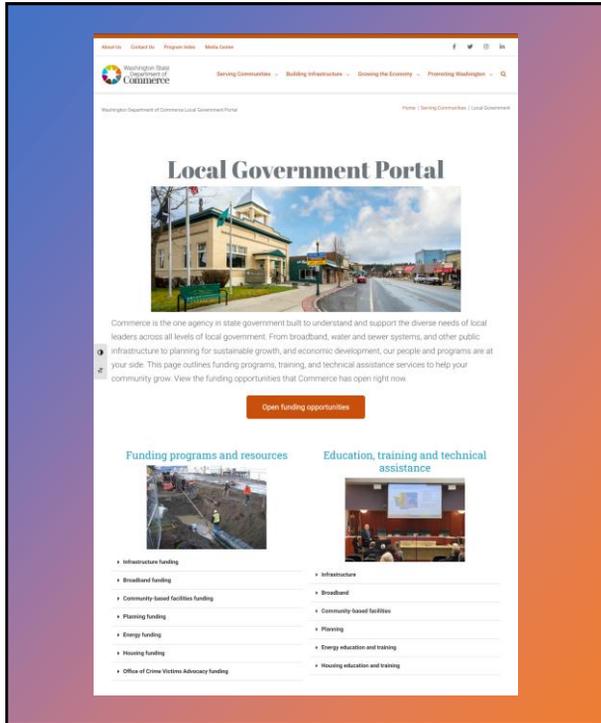
23

Attorney General's Office



- Open Government Resource Manual
- Open Government Training

24



Dept of Commerce

- Funding Opportunities
- Technical Assistance
- Education & Training

25

IACC

- Technical Assistance
- Tech Team Meetings
- Funding Tracking
- IACC Conference – October 24-26 | Wenatchee



26

Federal Funding - BIL

Bipartisan Infrastructure Law for cities

A central place to find news, events, and other important resources for funding opportunities through the federal infrastructure law.

Contacts: Brianna Morin, Brandy DeLange

Passed in November 2021, the [Bipartisan Infrastructure Law](#) (BIL) is a five-year spending plan (FY 22-26) that will distribute \$400 billion each year for transportation and infrastructure projects across the country. Originally referred to as the Infrastructure Investment and Jobs Act (IIJA), the bill invests historic amounts by expanding existing funding programs and establishing new ones. [Washington will receive and be eligible for critical funding for roads, bridges, and infrastructure needs.](#)

Given the scope and magnitude of the legislation, BIL's numerous programs are launching over the course of 2022 and 2023. AWC is tracking the implementation of the BIL and will continue to share city-relevant information here—make sure to check back regularly for updates and information.

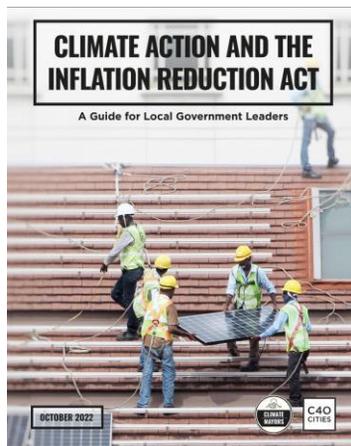
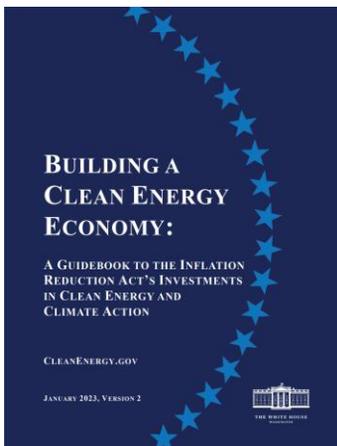
[Read the BIL fact sheet.](#)

Table of contents

- News
- Events
- What cities should know
- What cities can do to prepare
- Resources



Federal Funding - IRA



Inflation Reduction Act

Contacts: Sheila Gali, Brianna Morin, Shannon McClelland

The Inflation Reduction Act (IRA) of 2022 is one of several pieces of major legislation passed by the federal government in the last three years. Together, the Bipartisan Infrastructure Law, the Chips and Science Act, and the IRA make up a sweeping package of investments in the country's infrastructure and sustainability efforts. Intending to address climate change and bolster the U.S. energy industry, the IRA provides \$369 billion for domestic renewable energy production, greenhouse gas reductions, drought resilience, clean vehicles, and more, with the goal of a 40% reduction in U.S. emissions by 2030.

The Inflation Reduction Act is so called because it is designed to raise more revenue than it spends, decreasing the country's deficit and inflation. It aims to raise \$739 billion in revenue and authorizes \$391 billion in spending and \$208 billion in deficit reduction over a period of ten years. It also lowers prescription drug prices, provides three years of healthcare subsidies through the Affordable Care Act, and includes important tax reform measures.

As a budget reconciliation bill, the IRA is not regulatory legislation. Due to its many tax credits, and provisions that expand and modernize the Internal Revenue Service, the IRA is sometimes seen as a tax bill. However, its scope is much larger: it provides incentives and competitive funding programs for climate solutions, environmental justice, job creation, and economic development; and leverages billions of dollars in private capital. Its climate related spending is made through a combination of innovative tax credits, financing mechanisms, and grants for state and local governments, businesses, individuals, and non-profit and community-based organizations.

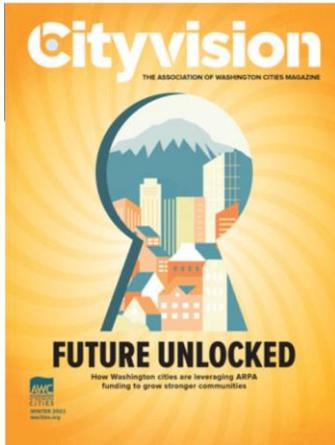
The Inflation Reduction Act delivers affordable clean energy for Washington.

The IRA prioritizes environmental justice in communities and advances the current administration's Justice40 Initiative. The goal of the initiative is to deliver 40% of the overall benefits of climate, clean energy, infrastructure, and other investments to disadvantaged communities, including Tribes, communities with environmental justice concerns, rural areas, and energy communities.¹ (Inflation Reduction Act (Subtitle I)) Likewise, the IRA's tax provisions and grant programs are designed to benefit working families and underserved populations. For instance, the law offers bonus credits for projects located in economically distressed communities.

Given the magnitude of the legislation, and the recent federal budget negotiations, many of the IRA's provisions have not yet taken effect and guidance from the IRS is pending. AWC is tracking the implementation of the law and will continue to share city-relevant information here—make sure to check back regularly for updates and information.



Federal Funding - ARPA



29

Associations

- Washington City/County Management Association
- Washington Municipal Clerks Association
- Washington Finance Officers Association
- Washington State Association of Municipal Attorneys
- American Planning Association Washington Chapter
- American Public Works Association Washington Chapter



30

Other Ideas?



31

Opportunities

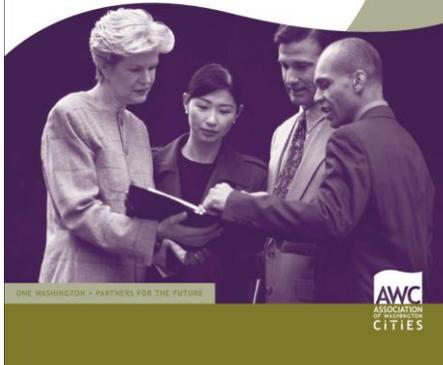
Partnerships



32

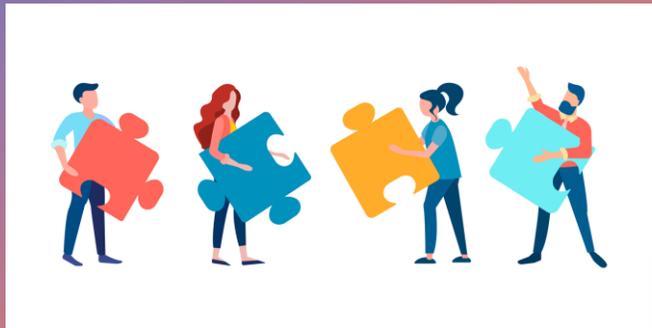
Forming Successful Partnerships

A Practical Guide for Local Government



33

Does your city have partnerships in place?



34

10 Benefits of Partnerships

- Improve services
- Increase affordability
- Reduce costs
- Gain economies of scale
- Share specialized equipment and personnel
- Solve common problems
- Reduce liability
- Heighten cooperation
- Retain local control
- Better match revenue challenges



35



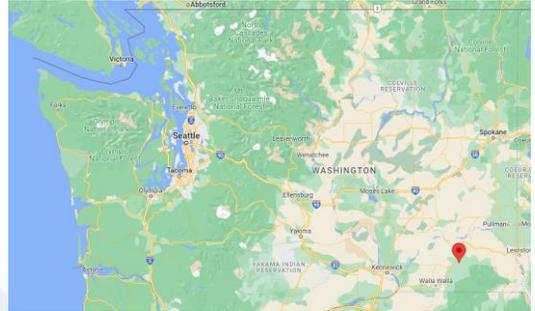
Potential Partners

- Neighboring Jurisdictions
- Special Purpose Districts
- Local Universities
- Counties
- Tribes
- Non-profits
- Private Industry
- Others?

36

Example: Dayton

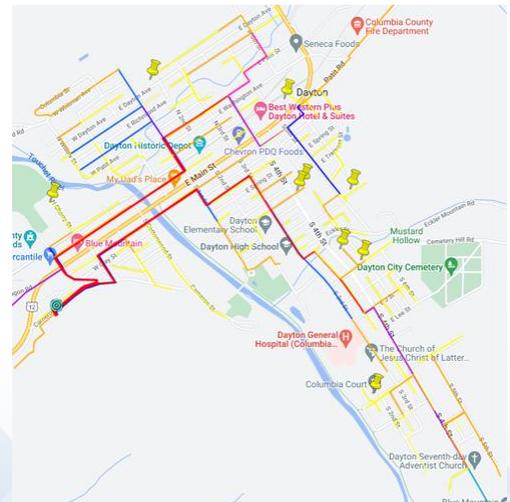
- Population: 2,445
- Broadband infrastructure investments: \$335,000
 - Partnership with Port of Columbia – Port secured \$2 million from CERB
 - Port owns, operates, maintains. Private companies provide internet service



37

Example: Dayton

- 1,139 households will have access – 140 businesses
- 231,000 feet of fiber optic will be strung from power poles
- Expected speeds: 1 GBps – Expected cost: \$70 per month
- Set to go live early 2023



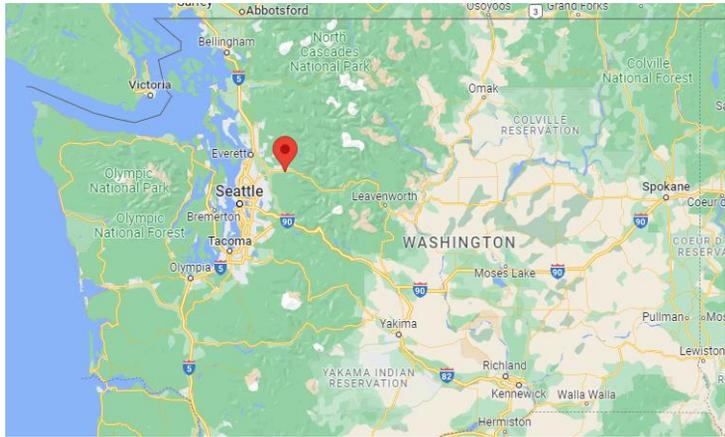
38

Sultan

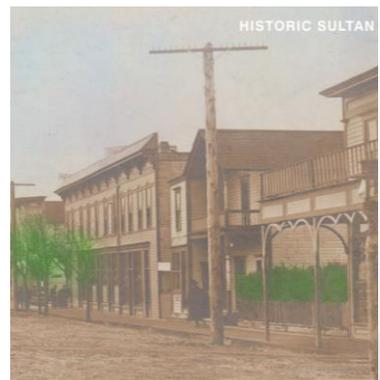
Population: 5,604

Between 2019-2021, city partnered with UW to:

- Update Parks, Recreation, and Open Space Plan
- Revise Sultan Land Use Code
- Analyze Comprehensive Plan
- Envision strategic improvements to existing Main Street assets



39



40

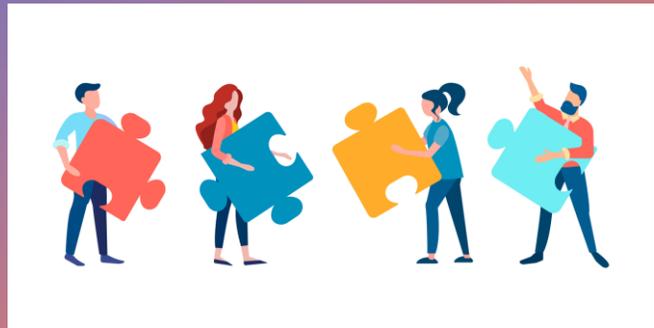
Quick Fire Examples

- Social programs – ARPA
- Share staff or equipment – Separation of duties
- Fill personnel gaps – Grant writers
- Data collection – Population counts
- Regional service offerings



41

Does your
city have
partnerships
in place?



42

Challenges



43

Common Challenges

- Staffing – Hiring & Retention
- Infrastructure – Roads, Bridges, Sewer Lines, Water
- Revenues – COVID Impacts, Inflation, Tax Caps
- Fraud – Cyber, Personnel
- Interpersonal – Public, Council
- Housing – Short-term Rentals, Middle Housing, New Stock
- Demographics – Aging, Brain Drain



44

What
Challenges Are
You Facing?



45

Celebrations



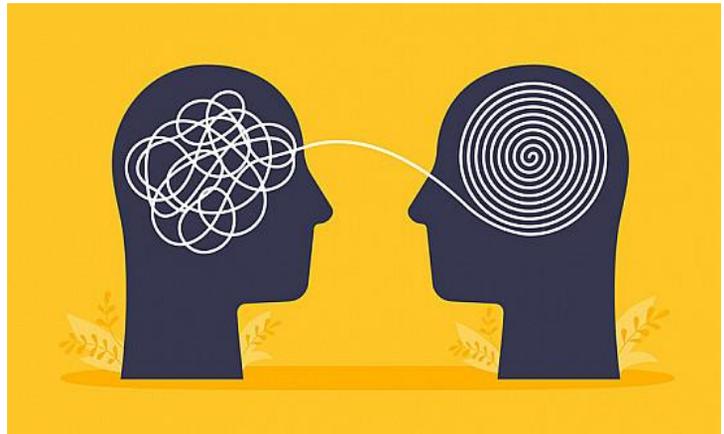
46

Let's Celebrate Your Successes



47

Final Thoughts?



48