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CITYVISION MAGAZINE VOL. 12 / NO. 4

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Uncertainty is a necessary catalyst for the prevalence of leadership; without it, there would be no difficult decisions to make, no innovation, no timely opportunities to be realized. Our great

expectations would go unchallenged, and life would be blissfully simple and, dare I say, mundane and a bit boring.

Prior to taking my position as AWC president, I thought I had a sense of what to expect coming into the position, but if I've learned anything these past 10 years as mayor, it is that life is full of uncertainty. After all, who would have predicted a passing of the AWC gavel during our first-ever Annual Online Conference, in the middle of a global pandemic? Whether you're just beginning your role as a newly elected or you're a seasoned veteran of local politics, I know that many of you have had similar thoughts these past few months.

As city leaders in Washington, we are united in this struggle—a particular kind of unity that requires us to grapple with present circumstances while working toward a brighter future. As with any great emergency, how we recover depends on the actions of today.

The stories in this issue demonstrate the many unique ways that cities and towns are facing local financial challenges across our state. You will read about how Tenino is printing their own currency, a tactic they last tried during the Great Depression. Meanwhile, my neighbors in Winthrop share how they have made an effort to adapt from business-as-usual to take the unusual position of running ads encouraging visitors to delay spending their tourist dollars. Also featured is the City of Kent, as they discuss their economic development strategies in response to falling tax revenues.

We've all been impacted by this pandemic, though in ways varied and unique to each of our cities. Yet it is not in the differences, but in our commonness—our community—that I hope you find strength, encouragement, and inspiration during these uncertain times.

Sincerely,

Soo Ing-Moody Mayor, Twisp

WELCOME NOTE

CITYBEAT

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Facing a pandemic downturn, cities share resources, critical supplies, and even special-issue currency. And in our popular **NOTED** feature, we dig into the funding mechanisms of the federal CARES Act.

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Citybeat

habemus autem su.

Trust Funds

Tenino mints grant money to seed local economic recovery and draws interest from around the world.

ABEMUS AUTEM SUB POTESTATE—Latin for "We have it under control"—encapsulates Tenino's pluck in the face of recent adversity. Since March 13, the tranquil Thurston County community has been stamping that motto onto its own wooden currency, or "scrip," just as it did in 1931, when Tenino dollars were minted to mitigate the impact of the Great Depression.

"The city leadership at the time got together and came up with the idea of printing their own money out of wood veneer scraps," explains Wayne Fournier, Tenino's mayor since 2016. "It's been part of our community's myth and lore forever.... So when it was suggested that we do it again, a lot of people said, 'Oh yeah, that makes sense for us.'"

This time, reeling from the economic impact of the coronavirus pandemic, the city budgeted \$10,000 for its scrip program, backing the currency at a one-to-one ratio to the US dollar (each wooden Tenino note is worth \$25). Tenino citizens whose monthly income is at or below the federal poverty level are eligible to apply for a monthly grant of up to \$300 worth of scrip per month; as of July, notes Tenino Treasurer John Millard, the city had received six scrip grant applications and approved all but one.

Tenino dollars can be exchanged only CONTINUED ON P.10 >

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Masked Mandate

Rural Mattawa rises early to the Covid-19 challenge, distributing free masks and making them a matter of civic duty.

BY TED KATAUSKAS

FRIDAYS IN MATTAWA are paydays, which means agricultural workers from nearby farms descend upon this central Washington community of 4,500 (where approximately 95 percent of the population speaks Spanish) to plug newly charged debit cards into ATMs and spend their hard-earned cash along the sevenblock stretch of state highway through the middle of town. So Fridays (and Thursday afternoons) are when the city's deputy clerk, Jazmin Hernandez, and other staffers station themselves outside banks, restaurants, grocery stores, and other popular businesses, handing out hundreds of reusable cloth face masks

sealed in plastic bags, free of charge, to all comers.

"Since the early stages of the pandemic, the city has been proactive in educating the public that this is a serious matter," says Juan Ledezma, Mattawa's public works director. "That means making sure everyone is wearing masks."

Not long after the first cases of Covid-19 were reported in Mattawa, Police Chief Joe Harris started convening weekly meetings with community leaders to build a coalition devoted to halting the spread of the virus. A key element of that effort was Cozy Comforts, a knitting circle in nearby Desert Aire that delivered homemade masks in batches of 100 every week for about 10 weeks, which were then distributed to residents who lived in apartment complexes and trailer parks around the city.

To augment local mask-making efforts, the city turned to Grant County's Emergency Management Division, which had received a supply of 71,800 cloth masks from the state's Department of Enterprise Service as part of its goal of distributing two masks to every Washingtonian with income below 200 percent of the federal poverty level. To make that happen in Mattawa, with about twice the percentage of residents below poverty level as

"SINCE THE EARLY STAGES OF THE PANDEMIC, THE CITY HAS BEEN PROACTIVE IN EDUCATING THE PUBLIC THAT THIS IS A SERIOUS MATTER."

the state average, the city began hosting drive-through distribution events outside city hall, typically depleting its supply of masks within 30 to 45 minutes. Since the initiative began, the City of Mattawa has distributed more than 7,000 masks, or more than 1.5 masks for each member of its population.

To help convince residents and business owners to wear them (Mattawa's clerk, Anabel Martinez, estimates that compliance is nearly 100 percent), Ledezma created a series of homemade videos for the city's Facebook page (in English and Spanish), depicting his staff at work wearing face shields, helmets, and other personal protective equipment (PPE), urging residents and visitors that their job was to wear masks in public to ensure everyone's safety.

"We're creating that buy-in from everyone because we want to move to Phase 3," Ledezma explains. "Our goal is to flatten the curve and keep the curve flat so businesses can open up again."

And city life, following commerce, can return to normal. ^C



LOST RECEIPTS

PERCENTAGE OF CITIES REPORTING REVENUE LOSS BUDGETARY IMPACTS FY 2020 & FY 2021



Source: Association of Washington Cities

TOOL KIT

STAYING AFLOAT

Olympic Peninsula EDCs work together to help businesses ride out the pandemic storm.

BY ANASTASIA HUFHAM

IN RECENT MONTHS, as small businesses and restaurants have buckled under the strain of shelter-in-place orders for public safety, county economic development councils (EDCs) statewide have been buttressing local economies with Working Washington Small Business Emergency Grants (WWSBEG) that aim to help businesses survive the Covid-19 pandemic.

On the Olympic Peninsula, the Clallam County EDC and EDC Team Jefferson have partnered to secure WWSBEG relief funding for 127 businesses (each with fewer than 10 employees) located in 11 cities scattered throughout sprawling Clallam and Jefferson counties. "For me, the overriding issues are that our two counties' economies are so intermingled, we would be doing a disservice if we were not partnering, sharing, and cooperating to help one another," says Colleen McAleer, executive director of the Clallam County EDC. Both EDCs are independent, private nonprofits that "act as the connective tissue between private businesses and the public and help connect people to sources of capital," explains the executive director of EDC Team Jefferson, Brian Kuh.

By tapping the Governor's Strategic Reserve Fund, the Washington State Department of Commerce procured \$10 million for the WWSBEG program. Clallam County, with two-and-a-half times the population of Jefferson County, received \$177,193 from the state, which will be divvied into grants for 48 busi-

"WE'RE ALL TRYING TO HELP OUR BUSINESSES."

nesses. Jefferson received \$154,550, which will be distributed to 85 businesses. The full impact of the grant program has yet to be fully realized, especially since the EDCs are still receiving and reviewing applications—the count stood at 881 at press time. "What the grants are doing is helping businesses pivot and adapt to the new normal," Kuh adds. "At

a very basic level, that's PPE masks and sanitation supplies. It's also helping businesses shift some, if not all, of their activity to a more virtual base."

Reviewing applications, both EDCs have come to recognize the degree to which the challenges facing their constituents can differ, even in neighboring communities. "The geographic distance between the communities we serve is over 100 miles," says McAleer, "so to adequately know the needs of businesses truly requires separate organizations serving each county."

But by working together, the Clallam and Jefferson EDCs have maximized the joint impact they've had on their counties' economic recovery. One measure: The combined staff of two (some EDCs in the state employ upward of 18) have been credited with preserving 487 local jobs. And with help from the Washington Economic Development Association, the Olympic Peninsula's EDCs have been sharing lessons learned with other counties across the state.

"We help one another because we're not competing with one another—we're all trying to help our businesses," McAleer says. "It's a real environment of support and sharing, which is incredibly valuable to our poor, economically distressed communities." C



NOTED

The Coronavirus Relief Fund is a section of the \$2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act. Signed into law on March 27, 2020, the CARES Act was the third bill addressing the impacts of the Covid-19 pandemic.

Washington State received \$295 billion in CARES Act funds, including \$785 million directly allocated to Seattle and other eligible counties.

> The Department of the Treasury and the Department of Commerce used Census data from 2019 to determine the size of CARES Act allocations.

Over the past few months, the Department of the Treasury issued several guiding FAQ documents providing specific and general examples of how CARES Act funds can be used properly.

TITLE VI—CORONAVIRUS RELIEF FUND

SEC. 601. CORONAVIRUS RELIEF FUND.

(a) APPROPRIATION.

(1) IN GENERAL.-Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for making payments to States, Tribal governments, and units of local government under this section, \$150,000,000,000 for fiscal year 2020.

(b) AUTHORITY TO MAKE PAYMENTS.-

(1) IN GENERAL.-Subject to paragraph (2), not later than 30 days after the date of enactment of this section, the Secretary shall pay each State and Tribal government, and each unit of local government that meets the condition described in paragraph (2), the amount determined for the State, Tribal government, or unit of local government, for fiscal year 2020 under subsection (c).

(2) DIRECT PAYMENTS TO UNITS OF LOCAL GOVERNMENT.-If a unit of local government of a State submits the certification required by subsection (e) for purposes of receiving a direct payment from the Secretary under the authority of this paragraph, the Secretary shall reduce the amount determined for that State by the relative unit of local government population proportion amount described in subsection (c)(5) and pay such amount directly to such unit of local government.

(c) PAYMENT AMOUNTS.-

(1) IN GENERAL.-Subject to paragraph (2), the amount paid under this section for fiscal year 2020 to a State that is 1 of the 50 States shall be the amount equal to the relative population proportion amount determined for the State under paragraph (3) for such fiscal year.

(2) MINIMUM PAYMENT .-

1....]

(A) IN GENERAL. No State that is 1 of the 50 States shall receive a payment under this section for fiscal year 2020 that is less than \$1,250,000,000.

(B) PRO RATA ADJUSTMENTS.—The Secretary shall adjust on a pro rata basis the amount of the payments for each of the 50 States determined under this subsection without regard to this subparagraph to the extent necessary to comply with the requirements of subparagraph (A).

(8) DATA.-For purposes of this subsection, the population of States and units of local governments shall be determined based on the most recent year for which data are available from the Bureau of the Census.

(d) USE OF FUNDS.-A State, Tribal government, and unit of local government shall use the funds provided under a payment made under this section to cover only those costs of the state, Tribal government, or unit of local government that-(1) are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19); (2) were not accounted for in the budget most recently approved as of the date of enactment of this section for

the State or government; and (3) were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020. (e) CERTIFICATION.-In order to receive a payment under this section, a unit of local government shall provide the Secretary with a certification signed by the Chief Executive for the unit of local government that the local government's proposed uses of the funds are consistent with subsection (d). In order to be eligible to receive direct funds from the CARES Act, cities and counties needed to have a population exceeding 500,000. In Washington, the City of Seattle and king, Pierce, Snohomish, and Spokane counties met this requirement.

In May 2020, the state announced a \$300 million allocation in CARES Act funds for cities and counties that did not receive a direct federal allocation. Each city federal allocation Each city has access to a per capita distribution of \$30 or a minimum distribution of \$25,000

Cities and counties receiving CARES Act funds from the state will only have until October 31, 2020, to spend those dollars. Unspent funds will be reallocated to cover state Covid-19-related expenses.

Cities not receiving a direct CARES Act fund allocation need to enterinto a contract with the Department of Commerce to access state-provided CARES Act funds by contacting Commerce directly.

For more information: wacities.org THE QUESTION

WHAT ARE YOU LOOKING FORWARD TO IN YOUR NEW POSITION ON AWC'S BOARD?



As a new councilmember, I have found the Association of Washington Cities to be an invaluable resource in enhancing my effectiveness. AWC offers critical expertise, in both knowing the issues and identifying ways to influence outcomes. My goal is to continue in the AWC tradition of being a nonpartisan voice for the benefit of all 281 cities within Washington state.

> -CHARLES TORELLI Councilmember, Kennewick



I believe in city government. Those of us who serve know the power of local government to make people's lives better. AWC is a respected voice in Olympia and Washington, DC. I look forward to offering experienced leadership and perspective on municipal government to peers, legislators, and other governmental agencies. It will be an honor to serve on the AWC Board of Directors.

> -JILL BOUDREAU Mayor, Mount Vernon



I believe in maintaining our state-shared revenues and ensuring that cities have the tools needed to manage operations and be fiscally resilient. The cities in King County have very different needs than those in Kittitas, Chelan, Clark, or Spokane counties. I look forward to taking our cities' priorities to our legislators and congressional delegation, as well as supporting the AWC staff in their efforts to serve our cities on a daily basis.

> -AMY OCKERLANDER Mayor, Duvall

TRAININGS

MUNICIPAL BUDGETING & FISCAL MANAGEMENT WORKSHOP

AUGUST 20, 2020 | ONLINE

A local government's budget document is important. More than just a bunch of numbers, the budget document is your primary tool for prioritizing and addressing your community's needs. It's also a valuable mode of communication with your residents. Via this tool, they learn what investments in the community are expected throughout the year, and they discover how funds are divided among services like public safety, parks and recreation, environmental protection, transportation, economic development, libraries, community centers, human services, and more.

This popular annual workshop is designed for elected officials and staff from local governments who have a role in developing or implementing the budget. The workshop gives both novice and expert budgeters the skills to enhance their budget document.

- Learn to weave performance measures into the budget document.
- Understand how to spot red flags early.
- Explore ways to engage residents in the process to reflect the greater community.

REGISTER FOR FREE AND EARN CML CREDITS

AWC members can still register for the 2020 Annual Conference Online. Registration is free for city members, and participation will earn elected officials 10 credits toward their Certificate of Municipal Excellence. Registrants will have access to all of this year's conference sessions, including several sessions planned to help cities cope with the fallout of the Covid-19 crisis, including:

- Perspectives on adjusting to the new normal of increased telecommuting, reduced traffic, and more
- A live session on how cities can engage with the Legislature right now
- Advice on how to support employee mental health and wellness
- An analysis of the current and projected economic realities for Washington
- A "survival guide" for newly elected officials focused on parliamentary procedure



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Citybeat

Trust Funds continued from page 5

within the city of Tenino at certified businesses that have agreed to abide by local rules and regulations, which prohibit using scrip for the purchase of alcohol, tobacco, or marijuana. Businesses receiving Tenino dollars exchange them at city hall for US dollars. Since only one vintage (circa 1850) machine exists to mint the city's scrip, and a cantankerous one at that, the circulation of fraudulent Tenino dollars hasn't been a concern.

"IT'S TIME TO COME OUT OF YOUR HOUSE, GO SHOPPING, GO TO THE RESTAURANT, RIDE YOUR BICYCLE—OBEY THE HEALTH GUIDELINES, BUT WE'RE NOT DOING THE SAME THING WE WERE DOING A WEEK AGO."

"There's only one person that I know who can even operate the machine without losing a limb," explains Fournier. "The ability to create money is built on trust—trust that something has some kind of value, and trust that it can't just be counterfeited."

By minting and circulating aid money that can only be spent within city limits, Tenino is helping its businesses stay afloat while supporting its mostvulnerable citizens. Folks experiencing a recent job loss use Tenino dollars to feed their families with takeout from one of Sussex Avenue's restaurants; a local senior uses the scrip to purchase hearing aids from Hedden's Pharmacy, a Tenino fixture since 1953. And the program is having an incalculable effect on community morale.

"It's all about lots of individual transactions and people getting out in the community to spend money," says Fournier. "It's time to come out of your house, go shopping, go to the restaurant, ride your bicycle—obey the health guidelines, but we're not doing the same thing we were doing a week ago. Now we're doing something different."

Even as part of a hyperlocal program, the wooden currency has resonated around the world. Teachers at international schools in China have requested samples of Tenino dollars to use in their curriculum. And as Fournier has granted interviews to reporters from Canada, New Zealand, and Norway, Tenino dollars have drawn interest from collectors who have offered upward of \$200 for a single piece of scrip worth \$25.

"We literally have a global audience," Fournier says. "We're challenging the system, but that's what you're supposed to be doing in a democracy. It's a very American thing to do." ^C

-Anastasia Hufham



Cityscope

Growing Community

White Salmon Mayor Marla Keethler on the experience she's gained as a first-term mayor leading a city, and a second-time mom giving birth, during a pandemic

INTERVIEW BY TED KATAUSKAS

White Salmon Mayor Marla Keethler

> In 2016, when you were 36, you left a job overseeing on-air graphics at CBS Sports and relocated with your husband to White Salmon from New York City. What prompted the move?

We actually got married in the Gorge. We were more familiar with Hood River, and through word of mouth people kept mentioning this community of White Salmon on the other side of the river. We were impressed with how many local residents were contributing to the community. There was a couple that had started their own organic deli and grocery store. Another young couple had started this bakery that seemed to be really popular, and there was a brewery that we fell in love with. The sense we had was this is a community that was really active, and the people who lived here were really involved in caring about it and wanting to make it vibrant.

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CONTINUED ON P.12

Cityscope



What prompted you to get involved with local government?

At the time, there were a lot of positions coming open on the city council, and the climate of 2016 was a lot of people realizing that if they wanted to have an impact, they needed to get involved. So for me, it felt like it was a good time to throw myself out there—if anything, it would let me connect with more people in this new community we were calling home.

You were elected to city council in November 2017, and two years later you ran for mayor and won. What made you think you were ready for that leap?

A lot of the different positions I held in broadcasting were about project management; I would oversee a whole team or crew to make sure certain shows had what they needed to go to air... In local government, the administration benefits when someone's in there who can keep things on task and on deadline.

You took office in January. What were the priority issues you needed to address?

When I was on council, the big issue was affordable housing and the increasing divide between what was going on in the market and what our local community of residents with working incomes could really afford. When I became mayor in January, we implemented a six-month moratorium on development in our residential zones to address issues around attainable housing.

What else was pressing?

Second to affordable housing, infrastructure has been a huge



"I THINK THE VIRUS MAKES US ALL MORE AWARE OF OUR VULNERABILITIES, EVEN WHEN WE WERE TALKING AT THE CITY LEVEL ABOUT THE PHASED REOPENING."

issue. As a council, we were considering what it could look like if we were to explore a transportation improvement district for our community, because the upkeep of roads is something we've been behind on for a while. Community enhancement also has been a big focal point.

How is White Salmon balancing the need to reopen its economy with keeping its residents safe?

What we did not see was this rush from all of our businesses to swing their doors back open. In fact, a lot of our restaurants, it was a few weeks after they could have reopened that they actually did. We've also been working with them to try to figure out some creative ways to help, especially in this period where they have to have reduced capacity.

Any lessons learned?

Some of those conversations

with our business owners have been examples of the bright spots in this whole process, forming stronger communication between city government and those businesses. And we've gotten some good ideas from them, not just on things to be doing now, but input on how we can help support those businesses in the long run, which is valuable.

Through it all, in June you gave birth to your second child. How has it been balancing the responsibility of leading a community in crisis with parenting a toddler and a newborn?

For me personally, I'm staying housebound for a long time because an infant has no immune system, and how much is, or isn't, known about this virus certainly leads us to be cautious. I think it makes us all more aware of our vulnerabilities, even when we were talking at the city level about the phased reopening.

What are you looking forward to?

I'm excited to get back to having in-person meetings again. The benefits that you gain through Zoomtype council meetings for people to access those at their own convenience don't outweigh the benefits of real conversations and engagement when you're face-to-face with other people.

And ideally one day once it's safe again, over pints at the brewpub?

No question. It'd be nice to be able to enjoy the summer weather sitting out there taking in a lot of what attracted us to White Salmon in the first place. Having had to go behind closed doors for a while certainly makes you miss it. **C** **BY THE**

White Salmon

POPULATION

Cityvision looks at the economic recovery challenges facing this scenic Columbia River Gorge community.

POPULATION DATA FROM THE US CENSUS BUREAU



SOURCES: CITY OF WHITE SALMON, US CENSUS BUREAU

THE ROAD LESS TRAVELED

Downtown Winthrop, June 2020

WASHINGTON COMMUNITIES PURSUE A BALANCE OF FINANCIAL RESILIENCE AND PUBLIC HEALTH BY REFRAMING AND REFOCUSING THEIR CORE ECONOMIC IDENTITIES.

SALLY RANZAU, THE MAYOR OF WINTHROP, HAS SPENT HER ENTIRE LIFE IN MOUNTAIN TOWNS.

She grew up in Estes Park, Colorado—the gateway to Rocky Mountain National Park—and lived there for 40 years before relocating in 1996 to this Old West-themed town of 488 in the stunning Methow Valley. She's owned sport shops, run a cabinrental business, served as a ski patroller, even worked for the National Park Service. She knows exactly how much places like Winthrop depend on tourists who spend money—which is why the idea of doing what she did in early March felt like swimming up a Class V rapid.

Soon after the Covid-19 pandemic exploded in Washington, area locals began fearing an infusion of outsiders who might endanger their isolated community, where the nearest hospital is an hour's drive away and the nearest ICU is twice that distance. Someone started a Change.org petition to "Close the Methow" and use municipal marketing dollars to discourage visitors—and second homeowners—from coming. Ranzau, a 70-year-old retiree who was elected Winthrop's mayor in 2017, received multiple emails a day urging her to act in the name of public safety. She resisted an outright closure of the North Cascades Highway, the main summer driving route for folks coming to the Methow Valley from the Puget Sound region, but Ranzau did ask her town's marketing director to stop advertising Winthrop as a destination—a move that ran counter to what Winthrop had done for nearly 50 years.

The marketing director, Anne Young, talked Ranzau out of turning off the promotional faucet entirely, but they agreed to change their message. For the next two months, their radio and television ads in Seattle and Spokane courted visitors with a caveat, asking people to think of Winthrop only after "it's safe to adventure again." In other words, as the local paper paraphrased in a headline: "Don't just stay at home—stay away!"

The unprecedented move made sound public-safety sense, but it imperiled the town's financial health. More broadly, it represented the excruciating choices and extreme measures that municipalities throughout Washington, and around the world, have taken to protect their citizens from the pandemic—while hopefully not crippling their economies beyond repair.

"It's been very stressful," says Ranzau, an avid outdoorswoman who introduced fatbiking to the valley more than a decade ago after a shoulder injury sidelined her from skiing. "There have been a lot of times when I wished I wasn't mayor, but all in all, I'm trying to keep my attitude positive, and I'm not panicking. When there's an event like this that you really can't do anything about, you have to just flow with what's happening."

Winthrop wasn't always a tourist town. Until the North Cascades Highway (SR 20) opened in 1972, it had been a remote, Mayor Sally Ranzau on her walkout balcony at Winthrop's city hall

dead-end destination (reachable by paved roads only from the south) offering no real reason to visit. To take advantage of the new throughway, locals rebranded the town as a Western-themed tourist attraction, and suddenly Seattleites flocked. There are still no stoplights, fast food joints, or chain stores, a feature that enhances Winthrop's allure in the Methow, a long glacial valley with world-class Nordic skiing and summer trails that also serves as a gateway to North Cascades National Park.

The town's government includes about a dozen employees who regulate and support a summer economy that, prior to the pandemic, was built on a foundation of festivals, sporting events, and small-town cultural attractions like a bustling Main Street with numerous shops and restaurants along wood-plank sidewalks. At its height in summer, which is when the economy goes from a purr to a sizzle, the town's population can swell tenfold to 5,000 people. May is typically the kickoff, with events every weekend and natural attractions like trails and campgrounds drawing the first warm-weather visitors.

This year, however, events dropped from the calendar like falling dominoes. Corporate retreats canceled. So did mountain bike camps and valley mainstays like the 75th annual 49er Days and the Sunflower Relay and Iron Event, a four-decade-old trail run that draws thousands of racers and spectators. Still, even as the pandemic raged, trails remained open, as did essential businesses like restaurants (for takeout service) and bike shops.

So when SR 20 opened just before Memorial Day, cooped-up urbanites flocked for a taste of mountain air and culture, defying



public-health recommendations that they stay home. While many of Winthrop's 125 or so businesses had to remain closed due to local and state mandates, causing some to teeter on dissolution, plenty of others welcomed tourists and their dollars like famished bears in spring. Hotel tax revenues were down, but the town's retail/use tax revenue through May 31 was still its highest ever, some \$10,000 over last year's record pace. It seemed the "don't come now" messaging enticed, rather than curtailed, visitation and bolstered local coffers—for better or worse.

WHILE WINTHROP GETS BY on a \$5 million budget, the financial impact of the pandemic, in hard dollar numbers, was substantially larger for many Washington cities. One of those cities is Kent, the state's sixth-largest municipality, tucked between Seattle and Tacoma in the economic colossus of King County. Since 1990, Kent's population has quadrupled to around 130,000, while its economy revolved around aerospace, manufacturing, and warehousing (including an Amazon fulfillment center).

A dozen years ago, when the state Legislature changed the way sales tax was collected—from point of origin (which had benefited warehousing cities like Kent) to a product's point of destination (which benefited interstate e-commerce)—the shift cost the city \$12.7 million a year in lost revenue. It was a severe blow to Kent, which costs \$346 million to run in a given year, roughly a third of which comes from its general fund. Since then, city planners have been trying to diversify Kent's economy, breaking up massive

CLOUDY FORECAST

Stephen Lerch, executive director of the Washington State Economic Revenue and Forecast Council, talks about how this recession looks different from the last one, and why recovery is maddeningly hard to predict.

So are we in a downturn, recession, or depression?

The National Bureau of Economic Research has come out and said that the economic expansion that started at the end of the 2007–2009 recession—the longest in history—ended in February, and that we are now in a recession.

Which means that the economy is contracting instead of expanding. By how much?

The last number we saw from the US Bureau of Economic Analysis is that the GDP declined by 5 percent in the first quarter of 2020. That's a big drop, and the April employment numbers nobody's ever seen anything like that.

Washington's unemployment rates soared to 16.3 percent in April from 5.1 percent in March. How does that compare to where we were a year ago?

Our economy was in this sort of steady, moderate growth in terms of employment and income. Washington had been outperforming the US economy. In February, we were really forecasting a continuation of that.

Were economists blindsided by the pandemic?

When we're talking to the council that we report to, which is a mix of state legislators and executive branch folks, we point out that there are forecast risks, that we've got our models, we've got lots of data, but with all of that, we have to make some assumptions. I raised the issue of the potential for coronavirus to trigger some kind of economic downturn in February. That was certainly on my list of downside risks.

How has the pandemic affected state revenue?

Business shutdowns from the pandemic have had a major negative impact on state revenue. Cumulative major general fund state revenue collections from February 11 through June 10 came in at \$893 million below the February forecast. Even taking deferred tax payments into account, the shortfall amounts to more than \$450 million.

That sounds pretty grim.

It is pretty grim. These are really big numbers.

Do you see any bright spots?

The two things that have

CONTINUED ON P.19

warehousing districts into more human-scale mixed manufacturing/warehousing/retail zones with pedestrian-friendly amenities.

One innovative program, dubbed "make it in back, sell it in front," encouraged wholesalers and manufacturers to open commercial storefronts. The program's success became clear in 2016, when Macrina Bakery moved its production kitchen to Kent, having outgrown its facility in Seattle's SoDo neighborhood: the beloved Emerald City cafe opened a streetfacing breakfast and lunch outlet that's become an oasis for local warehouse workers craving a Nutella brioche or demi baguette sandwiches. More recently, the city's Rally the Valley program has attracted a mix of revenue-generating retail operations, such as dog day care facilities and automotive repair shops, to an industrial manufacturing zone where they had previously been excluded by regional land-use regulations.

Coupled with its concerted efforts to diversify, the city adopted a policy—born of its experiences in the Great Recession, when its cash reserves dropped to a fraction of 1 percent—requiring at least 18 percent of annual expenditures to be held in reserve at the end of each year. Going into March, Kent was on pace to far exceed that, projecting 28 percent in reserves by the end of 2020. At the same time, however, Kent's expenditures were outpacing revenue by about a million dollars per month—despite all of the city's efforts, a deficit eerily equivalent to the amount it lost with the 2008 sales tax shift.

Then the pandemic hit. Early economic impacts and predicted losses through December exposed a looming \$15.7 million gap, which would have to be made up either through spending cuts or by buying it down with reserves. The city's leadership team quickly realized they would have to use both tools—and fast. "It's hard to turn a ship this big," says Derek Matheson, Kent's chief administrative officer. "It takes time, and we knew we had to act quickly. We did it in a little over a month."

Matheson and his staff, led by Finance Director Paula Painter, drew from a number of funds and considered everything from mass salary reductions to furloughs to voluntary retirement. Departments prioritized people and projects and came up with a list of potential cuts in 5 percent increments, starting at 5 and going all the way to 20, in case the pandemic's impact worsened. Because the year was already three months old, the cuts were significantly more drastic than the percentages represented. "The city went through several rounds of layoffs during the Great Recession, so we wanted to tackle this exercise one time," says Painter, who's worked for Kent for 18 years. "That's why we went to 20 percent with our fund cuts."

The city tried to minimize personnel reductions, but it still froze or eliminated 27 positions, furloughed 23 employees, and chose not to hire 300 part-time summer positions in the recreation department, where programming had been severely curtailed by public health orders. Those furloughed ranged from a recreation program assistant all the way up to the recreation



superintendent. "Most of them were reduced to half time, and through the state's shared work program they were eligible to apply for unemployment for the other half," Matheson says.

Because of Kent's ample reserves ("We created the fund balance for a rainy day, and it's pouring," city leaders have repeated endlessly, like a mantra), department heads have not yet been forced to act on anticipated 20 percent cuts, but even halving that was gut-wrenching. "We were all in the 10 percent ballpark," Matheson says.

"It was incredibly painful with every department," Painter adds. "I had so many conversations with my colleagues, and my heart broke for them because I knew how hard it was—as I had to make them in my department, too."

IN WINTHROP, DECISIONS WERE MADE at a more micro level, and often in the private sector. While hotels and retail shops remained shuttered under public health restrictions, "essential" businesses that were allowed to remain open scrambled to maximize revenue while keeping their employees and customers safe.

At Methow Cycle & Sport, the staff broke into two teams and attempted not to overlap for months, "so in the event that somebody did become sick with Covid-19, we could isolate that team and continue operations," explains co-owner Julie Muyllaert. As it did across the bike industry nationwide, revenue boomed as people sought new ways to get outside during the lockdown. "We saw people pulling bikes out of barns and sheds and garages that hadn't seen the light of day in years," Muyllaert says. Sales of entry- and midlevel bikes spiked; repairs were backed up for weeks; and revenues were up 20 percent year-to-date, even after a record year in 2019.

But Muyllaert also serves as vice president of Winthrop's chamber of commerce, where she worked to help other businesses not as lucky as hers. "One of the gaps was the PPP [federal Paycheck Protection Program] wasn't working for a lot of our very small businesses, because they were sole proprietors and didn't have much payroll," she says. To fill the void, in the neighboring community of Twisp, 25 grants of \$1,500 were awarded through the TwispWorks-facilitated Methow Valley Small Business Emergency Grant Program. Old Schoolhouse Brewery, one of Winthrop's most popular social hubs, used one of the grants to start canning its beer—a move that had been in the company's five-year plan but was expedited out of necessity.

"I didn't expect the grant to come through since we're one of the larger businesses in the valley," says co-owner and general manager Jacob Young, 40, who moved to Winthrop four years earlier from Santa Fe. "But we spent it right away—we got two pallets of cans the same day."

Old Schoolhouse makes most of its money in the summer and uses that windfall to remain open through the winter, when many local businesses close. The brewery secured a PPP loan to keep its staff employed at the initial height of the crisis, when sales were between 20 and 30 percent of normal. They've since climbed to about 50 percent, but the pandemic "is hitting us harder and harder as we get into summer," Young says. "We're not even at half of what we'd normally be on the year." Nevertheless, Young and his partners put down a deposit on their own canning system June 23, taking on debt to secure a brighter future post-pandemic.

More broadly, Winthrop's chamber was preparing workshops for businesses to manage their cash flow in advance of what could be a very slow winter. But uncertainty persists. The Methow Valley (where there had only been five Covid-19 cases as of late June, according to Ranzau) has been scorched by wildfires four of the past six summers. You don't have to own a business to see why another fire—and its clouds of smoke, which make recreation and tourism significantly less appealing—could be devastating to a small town on the brink.

"Many of our businesses will be able to weather Covid-19, I believe, if we don't have a bad fire and smoke year," Muyllaert says. "Everything will change for the worse if we do."

MEANWHILE, KENT'S LEADERS are relying on national brands and industries to stay relevant and afloat, while economic development staff take a nimble, tailored approach. Alongside contracting with Green River College's Small Business Center to assist local businesses, department staff are providing individualized advice to some of the city's 4,000 business owners and listening to investors and developers when they panic about financing. Lately, the goal has been to stimulate re-employment of laid-off workers and make the most of \$1.2 million in smallbusiness grants that came from the federal CARES Act.

"We're estimating we'll get 1,500 applicants for the grants," says Bill Ellis, Kent's chief economic development analyst. "But at the end of the day, we'll probably only award 200: either we can definitely been up are marijuana revenue and liquor sales, but not enough to offset the revenue decline in sales tax and business taxes.

How do you compare the fallout from what we're seeing now to the last recession?

Talking about recessions, forecasters sometimes will make references to certain letters. Prior to 2007–2009, a V-shaped recession was common, which would be this very sharp drop followed by a strong recovery where we'd see really fast growth in employment and wages and income. The '07–'09 recession was L-shaped: we had this big drop, and then things just kind of puttered along; it really took a long time to get out from that trough.

What's this recession shaped like?

So far, we've seen a big drop with some recovery, but if there's another Covid spike there could be another drop with some recovery, so it's not really V-shaped.

Maybe more like a W. What's the wild card in all of this?

Certain things that are not really economic could happen that speed up the recovery. If we discover a vaccine, if we improve testing in terms of access and turnaround, those things have the potential to speed up the recovery.

As you're working on the state's next economic forecast, what metrics will you be watching? The metrics that we have been following closely are the ones that we get access to the fastest, like initial claims for unemployment insurance, which come out on a weekly basis, both for the state and the nation. We have seen those trending down from recordsetting levels. Monthly employment data is another one that we're following very closely. Both nationally and in Washington state, we've seen employment gains in May and June.

For an economic forecaster, this must be a pretty interesting time.

It's like being a doctor who is really interested in a potentially deadly disease. It is very interesting because we've never seen anything like this, certainly in our lifetimes. But it's verv depressing because there is a lot of pain here, people laid off, businesses that are not going to make it. You have to go back to 1918–19 for a pandemic of this magnitude.

Any lessons from that time?

People, humans, are very, very creative. We know that there's a ton of effort going into research on: how does the coronavirus work, how does it affect people, how is it transmitted, what vaccines might work, what sort of medicines. So, yes, I'm optimistic that we will see an end to this. I just don't know when.



spread peanut butter thin or make bigger impacts by increasing our award size to \$4,500."

Additionally, to mitigate widespread layoffs in its aerospace and aviation industries, Kent is using grant money to train the city's most vulnerable residents on how to work in a Covid-19 environment, then reimbursing employers up to \$2,250 if they hire one of those workers, or for the training time. "No one's really focused on reducing unemployment; that's mainly a recovery phase tactic," says Ellis. "So I think that's a cool pivot for us."

And then there's the new space race. If you didn't know that Boeing built lunar rovers and rocket thrusters for NASA during the Apollo program in Kent, or that much of the research and development work for the International Space Station happened in Kent, you're not alone. "We're like the Silicon Valley of space, and nobody talks about us because the rocket launches are visible elsewhere when the most critical intellectual property is developed here," says Ellis, noting that Kent's Shape Technologies Group also happens to be a SpaceX supplier. That is likely to change now that Blue Origin, the private "new space" company headed by Amazon founder Jeff Bezos, has been awarded a contract (as of April this year) to put the first woman on the moon via the multination Artemis program. Price tag in US government funding: \$500 million.

Blue Origin has been adding staff for years and is on its way to 3,000 workers, who build rocket ships and capsules and thrusters using metals supplied by other Kent manufacturers. As Kurt Hanson, Kent's director of economic and community development, puts it, referring to one of the giants of 20th-century economic theory: "Keynes himself couldn't have planned a better countercyclical investment into our local aerospace manufacturing hub in the midst of this recession."

BACK IN WINTHROP, things could be worse. At the end of June, the town had \$276,000 in reserves—if needed, enough to coast with no revenue for four months. As for Mayor Ranzau?

Sure, she was concerned for her adopted hometown, trying to stave off worst-case scenarios and squeeze every bit of busy-ness out of what normally would be the busiest season. "I fear that come fall, if the summer is not good for some people, we might have a lot of businesses close," she said. "I'm less worried about the volume of tourists than whether they're the type who are actually spending money."

The worry had been nonstop since mid-March, and the stress wasn't going away. So Ranzau was preparing to hike out of town for a much-needed break: three nights backpacking in the Lake Chelan-Sawtooth Wilderness.

No cell service? "Exactly," she said.

"I know where my level of stress is," she added. "I really need to be out in the high vistas with the flowers and birds, and not see any people. Then I'll be reset and ready for whatever happens next."

The same can't be said for tourists from Seattle, who continue to travel to the Methow Valley to engage in the kinds of outdoor activities approved by the state for Okanogan County (and King County, for that matter). Near the entrance to town, they are greeted by a sign that reads: "Howdy Partner, Keep Winthrop Safe, Wear a Mask."

That's a suggestion many visitors choose to ignore, just as readily as they leap at the opportunity to resume their favorite outdoor pastimes. "People will call and ask if we're open and if it's safe," says Muyllaert of Methow Cycle & Sport. "We're providing information, then we're allowing them to make their own decision on whether to come. We can't be in the position of policing people's decisions. But we're ready to assist them if they walk through our doors."

At Old Schoolhouse, Jacob Young has a manifesto for guests. "The first rule is: be nice," he says. And in a poignant echo of Winthrop's interim destination marketing message, he adds, "We have shifted a bit from 'the customer is always right.' We have rules here, and if you're not ready to abide by them, then maybe just wait a bit and come back later." C

Citywise

The clean materials opportunity is analogous to Washington's pioneering clean energy approach in that it connects job creation and environmental progress.

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-CITY 101 P.22

22 THE ECONOMIC AND ENVIRONMENTAL PROMISE OF A SHIFT TO CLEAN MATERIALS24 MANAGING THE ANTICIPATED BUDGET IMPACT OF THE PANDEMIC DOWNTURN





These Pacific Northwest–based initiatives exemplify the promise, for the economy and the environment, of new approaches to materials and waste.

In Raymond, the Port of Willapa Harbor is leveraging plans to build a new wood pellet mill to multiply value and jobs for the community. AMKO Hardwoods has invested in the project and will run the pellet mill; they plan to use new technology to turn septic waste into a benign fertilizer that, along with waste heat captured from the pellet mill, can feed and heat algae production to create oyster feed and other products.

Seattle-based Sustainable Living is offering kit-built apartment developments that reduce waste during construction. A new "embodied carbon and construction calculator" identifies opportunities to reduce waste and costs.

"Repair cafes" where people bring products to be repaired by skilled volunteers. King County has organized more than 60 such community events since 2016.

Merlin Plastics in Western Canada has developed infrastructure capable of reprocessing the ever-growing varieties of household and industrial plastics, like PE, PP, PET, and HDPE, and is currently accepting material from Recycle BC, Washington, and Oregon.

MATERIALS WORLD

Rethinking what we create, how we use it, and how we can reuse it **TED STURDEVANT AND LISA MCCRUMMEN** CENTER FOR SUSTAINABLE INFRASTRUCTURE

EGINNING A COUPLE OF decades ago, the push to invest in clean energy resulted in a common-sense, win-win opportunity that drove economic and environmental gains for Washington cities—and continues to pay dividends. Building on the success of this model and applying it to a new sector, the Center for Sustainable Infrastructure (CSI) suggests that we can make similar gains by focusing on the development of a "clean materials" economy.

CSI's newly released report, "From Waste Management to Clean Materials," shows how this can be achieved. The report focuses on reinventing our waste and recycling systems and transforming them into a clean materials system with the potential to create tens of thousands of jobs, solve our recycling woes, create hundreds of new businesses, and generate local revenues and billions of dollars in new investment. Along the way, we can cut emissions that are driving climate change and reduce toxic pollution at the front end.

The clean materials opportunity is analogous to Washington's pioneering clean energy approach in that it connects job creation and environmental progress. While the vision for clean energy seemed radical just a little over 20 years ago, many people across the state began to reimagine clean energy solutions to reduce costs, pivot from carbon-intensive energy, and create new jobs.

This strong leadership and vision, partially led by cities and counties, resulted in important environmental wins and economic growth that continues. According to the 2019 Clean Jobs Washington report (by E2, a national, nonpartisan, environmentally minded business group), more than 5 out of every 10 jobs in our state's energy economy are now in clean energy industries, accounting for over 83,000 jobs. The benefits aren't restricted to urban areas, either: 45 percent of Washington's clean energy jobs are based outside the Seattle metro area, and of the top 10 counties by clean energy jobs per capita, five have populations under 100,000.

As with clean energy, a new clean materials system isn't just about opportunity. It's also about necessity.

Washingtonians have been enthusiastic recyclers for decades. But the system received a shock in 2017, when overseas markets began closing to US recyclables, causing revenues for local recycling programs to plummet. As governments search for new solutions to the crisis, recycling costs are rising, and more recyclable material is being landfilled. Other challenges include changes in

WITH THE RIGHT VISION AND LEADERSHIP, WE CAN EMBARK ON OUR NEXT ADVENTURE AND CLAIM THE SAME LEADERSHIP ROLE ON CLEAN MATERIALS THAT WE'VE CLAIMED IN CLEAN ENERGY.

packaging that make recycling more difficult, as well as the failure of waste prevention strategies to actually reduce waste streams. And we now know that the most harm to the planet and people's health from the stuff we throw away comes *before* the waste stage, when materials are extracted, processed, manufactured, transported, and used. All of these stages in a material's life cycle can cause pollution, waste valuable resources, or lead to toxic exposures.

The clean materials vision is based on four fundamental strategies we call



"diamond solutions" that work together, rather than being ranked one above the other. They are:

• Develop clean production and processing hubs where businesses co-locate to: enable one's "waste" to become another's resource, generating economic value while reducing waste and costs; process recycled and organic materials; give materials new life through reuse and repair enterprises; and build bio-refineries and the growing bio-economy.

■ **Prevent waste at all stages** by incentivizing redesign of products and supply chains to minimize waste and pollution, eliminate unneeded toxic materials, and waste less food.

• Get longer life and more use from products through greater reuse, repair, and sharing of products.

• **Optimize recycling** by cleaning up recycled material streams, redesigning collection and processing of recyclables, and measuring success based on actual recycling.

Across Washington and the Pacific Northwest, we are already seeing successes that show what the clean materials future can look like and how it can benefit cities (for examples, see "Clean Scene" at left). And with Covid-19 hammering local jobs and revenues, there's more reason than ever to pivot to smart strategies that create tens of thousands of jobs, turn waste into value, grow local revenues, and fashion a cleaner, more efficient system that drives economic gains instead of costs borne by the public. Building excellence at clean materials solutions at home will position Pacific Northwest companies to export expertise, proven here, to other regions and the world, establishing our region as a national and international leader in the clean materials economy.

We are blessed to live in a state with a history of pragmatic innovation. With the right vision and leadership, we can embark on our next adventure and claim the same leadership role on clean materials that we've claimed in clean energy—and have a similar impact on the environment and the economy. C

The Center for Sustainable Infrastructure is a Pacific Northwest–based nonprofit dedicated to building a positive, brighter future for our communities that is prosperous, inclusive, sustainable, and resilient.





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Citywise

BRACE FOR IMPACT

The pandemic downturn in local economies imperils city budgets, staff, and services. ANITA YADAVALLI, CHRISTIANA K. MCFARLAND, AND SPENCER WAGNER NATIONAL LEAGUE OF CITIES

ITY GOVERNMENTS across the nation provide essential services that keep our economy and neighborhoods strong. From sanitation services, water utilities, and public health to affordable housing, summer youth programming, and public safety, these are the services that make our communities work. Local leaders and municipal workers continue to be on the front lines, working to minimizing the health and fiscal impacts of the virus.

Despite these efforts, the sudden, deep, and all-encompassing pandemic crisis and ensuing economic decline have left city budgets with gaping revenue losses and unexpected expenses. In studying the situation of cities and towns across the country, the National League of Cities has discovered that:

• Cities and towns can expect to face a \$360 billion budget shortfall from 2020 through 2022.

City budget shortfalls are prevalent regardless of city size, but they vary

significantly by state.

Two-thirds of city revenues nationwide are vulnerable to immediate losses due to local economic decline.
 These losses are leading to significant cuts not only in critical public safety services, but also in parks and recreation services crucial to a functioning economy.

• Over one-third of the 3 million city employees in the nation may be subject to furloughs, layoffs, or pay cuts.

CONTINUED ON P.26



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Despite significant uncertainty about how long the coronavirus and the economic impacts of the public health crisis will last, one thing that is clear is that the US has entered a period of significant economic decline. From skyrocketing unemployment, jobless claims, and business closures to plummeting consumer spending and income, families and businesses, particularly Americans of color, are burdened with mounting financial insecurity. As city leaders grapple with helping their communities face these new economic realities, they are also working to soften the blow to their own budgets.

To better understand the depths and contours of the fiscal impacts on cities, towns, and villages nationwide, we analyzed finance data from the US Census Bureau and unemployment projections from the Congressional Budget Office. We find that a one percentage point increase in unemployment results in a 3.02 percent budget shortfall for cities, towns, and villages. Collectively, this amounts to over \$360 billion in lost revenues between 2020 and 2022, with shortfalls nearing \$135 billion in this year alone. Here is a closer look at some of the details.

Cities rely on revenue generated by local economic activity. The vast

majority of city revenues are derived from economic activity occurring within a city's community. These "own source" streams include taxes (sales, property, and income), charges and fees for services, and other governmental revenues on fees from utilities, insurance trusts, and liquor. Property tax revenues and charges, fees, and miscellaneous revenue are the most significant contributors to city budgets.



PPE

decline. Two-thirds of municipal revenue is immediately vulnerable. Many of the major streams of city revenue have already experienced significant and irreplaceable losses during the first few months of the coronavirus pandemic. In a recent NLC-USCM survey of nearly 2,500 city leaders, nearly all report significant revenue losses during 2020 from most own sources, with at least half of cities reporting that revenues from sales taxes, income taxes, and permitting, utility, and other service fees have seen immediate and significant losses. These "vulnerable" sources of revenue comprise 66 percent of own-source revenues. Cities that generate most of their revenue from sales taxes,

income taxes, and fees and charges have been hit especially hard.

OLERIIA

ENRICHMENT PROGRAMS

AFFORDABLE CHILDCARE

SEWAGE

GAS

TAXES

IMPROVEMENTS

TRANSIT

ELECTRIC

SOLID WASTE MANAGEMENT

PARKS AND RECREATION

PUBLIC WORKS

Property tax revenues tend to be less responsive to economic conditions generally. However, rising unemployment is dampening real-estate demand and accelerating foreclosures and missed tax payments, leading even property taxdependent cities to feel the fiscal gravity of the downturn.

Unbudgeted expenditures are on the

rise. Overall, city expenditures are a significant driver of economic resilience and activity. In particular, cities support a large public workforce, accounting for nearly half of their budgets. Payroll for essential public safety positions, including police and fire, makes up over half of

Citywise

AS CITY LEADERS GRAPPLE WITH HELPING THEIR COMMUNITIES FACE THESE NEW ECONOMIC REALITIES, THEY ARE ALSO WORKING TO SOFTEN THE BLOW TO THEIR OWN BUDGETS.

payroll for city government employees.

With the onset of the public health crisis, cities have taken on unprecedented increases in unbudgeted Covid-19-related expenditures. The most significant expenses have resulted from critical purchases of personal protective equipment (PPE) and hospital beds and overtime pay for front-line workers. State and local governments may face nearly \$4 billion in unanticipated expenses over the next six months.

To respond to these costs, Little Rock tapped into its emergency relief fund to purchase PPE and benefit the city's World Central Kitchen food relief efforts. In New York City, drastic Covid-19-related spending increases have resulted in \$1.3 billion cuts over the next two fiscal years to non-Covid-19 programming and services. That's nearly \$60 million a month not going toward essential city services on the precipice of a severe economic downturn, when residents will rely on these services most.

Essential services and workers are

on the line. As necessary increases in spending continue and revenues decline, cities are being forced to severely cut services, lay off and furlough employees, and pull back on capital projects, further impacting local employment, business contracts, and overall investment in the economy. Based on a recent survey, the city government functions that cities anticipate being significantly affected include parks and recreation (71 percent cuts), public works, and public safety (52 percent for police and 38 percent for fire/EMS). Cuts to parks and recreation services in particular will negatively impact economic reopening, as many

families rely on local summer camps and programs for affordable childcare and youth enrichment during the summer months that likely will not be available.

Municipal employees are being hit

hard. City workers are being affected directly, as the economic shutdown has caused massive layoffs, furloughs, and pay cuts. These cuts are affecting services of all kinds and cities of all sizes. Yukon, Oklahoma, has furloughed 18 employees, while Cincinnati has furloughed 1,500. Many cuts have been to seasonal and temporary employees in parks and recreation departments. But in cities like Dayton, Ohio, and Portsmouth, New Hampshire, critical services such as public works are facing strains on human resources. Based on an NLC analysis of best case (10 percent impact) and worst case (33 percent impact) scenarios regarding municipal furloughs, pay cuts, and layoffs, nearly one million employees stand to be affected.

Essential infrastructure spending is

being slashed. Cities spend 18 percent of their budget on infrastructure. Half of all infrastructure expenditures go toward electric, gas, transit, and water utilities, followed by sewerage and solid waste management at 23 percent. But these expenditures are being dramatically altered. Detroit cut its demolition funding by 80 percent, totaling \$40 million. Fargo, North Dakota, slashed its improvement budget by \$7 million. Lansing, Michigan, postponed its construction projects. Round Rock, Texas, postponed its capital improvement projects. And St. Cloud, Minnesota, postponed its deferred maintenance. In total, nearly 20 percent of cities indicate public works functions could be significantly affected by revenue shortfalls. C

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Hitting Home

Washington cities are increasingly concerned about the potential for a significant rise in housing instability related to Covid-19. Recent US Census Bureau data indicate that 30 percent of respondents making less than \$25,000 per year, and 21 percent of respondents earning between \$75,000 and \$99,000 per year, reported slight to no confidence in their ability to pay July's rent.

Housing affordability and homelessness were already at a crisis point prior to the pandemic. This new insecurity is a significant concern as the economic impacts of the pandemic continue and the state's moratorium on evictions comes to an end. Washington's cities have led the way in advocating for more resources and support for housing security. That need is only growing.

Cityscape

Tenino wooden scrip circa 1931 (top) and 2020 (below)



Machinery of Government

A literal manifestation of the wheels of commerce turning attests to the resilience of Washington's communities.

WHEN FACED WITH its direst economic crisis since the Great Depression, the City of Tenino borrowed a tactic, and a certified relic, from that precise chapter of its past. Instead of relying solely on federal, state, and regional relief aid for residents and businesses suffering economic hardship from the pandemic, local leaders returned into service an old hand-cranked printing press that had last been used in the 1930s, when it minted a city-backed wooden currency to help keep the local economy viable. (For more on Tenino's 2020 scrip program, see "Trust Funds," page 5.)

Mayor Wayne Fournier describes the relic, normally an exhibit at the South Thurston County Historical Society, as "this big Steampunk piece of metal with gears and levers you've got to pull, and it smashes down." Like any artifact worth preserving, it made an impact that resonates today. "Everybody's familiar with the stories," Fournier says, "and there's a lot of pride in the town's history and the bold idea that it was in 1931."

In that year, each piece of Tenino's wooden currency was worth 25 cents; today, each piece of Tenino scrip is worth \$25. Tenino's 2020 currency also was embellished with a plucky motto, *Habemus autem sub potestate*—Latin for "We have it under control," or more colloquially, "We got this"—that could apply just as well to every city across the state. As we all work to revive local economies stalled by the pandemic, even a pre-digital-age contraption can evoke the inspiration, ingenuity, and community pride that will help us move forward again, together. C



Being an elected official is challenging. Like most leaders, you may have run for office to work on issues you feel passionate about. Then you get elected and find out – Wow, there's a lot more to this than I realized! It is normal to feel overwhelmed.

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