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Appendix A

Recommended Governance Options Legislative Language

County Financial Health and Governance Alternatives 2007 Legislative Study

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Produced for:
Department of Community Trade and Economic Development

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Appendix A Summary

Appendix A contains example legislative language provided by the project Special Assistant Attorney General that would implement the first three of four recommended governance options. The first two options amend statutory language and the third amends the Washington State Constitution and would require voter approval in order to be implemented. Legislative language for the fourth option was not provided due to time and financial constraints.

Recommended Governance Options Legislative Language

Recommendation 4 – Strengthen the Executive Powers of Board of County Commissioners

Sec. 1. RCW 36.32.010 and 1990 c 252 s 1 are each amended to read as follows:

There is established in each county in this state a board of county commissioners to exercise county legislative powers and certain executive powers consistent with applicable law. Except as provided in RCW 36.32.055 and 36.32.0552, each board of county commissioners shall consist of three qualified electors, two of whom shall constitute a quorum to do business.

Sec. 2. RCW 36.32.120 and 2003 c 337 s 6 are each amended to read as follows:

The legislative authorities of the several counties shall:

(1) Provide for the erection and repairing of court houses, jails, and other necessary public buildings for the use of the county;

(2) Lay out, discontinue, or alter county roads and highways within their respective counties, and do all other necessary acts relating thereto according to law, except within cities and towns which have jurisdiction over the roads within their limits;

(3) License and fix the rates of ferriage; grant grocery and other licenses authorized by law to be by them granted at fees set by the legislative authorities which shall not exceed the costs of administration and operation of such licensed activities;

(4) Fix the amount of county taxes to be assessed according to the provisions of law, and cause the same to be collected as prescribed by law;

(5) Allow all accounts legally chargeable against the county not otherwise provided for, and audit the accounts of all officers having the care, management, collection, or

disbursement of any money belonging to the county or appropriated to its benefit;

(6) Have the care of the county property and the management of the county funds and business and in the name of the county prosecute and defend all actions for and against the county, and such other powers as are or may be conferred by law;

(7) Make and enforce, by appropriate resolutions or ordinances, all such police and sanitary regulations as are not in conflict with state law, and within the unincorporated area of the county may adopt by reference Washington state statutes and recognized codes and/or compilations printed in book form relating to the construction of buildings, the installation of plumbing, the installation of electric wiring, health, or other subjects, and may adopt such codes and/or compilations or portions thereof, together with amendments thereto, or additions thereto: PROVIDED, That except for Washington state statutes, there shall be filed in the county auditor's office one copy of such codes and compilations ten days prior to their adoption by reference, and additional copies may also be filed in library or city offices within the county as deemed necessary by the county legislative authority: PROVIDED FURTHER, That no such regulation, code, compilation, and/or statute shall be effective unless before its adoption, a public hearing has been held thereon by the county legislative authority of which at least ten days' notice has been given. Any violation of such regulations, ordinances, codes, compilations, and/or statutes or resolutions shall constitute a misdemeanor or a civil violation subject to a monetary penalty: PROVIDED FURTHER, That violation of a regulation, ordinance, code, compilation, and/or statute relating to traffic including parking, standing, stopping, and pedestrian offenses is a traffic infraction, except that violation of a regulation, ordinance, code, compilation, and/or statute equivalent to those provisions of Title 46 RCW set forth in RCW 46.63.020 remains a misdemeanor. However, the punishment for any criminal ordinance shall be the same as the punishment provided in state law for the same crime and no act that is a state crime may be made a civil violation. The notice must set out a copy of the proposed regulations or summarize the content of each proposed regulation; or if a code is adopted by reference the notice shall set forth the full official title and a statement describing the general purpose of such code. For purposes of this subsection, a summary shall mean a brief description which succinctly describes the main points of the proposed regulation. When the county publishes a summary, the publication shall include a statement that the full text of the

proposed regulation will be mailed upon request. An inadvertent mistake or omission in publishing the text or a summary of the content of a proposed regulation shall not render the regulation invalid if it is adopted. The notice shall also include the day, hour, and place of hearing and must be given by publication in the newspaper in which legal notices of the county are printed;

(8) Have power to compound and release in whole or in part any debt due to the county when in their opinion the interest of their county will not be prejudiced thereby, except in cases where they or any of them are personally interested;

(9) Have power to administer oaths or affirmations necessary in the discharge of their duties and commit for contempt any witness refusing to testify before them with the same power as district judges;

(10) Have power to declare by ordinance what shall be deemed a nuisance within the county, including but not limited to "litter" and "potentially dangerous litter" as defined in RCW 70.93.030; to prevent, remove, and abate a nuisance at the expense of the parties creating, causing, or committing the nuisance; and to levy a special assessment on the land or premises on which the nuisance is situated to defray the cost, or to reimburse the county for the cost of abating it. This assessment shall constitute a lien against the property which shall be of equal rank with state, county, and municipal taxes;((-))

(11) Adopt and implement administrative policies and procedures applicable to all county offices, departments, services or institutions, including without limitation policies and procedures concerning personnel, civil service, labor relations, training, risk management, fiscal and budgetary matters, information and communications technology, records management, equipment, procurement, public works and contracting;

(12) Appoint and dismiss directors and other managers of any county offices, departments or institutions except for such offices as are elected and the departments or institutions supervised by such elective officers;

(13) Temporarily suspend with pay any elective county officer from his or her official duties whenever an action based upon official misconduct, breach of an official bond or a purported felony is commenced against such officer by the

attorney general, by a prosecuting attorney or by the United States attorney, and appoint some person temporarily to carryout those duties, all until such action is finally resolved;

(14) Request that a prosecuting attorney file appropriate actions pursuant to RCW 42.12.010 to determine whether an elective office has become vacant;

(15) Provide for organizational, management and business process improvement studies, and performance audits, and, upon receiving the results of such studies and audits, implement such recommendations or other measures as the legislative authority deems appropriate;

(16) Assist the efficiency and effectiveness of county services by providing for county-wide facility, buildings, equipment, fleet, supplies and technology studies or plans applicable to all county offices, departments or institutions, and, upon completing or receiving such studies or plans, implement such recommendations or other measures as the legislative authority deems appropriate;

(17) Assist the efficiency and effectiveness of county financial management by providing for county-wide fiscal and financial management programs or plans applicable to all county offices, departments or institutions, and, upon completing such programs or plans, implement such recommendations or other measures as the legislative authority deems appropriate;

(18) Approve, execute and implement inter-governmental agreements with the United States, any Indian tribe, state of Washington, or any other state or Canadian province, or any political subdivision of this or other state or province, for the joint or cooperative delivery of facilities, improvements, equipment, services or regulatory or enforcement activities;

(19) Exercise such other powers as may be vested in the legislative authorities or boards of county commissioners of the several counties under applicable law, including without limitation the power to sue and be sued, to own, construct, purchase, lease, add to and maintain, sell, convey or otherwise dispose of any real and personal property or property rights as necessary for the conduct of the affairs of the county, to enter into contracts, and to employ such persons as the legislative authority deems appropriate.

Sec. 3. RCW 36.40.010 and 1963 c 4 s 36.40.010 are each amended to read as follows:

The board of county commissioners of a county may appoint a budget director who shall report to the board with respect to the responsibilities vested in such officer under this chapter. The budget director may be the county auditor or another person reporting to the board of county commissioners. On or before the second Monday in July of each year the ~~county auditor~~ budget director shall notify in writing each county official, elective or appointive, in charge of an office, department, service, or institution of the county, to file with him or her on or before the second Monday in August thereafter detailed and itemized estimates, both of the probable revenues from sources other than taxation, and of all expenditures required by such office, department, service, or institution for the ensuing fiscal year.

Sec. 4. RCW 36.40.020 and 1963 c 4 s 36.40.020 are each amended to read as follows:

The county commissioners shall submit to the ~~auditor~~ budget director a detailed statement showing all new road and bridge construction to be financed from the county road fund, and from bond issues theretofore issued, if any, for the ensuing fiscal year, together with the cost thereof as computed by the county road engineer or for constructions in charge of a special engineer, then by such engineer, and such engineer shall prepare such estimates of cost for the county commissioners. They shall also submit a similar statement showing the road and bridge maintenance program, as near as can be estimated.

The county commissioners shall also submit to the ~~auditor~~ budget director detailed estimates of all expenditures for construction or improvement purposes proposed to be made from the proceeds of bonds or warrants not yet authorized.

Sec. 5. RCW 36.40.030 and 1963 c 4 s 36.40.030 are each amended to read as follows:

The estimates required in RCW 36.40.010 and 36.40.020 shall be submitted on forms provided by the ~~county auditor or chief financial officer~~ budget director and classified according to the classification established by the state auditor. The ~~county auditor or chief financial officer~~ budget director shall provide such forms. He or she shall also prepare the estimates for interest and debt redemption requirements and any other

estimates the preparation of which properly falls within the duties of his or her office.

Each such official shall file his or her estimates within the time and in the manner provided in the notice and form and the ~~county auditor or chief financial officer~~ budget director shall deduct and withhold as a penalty from the salary of each official failing or refusing to file such estimates as herein provided, the sum of ten dollars for each day of delay: PROVIDED, That the total penalty against any one official shall not exceed fifty dollars in any one year.

In the absence or disability of any official the duties required herein shall devolve upon the official or employee in charge of the office, department, service, or institution for the time being. The notice shall contain a copy of this penalty clause.

Sec. 6. RCW 36.40.040 and 1963 c 4 s 36.40.040 are each amended to read as follows:

Upon receipt of the estimates the ~~county auditor or chief financial officer~~ budget director shall prepare the county budget which shall set forth the complete financial program of the county for the ensuing fiscal year, showing the expenditure program and the sources of revenue by which it is to be financed.

The revenue section shall set forth the estimated receipts from sources other than taxation for each office, department, service, or institution for the ensuing fiscal year, the actual receipts for the first six months of the current fiscal year and the actual receipts for the last completed fiscal year, the estimated surplus at the close of the current fiscal year and the amount proposed to be raised by taxation.

The expenditure section shall set forth in comparative and tabular form by offices, departments, services, and institutions the estimated expenditures for the ensuing fiscal year, the appropriations for the current fiscal year, the actual expenditures for the first six months of the current fiscal year including all contracts or other obligations against current appropriations, and the actual expenditures for the last completed fiscal year.

All estimates of receipts and expenditures for the ensuing year shall be fully detailed in the annual budget and shall be

classified and segregated according to a standard classification of accounts to be adopted and prescribed by the state auditor after consultation with the Washington state association of counties and the Washington state association of county officials.

The ~~county auditor or chief financial officer~~ budget director shall set forth separately in the annual budget to be submitted to the county legislative authority the total amount of emergency warrants issued during the preceding fiscal year, together with a statement showing the amount issued for each emergency, and the legislative authority shall include in the annual tax levy, a levy sufficient to raise an amount equal to the total of such warrants: PROVIDED, That the legislative authority may fund the warrants or any part thereof into bonds instead of including them in the budget levy.

Sec. 7. RCW 36.40.050 and 1963 c 4 s 36.40.050 are each amended to read as follows:

The budget shall be submitted by the ~~auditor~~ budget director to the board of county commissioners on or before the first Tuesday in September of each year. The board shall thereupon consider the same in detail, making any revisions or additions it deems advisable.

Sec. 8. RCW 36.92.010 and 1967 ex. S. c 103 s 2 are each amended to read as follows:

The purpose of this chapter is to provide county officials of each county with a modern approach to the common problems encountered by said officers in procurements, accounting, record keeping, facility management, equipment, supplies, technology and problem solving with respect to any or all of those matters, thereby effectuating economies in county government.

It is further the intent of this chapter that the constitutional autonomy of the various county officers be preserved while providing such officials with a centralized department to perform ministerial functions for them on the most modern and efficient systems, processes, technology, facilities and equipment (~~(machines)~~) available.

Sec. 9. RCW 36.92.020 and 1967 ex. S. c 103 s 3 are each amended to read as follows:

As used in this chapter, the following words shall have the meanings ascribed herein:

(1) "Services department" shall mean the county central services department, established in accordance with the provisions of this chapter.

(2) "Board" shall mean the board of county commissioners.

(3) "Automatic data processing" or "ADP" shall mean that method of processing information using mechanical or electronic machines, guided by predetermined instructions to produce information in usable form, and shall include but not be limited to electronic accounting machines, electronic data processing machines, ~~((and))~~ computers, related equipment and software.

(4) "Electronic accounting machines" or "EAM" shall mean that method of ADP utilizing punch cards or unit record equipment.

(5) "Electronic data processing" or "EDP" shall include that system which comprises a combination of equipment and/or software or unites to provide input of source data, storage and processing of data and output in predetermined form, including without limitation a central processing unit (CPU) or main frame.

(6) "Computer" shall mean any device and/or system that is capable of solving problems and supplying results by accepting data and performing prescribed operations. It shall include analog or digital, general purpose or special purpose computers.

(7) "Copy" or "micro-copy" shall mean photographic, photostatic, photomechanical or other copy process.

(8) "Records technology" shall mean any system or method for storing, managing, retrieving and otherwise handling records or information in any form.

It is the intent of this chapter that the definitions contained in subsections (3) through (7) of this section shall be construed in the broadest possible interpretation in order that new and modern equipment and methods as they become available shall be included therein.

Sec. 10. RCW 36.92.030 and 1967 ex. S. c 103 s 4 are each amended to read as follows:

By resolution, the board of county commissioners may create a county central services department which shall be organized and function as any other department of the county. When a board creates a central services department, it shall also provide for the appointment of a supervisor to be the administrative head of such department, subject to the supervision and control of the board, and to serve at the pleasure of the board. The supervisor shall receive such salary as may be prescribed by the board. In addition, the supervisor shall be reimbursed for traveling and other actual and necessary expenses incurred by him or her in the performance of his or her official duties. The board of county commissioners may assign the services department with the responsibility to plan, develop, acquire, maintain and/or manage any or all of the following, as determined by the board: systems, processes, technology, facilities and equipment with respect to ADP, EAM, EDP, computers, copying, information, records technology and communications technology consistent with this chapter. The board of county commissioners also may assign the services department with the responsibility for any or all of the planning, development, acquisition, maintenance and/or management of county buildings and facilities, real estate, other property, supplies, public works, and/or risk management, all consistent with applicable law.

Sec. 11. RCW 36.92.050 and 1967 ex. S. c 103 s 6 are each amended to read as follows:

Services departments created pursuant to this chapter shall initially draw a comprehensive data processing , records technology and information management use plan. It shall establish levels of service to be performed by the department and shall establish levels of service required by using agencies. Before proceeding with purchase, lease or acquisition of the data processing equipment, the comprehensive data processing use plan shall be adopted by the board.

When established by the board, the services department may perform the service functions relating to accounting, record keeping, and ~~micro-copy~~ information storage and management by the utilization of automatic data processing and ~~micro-copy~~

records technology equipment.

In relation to said equipment the services department shall perform any ministerial services authorized by the board and requested by the various officers and departments of the county. In this connection, it is the intent of this chapter that the services department be authorized to utilize such equipment to the highest degree consistent with the purposes of this chapter and not inconsistent with constitutional powers and duties of such officers.

The services department is also authorized to utilize such equipment for the purpose of problem solving when such problem solving is of a ministerial rather than a discretionary nature.

Sec. 12. RCW 36.92.080 and 1967 ex. S. c 103 s 9 are each amended to read as follows:

When a board of county commissioners creates a central services department pursuant to RCW 36.02.030, the (~~ministerial~~) administrative services and responsibilities assigned by the board of county commissioners to be performed by such department in connection with automatic data processing shall not thereafter be performed by any other officer or employee of said county.

Recommendation 5 -- Create the Statutory Position of Appointed County Manager

NEW SECTION. **Sec. 1.** A new section is added to chapter 36.32 to read as follows:

(1) To improve the effectiveness and efficiency of county government, the board of county commissioners of a non-charter county may appoint a county manager to serve as the chief administrative officer of the county. The county manager shall be appointed for an indefinite term and may be removed, with or without cause, by a majority vote of the board of county commissioners. At least thirty days before the effective date of his or her removal, the county manager must be furnished with a formal statement in the form of a resolution passed by a majority vote of the county board of county commissioners stating the board of county commissioners' intention to remove him or her and the reasons therefor. Upon passage of the resolution stating the board of county commissioners' intention to remove the manager, the commissioners by a similar vote may suspend him or her from duty, but his or her pay shall continue until his or her removal becomes effective.

(2) The powers and duties of a county manager appointed pursuant to this section shall include:

(a) To have general supervision over the administrative affairs of the county that are under the supervision of the board of county commissioners, including without limitation the management of employees and human resources, budget and financial management, technology planning and use, labor and employment matters, records management, capital facilities, purchasing and public works, stores and related functions, public information, and risk management;

(b) To appoint and remove at any time all department heads and employees of the county within departments that are under the supervision of the board of county commissioners, subject to the provisions of any applicable law, rule, or regulation relating to public employees;

(c) To attend all meetings of the board of county commissioners at which his or her attendance may be required by

that body;

(d) To see that all laws and ordinances are faithfully executed;

(e) To make recommendations regarding the county budget to the board of county commissioners, to be responsible for the administration of that budget upon its adoption, and to keep the board of county commissioners fully advised of the financial condition of the county and its future capital and operating needs;

(f) To serve as the budget director of the county if so designated by the board of county commissioners;

(g) To organize and reorganize departments and offices of the county under the supervision of the board county commissioners;

(h) To prepare and submit to the board of county commissioners such reports as may be required by that body or as he or she may deem it advisable to submit;

(i) At the direction of the board of county commissioners, to represent the board in negotiations with other agencies, labor unions, employee organizations, and with other persons or entities;

(j) To assist in the coordination of the functions and work of all county offices and departments;

(k) To periodically recommend best practices and technology for improving public services and to develop methods to increase the efficiency, economy and effectiveness of the operation of those offices and departments;

(l) To recommend for adoption by the board of county commissioners such other measures as he or she may deem necessary or expedient; and

(m) To perform such other duties as the board of county commissioners may determine by ordinance or resolution.

(3) Neither the board of county commissioners, nor any of its members, shall direct the appointment of any person to, or his or her removal from, office by the county manager or any of

his or her subordinates. Except for the purpose of inquiry, the board of county commissioners and its members shall deal with the administrative service through the manager and neither the board of county commissioners nor any committee or member thereof shall give orders to any subordinate of the county manager, either publicly or privately. The provisions of this section do not prohibit the board of county commissioners from fully and freely discussing with the county manager anything pertaining to appointments and removals of county officers and employees and county affairs.

(4) With the approval of the boards of county commissioners of each of the counties concerned, a county manager may serve in that capacity for two or more counties at the same time.

Recommendation 6 – Amend Constitution to Create an Alternative County Charter Process

BE IT RESOLVED, BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE STATE OF WASHINGTON, IN LEGISLATIVE SESSION ASSEMBLED:

THAT, At the next general election to be held in this state the secretary of state shall submit to the qualified voters of this state for their approval and ratification, or rejection, an amendment to Article XI, Section 4 of the Constitution of the state of Washington to read as follows:

The legislature shall establish a system of county government, which shall be uniform throughout the state except as hereinafter provided, and by general laws shall provide for township organization, under which any county may organize whenever a majority of the qualified ~~electors~~ voters of such county voting at a general election shall so determine; ~~and whenever.~~

(a) Whenever a county shall adopt township organization, the assessment and collection of the revenue shall be made, and the business of such county and the local affairs of the several townships therein, shall be managed and transacted in the manner prescribed by such general law.

(b) Any county may frame a "Home Rule" charter for its own government subject to the Constitution and laws of this state, and for such purpose the legislative authority of such county may cause an election to be ~~had~~ held, at which election there shall be chosen by the qualified voters of said county not less than fifteen (15) nor more than twenty-five (25) freeholders thereof, as determined by the legislative authority, who shall have been residents of said county for a period of at least five (5) years preceding their election and who are themselves qualified ~~electors~~ voters, whose duty it shall be to convene within thirty (30) days after their election and prepare and propose a charter for such county. Such proposed charter shall be submitted to the qualified ~~electors~~ voters of said county, as provided in subsection (d) of this section. ~~and if a majority of such qualified electors voting thereon~~

~~ratify the same, it shall become the charter of said county and shall become the organic law thereof, and supersede any existing charter, including amendments thereto, or any existing form of county government, and all special laws inconsistent with such charter. Said proposed charter shall be published in two (2) legal newspapers published in said county, at least once a week for four (4) consecutive weeks prior to the day of submitting the same to the electors for their approval as above provided. All elections in this section authorized shall only be had upon notice, which notice shall specify the object of calling such election and shall be given for at least ten (10) days before the day of election in all election districts of said county. Said elections may be general or special elections and except as herein provided, shall be governed by the law regulating and controlling general or special elections in said county. Such charter may be amended by proposals therefore submitted by the legislative authority of said county to the electors voters thereof at any statewide general election after notice of such submission published as above specified in subsection (d), and ratified by a majority of the qualified electors voters voting thereon. In submitting any such charter or amendment thereto, any alternate article or proposition may be presented for the choice of the voters and may be voted on separately without prejudice to others.~~

~~Any home rule charter proposed as herein provided, may provide for such county officers as may be deemed necessary to carry out and perform all county functions as provided by charter or by general law, and for their compensation, but shall not affect the election of the prosecuting attorney, the county superintendent of schools, the judges of the superior court, and the justices of the peace, or the jurisdiction of the courts.~~

Notwithstanding the foregoing provision for the calling of an election by the legislative authority of such county for the election of freeholders to frame a county charter, registered voters equal in number to ten (10) per centum of the voters of any such county voting at the last preceding general election, may at any time propose by petition the calling of an election of freeholders. The petition shall be filed with the county auditor of the county at least three (3) months before any statewide general election and the proposal that a board of freeholders be elected for the purpose of framing a county charter shall be submitted to the vote of the people voters of the county at ~~said~~ the next statewide general election

occurring not less than 120 days after the petition is validated by the county elections officer.~~, and at~~ At the same election, a board of freeholders of not less than fifteen (15) or more than twenty-five (25), as fixed in the petition calling for the election, shall be chosen to draft the new charter. The procedure for the nomination of qualified ~~electors~~ voters as candidates for said board of freeholders shall be prescribed by the legislative authority of the county, and the procedure for the framing of the charter and the submission of the charter as framed shall be the same as in the case of a board of freeholders chosen at an election initiated by the legislative authority of the county.

In calling for any election of freeholders as provided in this subsection, the legislative authority of the county shall apportion the number of freeholders to be elected in accordance with either the legislative districts or the county commissioner districts, if any, within said county, the number of said freeholders to be elected from each of said districts to be in proportion to the population of said districts as nearly as may be.

~~Should the charter proposed receive the affirmative vote of the majority of the electors voting thereon, the legislative authority of the county shall immediately call such special election as may be provided for therein, if any, and the county government shall be established in accordance with the terms of said charter not more than six (6) months after the election at which the charter was adopted.~~

(c) As an alternative and notwithstanding the provisions of any existing charter, any county may frame or amend a "Home Rule" charter for its own government, subject to the Constitution and laws of this state, as provided in this subsection. For this purpose, the legislative authority of a county may appoint a county governance commission on its own initiative. Alternatively, if ten (10) per centum of the number of qualified voters of the county voting at the last preceding general election sign a petition submitted to the county legislative authority, then within sixty (60) days after the validation of the petition by the county elections officer, the county legislative authority shall appoint a county governance commission.

A county governance commission shall be composed of no fewer than five (5) and no more than eleven (11) qualified voters of that county who shall prepare and adopt a

proposed charter or charter amendment(s) within 12 months after the date of the county legislative authority action to appoint a commission or, in the case of a petition, the date of validation of the petition. If a submitted petition does not specify a number of governance commission members between five (5) and eleven (11), the number shall be determined at the discretion of the county legislative authority.

The proposed charter or charter amendment(s) shall be submitted to the qualified voters of the county at the next statewide general election held not less than 90 days after adoption by the county governance commission. If a county governance commission fails to adopt a proposed charter or charter amendment(s) within 12 months after first convening, the county legislative authority shall dissolve the county governance commission. Further, if the commission was originally formed as a result of a petition and that commission fails to adopt a proposed charter or charter amendment(s) within 12 months after first convening, the county legislative authority shall call for an election of eleven (11) freeholders at the next succeeding statewide general election to frame a charter or charter amendment(s) in accordance with the procedures in subsection (b).

In submitting any charter or charter amendment(s), the county governance commission may present alternate articles or provisions for the choice of the voters and these may be voted on separately without prejudice to the remainder of the charter or charter amendment.

(d) Elections held under this section 4 must be held in conjunction with a statewide general election, and shall be governed by the law regulating and controlling elections in the county.

Any home rule charter or charter amendment(s) framed under subsections (b) or (c) of this section 4 may provide for such county officers as may be deemed necessary to carry out and perform all county functions as provided by charter or by general law, and for their compensation, but shall not affect the election of the prosecuting attorney, judges of the superior court, justices of the peace, or the jurisdiction of the courts.

The county shall cause a summary of every proposed charter or charter amendment under this section 4 to be published in two (2) newspapers of general circulation throughout the county, at least once a week for four (4) consecutive weeks prior to the day of submitting the same

to the voters, and the complete text of each charter or charter amendment shall be included in a voters' pamphlet distributed to the voters of the county in accordance with state election laws.

If a majority of the qualified voters voting thereon approve, the charter or charter amendment(s) proposed under this section 4 shall become the organic law of that county; shall supersede any existing charter or charter provision, including amendments thereto, any existing form of county government and all special laws inconsistent with such charter or charter amendment(s); and shall take effect on the date that is six (6) months after the certification of the election results or as otherwise provided in the charter or charter amendment(s).

The terms of all elective officers, except the prosecuting attorney, ~~the county superintendent of schools,~~ the judges of the superior court, and the justices of the peace, who are in office at the time of the adoption of a Home Rule Charter shall terminate as provided in the charter. All appointive officers in office at the time the charter goes into effect, whose positions are not abolished thereby, shall continue until their successors, if any, shall have qualified.

~~After the adoption of such approval of a "Home Rule" charter or charter amendment,~~ such county shall continue to have all the rights, powers, privileges and benefits then possessed or thereafter conferred by general law. All the powers, authority and duties granted to and imposed on county officers by general law, except the prosecuting attorney, ~~the county superintendent of schools,~~ the judges of the superior court and the justices of the peace, shall be vested in the legislative authority of the county unless expressly vested in specific officers by the charter. The legislative authority may by resolution delegate any of its executive or administrative powers, authority or duties not expressly vested in specific officers by the charter, to any county officer or officers or county employee or employees.

The provisions of Sections 5, 6, 7, and the first sentence of Section 8 of this Article as amended shall not apply to counties in which the government has been established by charter adopted under the provisions hereof. The authority conferred on the board of county commissioners by Section 15 of Article II as amended, shall be exercised by the legislative authority of the county.

All existing home rule charters adopted under the prior provisions of this section are ratified and

confirmed, and nothing in this amendment is intended to affect their validity.



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Appendix B

Legal Memo on County Governance Parameters

County Financial Health and Governance Alternatives 2007 Legislative Study

This document is also available on the Web at
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Appendix B Summary

Appendix B provides legal advice from the project Special Assistant Attorney General regarding the Legislature's ability to shape non-charter county government and to authorize county commissioners and other officers to exercise various powers. The general observation made is that, within certain constitutional constraints, the Legislature has substantial power to shape county government by statute, to identify certain county offices, and to control the powers exercised by each county officer.

This component addresses the following questions in summarized form:

To what extent may offices be consolidated without requiring a constitutional amendment? Could the legislature authorize consolidation of offices between counties having the same classification?

Article XI, §§ 4 and 5 enable the legislature to provide for various county officers in addition to commissioners, sheriffs, county clerks, treasurers and prosecuting attorneys. Those specified offices must exist, but all other county offices are optional. Next, the Legislature may allocate duties to the various offices, and may classify counties by population for the purpose of specifying the merger of certain duties into a single office, and for setting compensation scales. County offices could be reassigned in many ways so long as the classification of counties and the permissible merger of duties were both prescribed by statute.

Several constraints would remain: First, it is probable (although not certain) that the five offices named in Article XI, §5 cannot be abolished by statute. Unless Article XI, §5 is amended, every non-charter county will need to have commissioners, a sheriff, a county clerk, a treasurer and a prosecuting attorney. Second, all officers must be elected, because Article XI, §5 expressly states that the Legislature "shall provide for the *election* in the several counties" of the specified officers and any others the Legislature deems appropriate. Article XI, §5 further states that the Legislature may provide for the "*election* in certain classes of counties" of officers who may exercise the powers and duties of two or more officers. Third, powers must follow the specific office. Finally, the specified offices and allocation of responsibilities should be uniform among counties of the same class, and classes must be based only on population.

Under Washington's Constitution, counties are difficult to create and difficult to merge or eliminate. If the Legislature desired to encourage the consolidation of services across county lines without amending the State Constitution, this might be accomplished in several ways. First, the State could provide grants and staff support to encourage county officers voluntarily to combine staff resources with their counterparts in adjoining counties. Another approach would be for the Legislature to *require* that certain county officers pool their staff and operations. A third approach would be for the Legislature to strip certain responsibilities from the elected officers and vest them in new multi-county agencies. For offices that are not specified in Article XI, §5, the Legislature could assign

them to new regional entities without limitation. For offices that are listed in Article XI, §5, the Legislature could provide the continued county-by-county election of those posts, but strip many functions and reassign them to multi-county regional entities, or require pooled operations as described in the previous paragraph. Under Article XI, §5, the Legislature has full authority to prescribe the duties of county officers.

If certain offices could be consolidated, either within a single county or with the offices of neighboring counties, would there be a violation of the constitutional uniformity requirement?

There would be no violation of the uniformity requirement so long as the list of county officers, the responsibilities of each officer, and the transfer of responsibilities among offices or the transfer of powers to regional entities, was consistent statewide among all counties within the same population class.

Would the Interlocal Cooperation Act permit one county to contract with another to have the duties of one office (elected or appointed) be performed by the equivalent officer of the other county? Who may enter into the contract: the Commissioners, the separately elected officials or both to make it valid?

RCW 39.34 provides that any public agency, including a county, may exercise any of its powers jointly with any other public agency. Consequently, Counties A, B and C could agree that County A's treasurer would be responsible for handling the daily investments of the funds of all three counties. However, each county's treasurer would still be legally responsible for that county's investments, and it would be prudent (perhaps legally necessary) to involve all three treasurers in a joint board or other body overseeing County A's treasurer as she carries out her tasks for the three entities. Furthermore, it would be prudent (perhaps legally necessary) to have each county treasurer agree to and countersign the three-county interlocal agreement. RCW 36.29.020 makes the county treasurer the custodian of county funds and expressly charges the treasurer with investment responsibilities. County commissioners probably lack authority to *order* their county treasurer to use the investment services of another county's treasurer. However, the Legislature might be able to strip all county treasurers, within a class of counties, of investment responsibilities, and require pooled investment practices among counties. This short discussion has focused on county treasurers and investments, but the principles would be applicable to other officers and duties.

One other issue that should be considered is whether a county officer, such as a treasurer, has the authority to contract for services from a corresponding officer in another county, without the approval of the county commissioners. Under RCW 36.32.120, the "legislative authority of the several counties" have certain specified powers, including "the care of the county property and the management of the county funds and business...." County legislative authorities must approve the budgets of each county office under Chap. 36.40 RCW, and commissioners normally approve contracts their counties enter into. Because of the budget and finance implications of an arrangement among treasurers to pool services, it would be prudent (perhaps legally required) for such

an interlocal agreement to be approved by the legislative authority as well as the treasurers themselves.

Are the separately-elected officials of a non-charter county required to comply with or follow the county-wide policies adopted by the county commissioners? For example, would a policy adopted by the county commissioners that county offices use the county fleet or purchase supplies through the county purchasing agent apply to the other independently-elected county officials? If the answer to this question is "yes," would the requirement to follow county policy also apply to the county judicial offices?

It is a longstanding principle in Washington that a board of county commissioners can exercise no powers which are not in express terms or by fair implication conferred upon it by law. Case law suggests that whenever county commissioners desire to establish a program or outline policies that will control how other independently-elected county officials must act, the commissioners must first identify specific statutory authority granting them that power with respect to the specific type of program or policy.

Because of the State Supreme Court's historic protection of the judiciary as an independent branch, it is even more difficult for county commissioners to impose policies or practices on the superior courts and district courts.

Legal Memo on County Governance Parameters

Full Text from Memo Body

This memorandum discusses the questions that you posed in your July 16, 2007, email regarding the Legislature's ability to shape county government and to authorize county commissioners and other officers to exercise various powers. This memo answers each of the questions in turn. Not surprisingly, our conclusions are in most respects similar to the initial responses you received from legal staff at the Municipal Research and Services Center. But the most important observation we make is that, within certain constitutional constraints, the Legislature has substantial power to shape county government by statute, to identify certain county offices, and to control the powers exercised by each county officer. Please note that this memo focuses solely on non-home-rule counties.

Question 1. *Article XI, section 5 allows the legislature to, by general laws, classify the counties by population and provide in certain classes county officers that shall exercise the powers and perform the duties of two or more officers. To what extent may the authority to "combine" offices be exercised without requiring a constitutional amendment? For example, could all of the offices except for the county commissioners be consolidated into a few positions? If there is consolidation, must the remaining office/offices be filled by election or could it/they be filled by appointment?*

Article XI, section 5, provides, in part:

The legislature, by general and uniform laws, shall provide for the election in the several counties of boards of county commissioners, sheriffs, county clerks, treasurers, prosecuting attorneys and other county, township or precinct and district officers, as public convenience may require, and shall prescribe their duties, and fix their terms of office: Provided, That the legislature may, by general laws, classify the counties by population and provide for the election in certain classes of counties certain officers who shall exercise the powers and perform the duties of two or more officers. It shall regulate the compensation of all such officers, in proportion to their duties, and for that purpose may classify the counties by population....

The "general and uniform laws" language in both section 4 and section 5 of Article XI reflects the strong opposition, in the late 19th century American west, to the practice of legislatures chartering individual local governments. W. Lair Hill, who authored an annotated model constitution that was provided to every delegate at Washington's 1889 constitutional convention, wrote that such charters "are the footballs of...lobbyists, who are sure to besiege the legislature when there is opportunity for plunder. The plan of regulating these municipal governments by general laws only...has

proved an efficacious remedy for the evils above mentioned....”¹ Because of the drafters’ antipathy to “special laws” for individual local governments, several sections of Article XI require that counties, cities and other municipal corporations be created and governed by “general laws.”²

A typical (and early) case involving the application of the “general laws” provision was *State ex rel. Hunt v. Tausick*, 64 Wash. 69 (1911), in which a new statute on the organization of cities was challenged on the grounds that it was meant to apply solely to Walla Walla. But the State Supreme Court held that that statute was “general in its terms and applicable to all cities...having a population of 2,5000 and less than 20,000.” 64 Wash. at 75. The court took judicial notice of the fact that many cities existed within that range of population and that if “they so elect, all of them under the act may avail themselves of the privileges it grants. The court also noted that the act did not “select any particular city or special territory to which it shall exclusively apply.” *Id.*

The “general laws” requirement applies to counties under Art. XI, §5, so that the legislature may not enact special legislation applicable to a specific county or group of counties. But it is important to emphasize that the *general laws* requirement is different from the *uniform laws* requirement, and each is applied separately. Legislation relating to Washington *cities* is constrained only by the “general laws” prohibition on special legislation. Statutes may not be made applicable to a specific city. Under Art. XI, §10, the Legislature may freely create various classes of cities and prescribe their powers and how they are governed, based on the class of city—so long as that is all set forth in general legislation. City government does not have to be uniform within a class. In fact, cities are provided many structural options within classes, such as code cities’ choice of organizing according to the mayor-council, council-manager, or commission form of government.³

Under Article XI, §§ 4 and 5, counties are different from cities because their organization and powers are subject not only to the *general laws* requirement (*i.e.*, no special laws applicable to just one named county) but are also subject to a *uniform laws* requirement (*i.e.*, the system of county government must be the same from county to county except to the extent that the constitution expressly allows deviation). The classic case on this issue is *State ex rel. Maulsby v. Fleming*, 88 Wash. 583 (1915). In that instance, the Legislature had abolished the office of county coroner in all counties other than first class counties. In small and medium sized counties the coroner’s duties were to be transferred to the prosecutor. The State Supreme Court held that although Art. XI,

¹ W. Lair Hill, *Proposed Constitution for the State of Washington* (Portland Oregonian, July 4, 1889).

² *See, e.g.*, Art. XI, §10, which provides in part: “Corporations for municipal purposes shall not be creted by special laws; but the legislature, by general laws, shall provide for the incorporation, organization and classification in proportion to population, of cities and towns....” *See also*, the ban, in Art. XII, §1, on creating private corporations by special laws, and the broader prohibition on special legislation in Art. II, §28.

³ RCW 35A.01.070(5) and RCW 35A.02.130.

§5, as then written, allowed the classification of counties for the purpose of the compensation level of officers, in other respects the system of county government must be the same statewide. The opinion stated: “It seems too plain to admit of serious dispute that a system of county government which permits certain officers in one county which are not permitted in another county is not a uniform system.” 88 Wash. at 584. The court also held: “In order that the system may be the same, the officers must be the same; and their duties must be the same; otherwise the system is different.” 88 Wash. at 585.

The *Maulsby* case resulted in the 1924 adoption of Amendment 12. That amendment adjusted Art. XI, §5 by adding the following proviso: “The legislature may, by general laws, classify the counties by population and provide for the election in certain classes of counties certain officers who shall exercise the powers and perform the duties of two or more officers.” After enactment of Amendment 12, the Legislature was free to merge coroners into prosecutors in certain classes of counties, or to combine treasurers and auditors, or treasurers and assessors—so long as the system was according to general law and was uniform within each class of county.

Another case worthy of note is *State ex rel. Scofield v. Easterday*, 182 Wash. 209 (1935). The issue in *Scofield* was whether the Legislature could remove the management and control of county highways from the board of county commissioners and transfer that responsibility to the county engineer. The State Supreme Court held that Article XI, §5 permitted the transfer of powers because it granted the Legislature with the power “to prescribe the duties of the county officers.”

Although *Scofield* confirmed the Legislature’s strong authority to prescribe county officers and the powers to be exercised by those officers, in other respects *Maulsby*’s language regarding uniformity government for the several counties still carries weight. For example, in AGO 1987 No. 11, the Attorney General concluded that there was a reasonable possibility that the courts would reject legislation allowing larger counties to opt for five-member county commissions. The Attorney General concluded that the legislation might result in an unconstitutional “‘crazy quilt’ system of county government.”⁴

In response to your specific questions on this matter, Article XI, §§ 4 and 5 enable the legislature to provide for various county officers in addition to commissioners, sheriffs, county clerks, treasurers and prosecuting attorneys. Those specified offices must exist, but all other county offices are optional. Next, the Legislature may allocate duties to the various offices, and may classify counties by population for the purpose of specifying the merger of certain duties into a single office, and for setting compensation

⁴ See also Wash. AGLO 1979 No. 8, an earlier opinion that dealt with a similar proposal for different sizes of county commissions.

scales.⁵ As a hypothetical example, the Legislature could by statute establish the following uniform county offices for non-charter counties:

Five Commissioners
County Administrator
Sheriff
County Clerk
Treasurer
Prosecuting Attorney
Medical Examiner
Elections Director
Registrar
Assessor

Also by way of example, the Legislature could classify non-charter counties into three population classes: above 100,000 (Class I), 15,000 to 100,000 (Class II), and below 15,000 (Class III). The Legislature could then provide, by statute, as follows: Class I counties would have all 14 offices performed by separate individuals (*i.e.*, 14 officers); in Class II counties the responsibilities of the Assessor and Treasurer would be combined and the Elections Director and Registrar would be combined (resulting in 12 officers); in Class III counties the responsibilities of the Assessor and Treasurer would be combined, the Elections Director and Registrar would be combined, the Prosecuting Attorney and Medical Examiner would be combined, only three commissioners would exercise the powers and duties of five Commissioner positions, and the County Administrator's duties would be transferred to the three Commissioners (resulting in 8 officers). This would provide for "uniform" county government, with the classification of counties and the merger of duties consistent with Article XI, §5. Of course, county offices could be reassigned in many other ways, so long as the classification of counties and the permissible merger of duties were both prescribed by statute.

Several constraints would remain: First, as suggested above, it is probable (although not certain) that the five offices named in Article XI, §5 cannot be abolished by statute; unless Article XI, §5 is amended, every non-charter county will need to have commissioners, a sheriff, a county clerk, a treasurer and a prosecuting attorney. Second,

⁵ Amendment 57 in 1972 allowed the Legislature to delegate, to the county commissioners or county councils, the authority to set the salaries of the other county officers as well as their own. That power would be subject to Article XI, §8, which together with XXXI, §1 prohibits an elected officials from increasing his or her own salary before reelection. But county legislative authorities may adjust the salaries of *other* county official, and that power can strengthen the hand of the county legislative authority in the budget purposes.

all officers must be elected, because Article XI, §5 expressly states that the Legislature “shall provide for the *election* in the several counties” of the specified officers and any others the Legislature deems appropriate; Article XI, §5 further states that the Legislature may provide for the “*election* in certain classes of counties” of officers who may exercise the powers and duties of two or more officers. Third, powers must follow the specific office; although Article XI, §5 provides that offices may be merged so that certain officers would “exercise *the* powers and perform *the* duties of two or more officers,” the courts might hold that the statutorily-assigned powers and duties of an officer may not be *split* between two other officers. The courts would probably not allow, for example, one officer’s duties to be split between two identified officers in Class II counties and split between two different officers in Class III counties. Finally, the specified offices and allocation of responsibilities should be uniform among counties of the same class, and classes must be based only on population. If a statute provides that the commissioners’ responsibilities are undertaken by five individuals in Class I and Class II counties, and shared by three individuals in Class III counties, there cannot an “option” system under which, for example, voters in Class II counties are permitted to choose whether to have three or five commissioners.⁶

Question 1A. *Could the legislature authorize consolidation of offices between counties having the same classification? For example, could the auditor of county X have his or her duties consolidated with the duties of the auditor in county Y, allowing the same officer to perform the duties for both counties?*

Under Washington’s constitution, counties are difficult to create and difficult to merge or eliminate. Article XI, §1 recognized all of the “several counties of the Territory...existing at the time of the adopting of this Constitution” and just five new counties were added by legislative action through 1911, when Pend Oreille County was created.⁷ Article XI, §3 made it relatively difficult to create new counties without legislative support. *See, e.g., Freedom County v. Snohomish County*, 95 Wash. App. 839 (1999) rev. den. 139 Wn.2d 1022 (2000).

“The several counties” and their officers seem to be firmly entrenched in the current constitution. There appears to be no firm basis for the Legislature to consolidate responsibilities of county officers between counties. The Washington Supreme Court in 1896 upheld the Legislature’s consolidation of superior courts across county lines, but the constitutional provision involved was worded quite differently than Art. XI, §5.⁸ While

⁶ AGO 1987 No. 11 correctly concluded: [Two legislative proposals] contain the flaw of leaving the determination of how many commissioners the county will have up to the voters within the county....While Engrossed Substitute Senate Bill 5020 purports to classify counties by population for the purpose of setting the number of commissioners, the involvement of voters can lead to nonuniformity among counties of the same class.”

⁷ Steve Lundin, *The Closest Governments to the People: A Complete Reference Guide to Local Government in Washington State* 32 (2007).

⁸ *State v. Rusk*, 15 Wash. 403 (1896).

the language of the relevant Article IV judiciary provision was less than clear, that section of the constitution *did* contemplate multi-county courts.

If the Legislature desired to encourage the consolidation of services across county lines without amending the State Constitution, this might be accomplished in several ways. First, the State could provide grants and staff support to encourage county officers voluntarily to combine staff resources with their counterparts in adjoining counties. For example, grants could be made available to assessors to encourage them to pool their personnel and records. Each county would continue to have its own assessor and assessor's budget, but most operating costs would be shared with other jurisdictions.

Another approach would be for the Legislature to *require* that certain county officers pool their staff and operations. For example, in counties that share a superior court (*e.g.* Benton-Franklin Superior Court) the Legislature could require that there be a single staff of assistant prosecuting attorneys. In the Benton-Franklin example, there would continue to be two separately elected prosecutors, but they would have to work together in supervising a common staff. Prosecutorial decisions would ultimately be made by each prosecutor for his/her county.

A third approach would be for the Legislature to strip certain responsibilities from the elected officers and vest them in new multi-county agencies. For offices that are not specified in Article XI, §5, the Legislature could assign them to new regional entities without limitation. For example, the Legislature could provide that Class II and Class III counties would have no assessors, coroners or auditors, and that assessment, medical examiner and election operations be vested in new multi-county agencies. (In that example, the auditor's document registration functions might be transferred to the county treasurer.) There is an historical basis for this type of rearrangement of powers traditionally held by a county officer. From territorial days until 1969, state law provided for an elected county superintendent of schools in each county. The role of counties in overseeing school district activities was gradually decreased, and in 1969 the county superintendents were replaced with regional entities called intermediate school districts, now "educational service districts."⁹ (Washington currently has nine multi-county educational service districts that provide their component districts with educational, fiscal, information technology, human resources and social services.) For offices that are listed in Article XI, §5, the Legislature could provide the continued county-by-county election of those posts, but strip many functions and reassign them to multi-county regional entities, or require pooled operations as described in the previous paragraph. Under Article XI, §5, the Legislature has full authority to "prescribe [the] duties" of county officers.

⁹ Lundin, *Closest Governments* 377. Educational service districts are created under Chap. 28A.310 RCW.

Question 2. *Article XI, section 4 of the constitution provides for the establishment of county government "which shall be uniform throughout the state." If certain offices could be consolidated, either within a single county or with the offices of neighboring counties, would there be a violation of the constitutional uniformity requirement?*

There would be no violation of the uniformity requirement so long as the list of county officers, the responsibilities of each officer, and the transfer of responsibilities among offices or the transfer of powers to regional entities, was consistent statewide among all counties within the same population class.

Question 3. *Would the Inter-local Cooperation Act, chapter 39.34 RCW, which allows local governments to contract with one another, permit one county to contract with another to have the duties of one office (elected or appointed) be performed by the equivalent officer of the other county; for example, could the treasurer of county A provide treasurer-related services with county B, if there was an inter-local agreement entered into by the two counties? Who may enter into the contract: the Commissioners, the separately elected officials or both to make it valid?*

RCW 39.34 provides that any public agency, including a county, may exercise any of its powers jointly with any other public agency. Consequently, Counties A, B and C could agree that County A's treasurer would be responsible for handling the daily investments of the funds of all three counties.¹⁰ However, each county's treasurer would still be legally responsible for that county's investments, and it would be prudent (perhaps legally necessary) to involve all three treasurers in a joint board or other body overseeing County A's treasurer as she carries out her tasks for the three entities. Furthermore, in light of the discussion in the answer to Question 4, below, it would be prudent (perhaps legally necessary) to have each county treasurer to agree to and countersign the three-county interlocal agreement. RCW 36.29.020 makes the county treasurer the custodian of county funds and expressly charges the treasurer with investment responsibilities. County commissioners probably lack authority to *order* their county treasurer to use the investment services of an another county's treasurer. However, as noted in the discussion under Question 3, above, the Legislature might be able to strip all county treasurers, within a class of counties, of investment responsibilities, and require pooled investment practices among counties. This short discussion has focused on county treasurers and investments, but the principles would be applicable to other officers and duties.

¹⁰ Such interlocal contracts for joint services are fairly common. For example, under a single interlocal agreement, remittance processing (*i.e.*, tax and other payments) are collectively handled at one location in Vancouver for Clark County, Clark Public Utilities, Clark Regional Wastewater District, the City of Vancouver, the City of Camas, the City of Longview, the Tualatin Valley Water District and the Eugene Water and Electric Board.

One other issue that should be considered is whether a county officer, such as a treasurer, has the authority to contract for services from a corresponding officer in another county, without the approval of the county commissioners. Under RCW 36.32.120, the “legislative authority of the several counties” have certain specified powers, including “the care of the county property and the management of the county funds and business...” County legislative authorities must approve the budgets of each county office under Chap. 36.40 RCW, and commissioners normally approve contracts their counties enter into. Because of the budget and finance implications of an arrangement among treasurers to pool services, it would be prudent (perhaps legally required) for such an interlocal agreement to be approved by the legislative authority as well as the treasurers themselves.

Question 4. *Are the separately-elected officials of a non-charter county required to comply with or follow the county-wide policies adopted by the county commissioners? For example, would a policy adopted by the county commissioners that county offices use the county fleet or purchase supplies through the county purchasing agent apply to the other independently-elected county officials?*

It is a longstanding principle in Washington “that a board of county commissioners can exercise no powers which are no in express terms or by fair implication conferred upon it by law.” *Martin v. Whitman County*, 1 Wash. 533 (1889). Although county legislative authorities are granted a number of powers and duties in RCW 36.32.120, that list is not very long. Other statutes expressly grant additional powers to county commissioners, such as the control of all county agency budgets in Chap. 36.40, the authority to issue bonds under Chap. 36.67 RCW, and the control of road and bridge construction under Chaps. 36.75 RCW and 36.7 RCW. County legislative authorities also have a key role in the development of growth management policies under Chap. 36.70A RCW. But before county commissioners may enact and enforce “county-wide policies” and require that those policies be followed by other independently-elected county officials, it is necessary to identify specific statutory authority that vests the commissioners with the power to develop those specific policies relating that the specific subject matter concerned.

The classic case on this subject is *State ex rel. Taylor v. King County*, 2 Wn.2d 575 (1940), which involved an attempt by the King County Board of Commissioners to create a division of purchases and to require all county departments—including those headed by independently elected officials—to make purchases through that central division. The State Supreme Court held that absent clear legislative intent to the contrary, each independently-elected officer had the right to purchase their own supplies. 2 Wn.2d at 588. The opinion stated:

Counties are but arms or agencies of the state organized to carry out or perform some functions of state government. They, as instrumentalities of the state, have no powers except those expressly conferred by the constitution and state laws, or those which are reasonably or necessarily implied from the granted powers.

2 Wn.2d at 579. The court noted: "Our statutes do not in express terms designate any officer whose duty it is to purchase supplies for the offices of clerk, auditor or treasurer." *Id.* The opinion then proceeded to carefully analyze the specific powers that the Legislature *had* granted county commissioners, but found not authority for commissioners to supervise all purchases under the law then in effect. The court ruled:

Those cases lay down the rule that the county commissioners have a supervisory power over the affairs of the county, that they are the business agents of the county, have the care and management of the county funds and business, and have the power to properly exercise those rights and duties. In none of those cases, however, do we find a holding that the county commissioners have the power to purchase or to supervise the purchases of supplies for other county offices.

2 Wn.2d at 582. *Taylor* is still good law. It suggests that whenever county commissioners desire to establish a program or outline policies that will control how other independently-elected county officials must act, the commissioners must first identify specific statutory authority granting them that power with respect to the specific type of program or policy.

Question 4(a). *If the answer to this question is "yes," would the requirement to follow county policy also apply to the county judicial offices?*

Because of the State Supreme Court's historic protection of the judiciary as an independent branch, it is even more difficult for county commissioners to impose policies or practices on the superior courts and district courts. *See, generally, In re Juvenile Director*, 87 Wn.2d 232 (1976), which upheld a county commission's budget authority over the county courts, but suggested that the commissioners' authority could not be exercised in such a way that would harm the courts' ability to operate.

We hope that this discussion is useful. Please feel free to call if we can provide you with additional analysis of these or related questions.



Municipal Research and Services Center of Washington
Working Together for Excellence in Local Government

Appendix C

County Governance Structure: Across the Country and in Washington State

County Financial Health and Governance Alternatives 2007 Legislative Study

Body of Report Only

Complete report is available on the Web at
<http://www.cted.wa.gov/site/1044/default.aspx>

October 2007

Produced for:

Department of Community, Trade and Economic Development

County Governance Structure: Across the Country and in Washington State

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Appendix C Summary

Appendix C examines various national and state trends in county government reform and the potential for such reforms to enhance governmental efficiency, cost savings, and levels of service. It also examines a number of options for changing the structure of county government, ranging from the use of existing tools to statutory changes and constitutional revisions. Historically identified pros and cons of the most prevalent forms of county government are summarized.

This appendix was completed by the Municipal Research and Services Center of Washington, a not for profit corporation that contracts to provide services to counties, cities and special purpose districts in Washington through the state Municipal Research Council.

The study finds that the most visible reform trend in county governance is the emergence of the elected county executive in large urban counties starting in Washington in 1968. County home rule charters in King, Pierce, Snohomish, and Whatcom counties provide for an elected county executive. County executives are generally elected on a partisan basis, reflecting the political nature of these positions. One of the primary goals of the proponents of government reform in these counties was the institutionalization of stronger centralized administrative control.

A trend in non-charter Washington counties is the appearance, in greater numbers, of various council or commission appointed county administrators. While their specific roles were not documented, it is apparent that their purpose is to provide at least some measure of enhanced administrative control and coordination. This trend mirrors a similar trend in city government where there has also been an increase in the number of appointed city managers, administrators or similar positions.

Municipal Research and Services Center (MRSC) identified six studies nationally that analyzed the impact of county reform on fiscal policy. However, the focus of these studies has been on county *spending* behavior, not on cost efficiency. Two studies (Desantis and Renner, 1996; Park, 1996) found that elected executive and appointed administrator forms tend to outspend commission forms. Note, however, that the move to reform is often driven by urbanization and with urbanization, a need to provide a broader array of services. One study (Morgan and Kickham, 1999) concluded that structure has no appreciable impact on either spending or revenue policies. A more recent study (Benton, 2003) found that structure does seem to matter, in urbanized counties that are experiencing rapid growth in population and service demands.

There are several *existing tools* that could be used to bring about structural reform but they are not being widely-used. This may be because there is no widespread public perception of a need for comprehensive reform in the absence of a crisis. Nationally, and in some Washington counties, the most powerful catalyst for change in the past has been the occurrence of a scandal which then served to galvanize support around a reform

effort. Perhaps the perceived benefits of reform are not great enough to warrant the costs. The costs could include the need to tackle processes that are difficult or not familiar and that have an uncertain outcome. Certainly there is no shortage of individuals or organizations that are willing to oppose reform efforts. Opposition often comes from labor unions who feel secure with the status quo. Incumbent members of commissions and those independently-elected county officials who do not wish to have their elected positions become appointed have opposed proposed charters. Taxpayer groups often perceive that government reform will simply lead to bigger government and higher taxes. Many smaller counties in Washington face serious fiscal challenges, yet the citizens in these counties have not generally been motivated to seek major changes in the form of county government.

The lack of greater reform activity may also be related to the nature of the reform process itself. The track record of county charter drafting and adoption efforts in Washington and in other states does not offer a great deal of encouragement for would-be reformers. On the other hand, there is strong evidence to support the proposition that state legislation offering a predefined selection of optional county government forms fosters the adoption of county government structural reform (Marando and Reeves, 1993).

Introduction

The 2007 legislature directed the Department of Community, Trade and Economic Development (CTED) 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 to counties. The legislature recognized that counties have limited revenue options and fiscal capacity. Annexations and incorporations resulting from the Growth Management Act and citizen initiatives have further constrained counties over the last two decades. Counties in Washington also have limited organizational structure options compared with other states and with 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 of 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 Background

This study grew out of legislative discussion of two bills under consideration during the 2007 legislative session: HJR 4211 and HJR 4212. Neither bill passed. The two bills are briefly summarized below.

- **HJR 4211 - Authorizing consolidation or merging of statutory and constitutional county functions and structures.** This bill would create a ballot initiative for consideration by the voters at the next general election. It proposes the amendment of XI, Section 3, of the Washington State Constitution [Appendix C] to allow two or more counties to "consolidate or merge any statutory or constitutional function or structure, in a manner as prescribed by law" to promote "efficiency, cost savings, and improved service. The broad language of the proposed amendment would remove any

constitutional restrictions on counties sharing the entire range of county functions, including governance, law enforcement, road maintenance, administration of public utilities, finance, and public health, but it would stop short of actually allowing the formal merger of two or more counties into a single county. Furthermore, the amendment would authorize counties to share elected officials and their respective departments, including county commissioners, sheriffs, county clerks, treasurers, and prosecuting attorneys. This bill passed out of the House Committee for Local Government but did not make it to the floor of the full House.

- **HJR 4212 - Authorizing additional governance options for counties.** This bill proposes a constitutional amendment that would authorize the citizens of a non-charter county to choose an optional form of government for their county through a ballot proposition. This would be initiated either by voter petition or by the county legislative authority. Voters would be authorized to choose either an elected executive/council plan of government or a council/manager plan of government. Either plan of government may allow for the creation of additional county officials and/or the elimination of county offices otherwise required by the state constitution. The bill would also allow adjacent non-charter counties to share a single official to act on behalf of both counties, with the exception of the members of the county legislative authority, superior court judges, and inferior court judges. This bill did not move out of the House Committee on Local Government.

The full provisions of this proposed legislation and bill analyses of HJR 4211 and HJR 4212 are attached as Appendices A and B. The legislature’s decision to undertake this study reflects a desire for additional information prior to considering legislation affecting county structure.

MRSC Role

During this phase of the study, the Municipal Research & Services Center's (MRSC) role was to survey national and state literature and studies that address the structure of county government. The purpose of this search was to identify options that could be considered within the framework of Washington State, e.g., local governments that operate according to the “Dillon Rule,” counties that provide services comparable to those provided by Washington counties, and other factors that may be determined relevant after review of such studies. MRSC was then to prepare a preliminary assessment (pros and cons) of options that would include but not necessarily be limited to:

- A board of county commissioner plan similar to the plan currently used by 34 counties in Washington State;
- An elected executive/council plan of government;
- A council/manager plan of government wherein the council members appoint the county manager;

- Options to combine elected offices that might be available under the Washington Constitution and statutory framework; and
- Other alternatives identified through a national literature search.

Alternative plans of government may provide for other county elected officials, but may not affect the election, powers, or duties of the prosecuting attorney, superior court judges, or inferior court judges.

Based on the 2001 National Association of County Officials (NACO) study (*County Government Structure: A State to State Report*), MRSC selected several states for further examination. States with a mix of county services dissimilar to those of Washington were ruled out. Only “Dillon Rule¹¹” states were included. Most of the states with optional forms were examined. The MRSC legal staff gathered constitutional provisions and statutory material from Arkansas, Florida, Georgia, Idaho, Illinois, Indiana, Kentucky, Maryland, Minnesota, New York, North Carolina, North Dakota, Utah, Virginia, and Wisconsin. Some of this material could provide useful sample language on implementation details for later stages of this study.

¹¹Most states (all but 10) are “Dillon Rule” states. Judge John F. Dillon’s 1886 Iowa Supreme Court ruling limited county (and city) governmental powers. He distrusted local government due to power and corruption of political “machines” who often controlled municipal and regional decision makers. His opinion states:

It is a general and undisputed proposition of law that a municipal corporation possesses and can exercise the following powers, and no others: first, those granted in express words; second, those necessarily or fairly implied in or incident to the powers expressly granted; third, those essential to the accomplishment of the declared objects and purposes of the corporation – not simply convenient but indispensable. Any fair, reasonable, substantial doubt concerning the existence of power is resolved by the courts against the corporation, and the power is denied.

His ruling gave local governments only those powers that were specifically given to them by state constitution or legislative statute. (NACO, Research Brief, Dillon’s Rule or Not, 2004.)

Washington County Governance Forms

Counties were the first form of local government during Washington's pre-statehood, territorial days. The state constitution, adopted in 1887, formally recognized the counties that had been created by the territorial legislature. By 1889, when Washington was admitted to the union and became a state, there were 34 counties. With the addition of five more, the division of the state into counties was completed by 1911, bringing the state to its current total of 39 counties.

Historically, the role of counties has been to serve as an administrative arm of the state - maintaining records, providing courts and law enforcement, building roads, assessing property and collecting taxes, and conducting elections. Counties still perform these functions, as well as a growing list of other functions, under the supervision of various elected officials including the following:

- Board of County Commissioners (or County Council members in most charter counties)
- Executive (in most charter counties)
- Sheriff
- Judges
- Assessor
- Treasurer
- Prosecutor
- Auditor
- Superior Court Clerk
- Coroner or Medical Examiner.

Today, Washington's 39 counties range in population from 1,800,000 in King County to 2,350 in Garfield County.

Of the 39 counties, 33 non-charter counties operate under the commission form of government provided by state law. Six counties have adopted home rule charters as provided for in a state constitutional amendment and legislation adopted in 1948. Adoption of a home rule charter allows a county to choose a different form of government from the commission form specified by statute.

Charter Counties

It was not until 1969 (21 years after receiving this authority) that the first county home rule charter was adopted by King County. Since that time only five other counties have successfully adopted home rule charters: Whatcom (1978); Clallam (1979); Snohomish (1980); Pierce (1981); and San Juan (2005). Several other counties, including Kitsap, Island, Thurston, Cowlitz, Ferry, Skamania, and Clark counties, have tried and failed to adopt home rule charters.

The number of charter counties is small relative to all counties. However, they include three of the most populous counties in the state; their combined population accounts for nearly 54 percent of the state's total population.

Of the six home rule charter counties, five have adopted the council-executive or council-administrator forms of government (King, Whatcom, Snohomish, Pierce and San Juan) and one (Clallam) has a commission-administrator form. As specified in the constitution, in each case a board of freeholders was elected, and the result of their work was adopted by a vote of the citizens.

Washington County Forms of Government, Elected and Appointed Officials Summary

County	Year	Form	Elected Officials	Appointed Officials
King	1969	Council-Elected Executive	Nine-member Council (P) County Executive (P) Assessor (P) Prosecuting Attorney (P) Sheriff (NP)	Auditor County Administrative Officer Treasury Operations Manager Clerk Medical Examiner
Whatcom	1978	Council-Elected Executive	Seven-member Council (NP) County Executive (NP) Assessor (NP) Prosecuting Attorney (P) Auditor (NP) Sheriff (NP) Treasurer (NP)	Clerk Deputy Administrator Medical Examiner
Clallam	1979	Commission-Appointed Administrator	Three-member Commission (P) Assessor (NP) Prosecuting Attorney/Coroner (P) Auditor (NP) Sheriff (NP) Treasurer (NP) Community Development Director (NP)	County Administrator Clerk
Snohomish	1980	Council-Elected Executive	Five-member Council (P) County Executive (P) Prosecuting Attorney (P) Assessor (NP) Auditor (NP) Sheriff (NP) Clerk (NP) Treasurer (NP)	Medical Examiner
Pierce	1981	Council-Elected Executive	Seven-member Council (P) County Executive (P) Prosecuting Attorney (P) Sheriff (P) Assessor-Treasurer (P)	Clerk Medical Examiner

			Auditor (P)	
San Juan	2005	Council-Appointed Administrator	Six-member Council (NP) Prosecuting Attorney/Coroner (NP) Assessor (NP) Auditor NP Clerk (NP) Sheriff (NP) Treasurer (NP)	County Administrator

(P = Partisan; NP = Nonpartisan)

The county executive is an elected position in King, Pierce, Snohomish, and Whatcom counties. The county administrators in San Juan and Clallam counties are both appointed.

All but one of the charter counties have increased the size of their legislative bodies. In the five council-executive charter counties, the size of the council ranges from five members in Snohomish County to nine in King County. The council's primary duty is to adopt a budget and establish county policy. The county executive or administrator is responsible for general administration and operation of the county. The executive or administrator is also responsible for proposing the budget and, in the case of an elected county executive, has veto power over most council actions. Clallam County is the only charter county that has retained the three-member commission form of government with responsibilities similar to the boards of commissioners in the 33 non-charter counties.

Partisanship is mixed in the charter counties. The members of the legislative bodies in King, Pierce, Snohomish, and Clallam counties are elected on a partisan basis, while the council positions in Whatcom and San Juan Counties are elected on a nonpartisan basis. The county executives in King, Pierce, and Snohomish counties are elected on a partisan basis, while the Whatcom County Executive is elected on a nonpartisan basis. Most of the other independently elected officials are nonpartisan, except for those in King and Pierce counties.

A county charter can make any elected county official, except the prosecuting attorney and superior court judges, an appointive rather than an elective position. Most of the charter counties have done so only selectively. The office of county clerk has been made an appointive position in four of the six charter counties (King, Whatcom, Clallam and Pierce). The office of medical examiner has also been made an appointive position in four of the six charter counties (King, Whatcom, Snohomish and Pierce). Most other county officials, with a few exceptions, remain as elective positions. The assessor is an elected position in every county, although some make the position nonpartisan. The auditor is an elected officer in all but one county (King), where the auditor is appointed by the council. The sheriff is an elected position in all of the charter counties, although one county (Pierce) has made the position nonpartisan. After having an appointed sheriff for over 25 years in Pierce County, the voters decided in 2006 to change back to electing their sheriff. Finally, the treasurer continues to be an elected position in all but one

county (King). Pierce County has combined the assessor and treasurer into a single elected position.

Non-charter Counties

The form of government provided in state law for the remaining 33 non-charter counties is the commission form. All non-charter counties are required to operate under this form of government. There are some population-based differences in the state laws governing non-charter counties, but the basic elements of the commission form of government are otherwise the same for all of them.

Under the commission form, the county governing body consists of a three-member board of commissioners, elected on a partisan basis, which serves as the legislative body and also performs executive functions. No single administrator or executive oversees a county's operations under the commission form of government. While the county commissioners establish the budget and act as the county legislative body, they share administrative functions with several other independently-elected county officials, including a prosecuting attorney, clerk, treasurer, sheriff, assessor, coroner, and auditor (or recorder). Other independently-elected county officials and court officers include the county prosecuting attorney and the judges of the superior court.

The independent role of the other county elected officers makes county government quite different from city government, where the number of elected officials is far fewer, being limited usually to a mayor and city councilmembers. Historically, the so-called "weak-mayor" form of city government in which an elected mayor was required to share control over administrative departments with several other elected officials, more closely resembled the county commission form.

In county government, multiple offices are intended to provide a system of checks and balances. For example, the checks and balances that exist among the assessor's office, the treasurer's office, and the auditor's office are intended to divide the responsibility of handling multi-million dollar tax funds. The county collects taxes for the cities, the school districts, the highway districts, mosquito abatement districts, irrigation districts, drainage districts, and other functions involved in county government. The county collects those taxes according to an assessment made by the assessor and certified by the county treasurer. The county treasurer then verifies those figures and certifies the figure for the county auditor who then attaches a levy that is proposed by the commissioners in support from the budget officer for the county, and that money is then certified back to the county treasurer to be collected and disbursed to all the taxing districts.

Although there is no constitutional or statutory requirement for county commissioners to delegate any of their executive authority to a separately-appointed administrator, it appears that many of them have, to a limited degree, chosen to do so under their general law authority (see RCW 36.16.070). There is no apparent uniformity to the job titles given to such positions, nor with respect to their duties and responsibilities. Nevertheless,

there appears to have been a conscious action taken by the board of commissioners in many non-charter counties to delegate some degree of their administrative authority to a separately-appointed administrative-type position. The appointment of administrative positions to assist the county commissioners with their executive duties mirrors a trend found in many city governments, particularly in the mayor-council form of city government, where city administrator or administrative assistant-type positions have been created to assist mayors with their executive duties. Further study will be required to learn more about the roles being played by commission-appointed administrative officials in county governments.

Additional information on the governance of counties is available on the MRSC website at: <http://www.mrsc.org/Subjects/Governance/locgov12.aspx>

County Governance Alternatives – Pros and Cons

From 1911, when California became the first state to authorize the adoption of county “home rule” charters, to today, 37 states have approved some method for counties to change their form of government, either through the local drafting and adoption of a home rule charter or through the selection of certain predefined “optional” forms of government. Twenty-seven states (including Washington) provide for the adoption of home rule charters. Thirteen states (not including Washington) provide for the selection of predefined optional forms of county government. Three states (Idaho, Iowa, and Minnesota) offer both.

The review of county governance alternatives that have evolved in the United States finds that the most prevalent forms are the commission form, council/commission-appointed administrator form, and the council/commission-elected executive form. There are many variations that differ in their details, but these are the three most basic forms. Variations commonly address issues such as the number of independently elected officials, elected versus appointed officers, partisan versus nonpartisan officials, the size of the legislative body, and other similar issues.

Nationally, according to the *2006 Municipal Yearbook* published by the International City/County Management Association, of the 3,040 counties in the U.S., 2,189 operate under the commission form, 372 operate under the "council-manager/administrator" form, and 479 operate under the "council-elected executive" form.

Twenty-eight states provide direct constitutional or statutory authority for county governments to appoint county managers or administrators, with several of them providing this option as part of a menu of predefined optional forms of county government that include council-manager, council-administrator or other similar optional forms. County governments in eight states (including Washington State) that do not provide such direct constitutional or statutory authority, have created county administrator positions on the basis of general law authority such as the power to create "other" county offices and positions as deemed necessary by the county legislative body. (*County Government Structure: A State to State Report*, National Association of Counties, 2001)

The following sections review the most common arguments, pro and con, regarding the major alternative forms of county government, plus a few of the most common variations on these forms.

Commission Form

Being the oldest form of county government, the commission form, not surprisingly, has both many supporters and detractors. Supporters argue that the form's longevity is evidence of its adaptability and effectiveness. Detractors say that the persistence of the commission form in county government owes more to the effects of inertia and the ability of incumbent officials to thwart reform efforts.

Pros of Commission Form

Proponents of the commission form of government argue:

- The commission form is the traditional structure of county government that is most familiar to Americans.
- The commission plan brings government administration close to the people through the independent election of government department heads; therefore, it is the most democratic form of government.
- The independent election of multiple officials provides a broad system of checks and balances greatly reducing opportunities for government corruption.
- The combination of legislative and executive authority in the board of commissioners promotes unified policy-making and administration and helps to avoid the types of conflicts that characterize other forms.
- This form of government is more responsive to citizens because commissioners have the executive and administrative powers to implement the laws they enact.

Cons of Commission Form

Opponents of the commission form argue:

- The commission form, which predates the American Revolution, is antiquated and cannot, therefore, effectively address complex contemporary needs.
- The lack of a centralized executive authority and the existence of multiple independently-elected officials interferes with administrative coordination and results in inefficient and ineffective service delivery.
- The commission plan lacks accountability since responsibility for executive functions is so diffused.
- The increased complexity of county government makes administration by the citizen legislator (commissioner) no longer feasible. The commission plan lacks professionalism.
- It is nearly impossible for citizens to know the myriad, functional officials they are electing. Many independently-elected officials are often elected term after term without opposition. This concentrates the selection of officers in the hands of political parties and special interest groups.

(Note: These "arguments" have been collected from a variety of sources and do not necessarily reflect the opinions of MRSC or MRSC staff.)

Commission/Council-Appointed Administrator Form

In this form, an elected body, be it a county commission or council, continues to have the policy-making, legislative, and budget-adoption functions. However, that body delegates (either voluntarily or as required by statutory or constitutional mandates) all or a portion of its administrative authority to a professional administrator with the specific intent of enhancing administrative coordination and control functions. By title, such positions may be designated either as county administrator, county manager, chief administrative officer, administrative assistant, assistant to the county board chairman, or some other similar title. The most significant difference among the various council/commission-appointed administrator forms stems from the degree of administrative authority and specific duties delegated to the administrator.

How do adoptions of commission/council-appointed administrator forms affect the status of independently-elected officials? Nationally, among those states that authorize optional forms of county government by statute, the pattern is mixed. In some states (e.g., Idaho, Iowa, Montana, and North Dakota), the statutory optional forms provide for a change in the status of several county offices from elected to appointed positions, while in other states (e.g., Massachusetts, North Carolina, and Utah) the numbers of independently elected officials appears to remain the same regardless of whether there is a change in the underlying form of government. Under the constitutional amendment proposed in HJR 4212, the optional forms of government would have allowed for the creation of additional county officials and/or the elimination of county offices otherwise required by the state constitution.

This form has three basic variations that may be generally be classified as commission/council-manager, commission/council-chief administrative officer (CAO), and commission/council-administrative assistant:

- **Commission/Council-Manager.** The county manager has the most extensive powers of the three types of administrator positions. The manager is appointed by the county commission/council as principal administrative officer and serves at their pleasure. The council/commission retains its legislative functions, such as enacting ordinances, setting tax rates, appropriating funds, and exercising general oversight of administration. The commission/council defines the functions of the appointed position and then delegates specific duties. (In states that allow selection from among predefined optional forms, these duties are usually clearly set forth in statute.) The county manager appoints all or most of the department heads and is responsible to the council/commission for administration of county programs. The manager prepares a budget for submission to the council/commission, prepares ordinances and reports at their request, and generally serves as staff to the council/commission. Nationally, manager counties currently vary in size from more than a million in population to less than a

thousand. San Juan County is the only Washington county operating under this form.

- **Commission/Council-Chief Administrative Officer (CAO).** The chief administrative officer (CAO) has some but not all of the authority of a county manager. He or she is appointed by the commission/council and generally has responsibility for preparing and submitting the budget. Serving the council/commission as the chief-of-staff, the CAO drafts ordinances, prepares reports, and coordinates county programs under their direction. The CAO directly supervises staff services, such as budgeting, purchasing, personnel, management analyses, and data processing. However, the CAO does not directly supervise most county departments nor appoint most department directors. The county council/commission retains authority to appoint department directors but gives the CAO power to coordinate county departments.
- **Commission/Council-Administrative Assistant.** In this variation, an administrative assistant is appointed by the county council/commission, serves at its pleasure, and has many but not all of the powers of a CAO. It is generally the weakest version of the county administrator forms. Typically an administrative assistant prepares drafts of ordinances and reports and follows up on administrative action of the board. The administrative assistant usually does not appoint or supervise department directors but may be responsible for budget preparation.

Pros of Commission/Council-Appointed Administrator Form

Note that the arguments that follow pertain mostly to the commission/council-manager form in which the manager exercises the greatest degree of executive authority. Proponents of the commission/council-appointed administrator form argue:

- The separation of policy-making and administration removes political influence over administrative matters.
- Since managers are appointed rather than elected, greater attention can be given to selecting a qualified manager.
- The pool of qualified candidates is larger since county managers are usually paid better than commissioners/council members and candidates may be recruited from outside the county, including a nationwide search. (Elected officials must be a resident of the county prior to their election.)
- An appointed administrator usually brings professional training, skills, and credentials which may result in professional, administrative leadership.

- Since managers are appointed not elected, they are less likely to have political obligations affecting the quality of their administration.
- The commission/council can concentrate more of its efforts on policy development while the administrator handles the day-to-day business of county government.
- Since the manager serves at the pleasure of the commission/council without a definite term, he/she can be removed at any time should he or she fail to carry out the duties of the position or meet performance expectations, limiting the danger of an abuse of authority.
- Greater control over performance and expenditure is possible under the supervision of the administrator.

Cons of Commission/Council-Appointed Administrator Form

Note that the arguments that follow pertain mostly to the commission/council-manager form in which the manager exercises the greatest degree of executive authority
Opponents of commission/council-appointed administrator form argue:

- This form gives too much power to one person – the administrator.
- An appointed administrator, often chosen from outside the county, may not know the community.
- Commissions/councils may leave too much decision-making to the appointed administrator, who is not directly accountable to the public.
- Citizens may be confused about who is in charge. Most expect elected officials to respond to their problems.
- Appointed administrators have a tendency to leave when offered higher salaries and greater responsibilities in other local governments.
- An appointed administrator is dependent upon the strength and cooperative spirit of the county board and may find it difficult to take effective action when the county board is split.
- An appointed administrator may find it difficult to provide policy leadership on important issues facing the county. If the administrator takes a passive role, inaction may result. If the administrator becomes an agent to shape public opinion behind an issue, he or she is vulnerable if the board takes a different stand.

(Note: These "arguments" have been collected from a variety of sources and do not necessarily reflect the opinions of MRSC or MRSC staff.)

Commission/Council-Elected Executive Form

In the commission/council-elected executive form, the county executive is elected by the voters and serves as the head of the executive branch of government. The county board (or council) is the legislative branch of government, and it enacts ordinances, adopts the budget, and exercises oversight of the administration. Its role is similar to the role of a city council in a mayor-council city. The county executive has the power to veto legislation; however, a veto can be overridden by the council with a two-thirds majority vote or greater. The county executive proposes policy to the council, executes policy adopted by the council, prepares a budget, and has responsibility for general administration of the county. The county executive appoints and may dismiss department heads, generally with the consent of the council. The county executive's role is similar to the role of a mayor in a mayor-council city. Voters may elect a few other county officers but generally less than under the traditional commission form.

Washington State has four counties that use this form of county organization: King, Pierce, Snohomish, and Whatcom. Voters in these four counties enacted the council-elected executive form by adopting "home rule" charters. Except for Whatcom County, county executives are elected on a partisan basis.

Pros of Commission/Council-Elected Executive Form

Proponents of the commission/council-elected executive form argue:

- This form resembles the mayor-council form and is familiar to most people because it is patterned after our traditional national and state governments. There is a separation of powers and checks and balances between the executive and legislative branches.
- An executive elected at-large (especially in urban counties) provides the political leadership needed for relating to diverse segments of the community.
- An elected executive is less likely to resign during a period of crisis or change than an administrator who serves at the pleasure of the council.
- By electing rather than appointing a chief executive, political leadership is established. The county has a political spokesperson who has a high degree of visibility.
- An elected executive is directly accountable to the public in the next election.

- An elected executive will have a higher standing and greater voice in regional affairs than an appointed administrator.
- An elected executive is vested with the veto power, and can serve as a check on an unpopular council decision.
- An appointed administrator may be necessary to minimize weaknesses in the executive's management background or experience, but the executive is still fully responsible and accountable.

Cons of Commission/Council-Elected Executive Form

Opponents of the commission/council-elected executive form argue:

- The office of the county executive gives too much power and authority to one person – the executive.
- It permits an incumbent to make decisions based largely on political considerations and to use the office to further personal political objectives.
- The qualities needed to win an election are not the same qualities needed to manage a complex modern county. A county executive, while politically astute, may not always possess the necessary management training and experience.
- If an elected executive proves to be incompetent or worse, he/she cannot be removed until the end of their term or after an expensive and divisive recall election.
- A separately-elected executive may resist requests from the council. The executive may attempt to isolate the council by controlling staff, information, and reports.

(*Note: These "arguments" have been collected from a variety of sources and do not necessarily reflect the opinions of MRSC or MRSC staff.)

Reform Variations

County government reform measures often include alterations to various other aspects of the traditional county commission form of government, including increasing the size of the legislative body, reducing the number of partisan-elected positions, and reducing the number of elected versus appointed county officials.

Increasing the Size of the Legislative Body

Legislation was enacted in 1990 (RCW 36.32.055) allowing any county with a population of 300,000 or more the option of increasing the size of the board of county

commissioners from three to five. The only non-charter counties that meet this size threshold are Spokane and Clark counties. Neither county has used this option, which, according to the attorney general's office, likely violates Article XI, Sections 4 and 5 of the state constitution [Appendix C] (AGO 1987 No. 11; AGLO 1979 No. 8).

Except for Clallam County, all of the charter counties (King, Pierce, San Juan, Snohomish, and Whatcom) have opted for larger councils. Those who favor increasing the size of the legislative body generally argue that a larger number of councilmembers will be “more” representative, particularly in the more populated urban counties. Each councilmember represents a smaller number of voters, and will therefore be more accessible to them.

There is a practical advantage to having a larger legislative body operating under Washington State’s Open Meetings Law. Since two commissioners constitute a quorum in a traditional three-member commission, a discussion of county business by any two commissioners actually qualifies as a meeting which must be open to the public. The law thus presents special challenges to the members of three-member boards who are restricted in their ability to meet and confer on policy issues with other commission members except within the context of a public meeting. The members of a larger legislative body, while still subject to the requirements of the Open Meetings Law, have more flexibility in holding informal policy discussions among their members representing less than a quorum of the body.

Reducing the Number of Partisan versus Nonpartisan Elected Offices

All county elective offices in non-charter counties, other than judicial offices, are partisan offices (RCW 29A.04.110(3)). Voters in several charter counties have chosen to make some or all of their elected officers nonpartisan (Clallam, San Juan, Snohomish, and Whatcom). Those that are nonpartisan have achieved that status by voting to adopt a charter that specifies this.

There is a saying that “There’s no Democrat or Republican method of paving a public street.” Arguably, the same would apply to assessing property for tax purposes, for administering elections, for installing water or sewer pipe, for building a bridge, or any other function, provided that the specific function is done according to statute, or to be accomplished objectively for the lowest and best price.

The supporters of partisan-based elections in county government point to the longstanding tradition of partisan-based elections at both the national and state levels. Supporters argue that parties provide a critical linkage between citizens and the political process, and that competition between the parties provides the most effective mechanism for ensuring the accountability of leaders.

MRSC is not aware of any study that would demonstrate that one or the other approach is more efficient or cost-effective.

Reducing the Number of Independently Elected Officers

Some of the counties in Washington that have adopted charters providing for the elected county executive or appointed administrator forms of government have also transferred some of the functions of their elected officials to an equivalent or smaller number of appointed positions. In some of the states where optional county government forms (e.g., county-manager or county-administrator forms) are authorized, similar transfers from elected to appointed positions also occur.

The stated goal of this reform is usually couched in terms of increased administrative unity and coordination. Proponents argue that having five or more independently elected officials in addition to the board of commissioners carries the principle of checks and balances to an unworkable extreme that interferes with efficient administrative coordination. Supporters of the traditional commission form of county government counter by asserting that the presence of multiple elected county officials provides for a separation of powers and an effective system of checks and balances.

Proponents and opponents of this reform measure also differ on the best way to select county department heads. Those who argue for fewer elected officials insist that the best way to insure competency is by appointing rather than electing officials noting that the qualities that get one elected may not necessarily be the same as those that insure technical competency to perform the job. Opponents argue that the voters are capable of selecting competent officials.

Another debate revolves around the relative ease of removing undesirable or incompetent officials. Those who favor the appointment of department heads argue that it is important for the sake of operational efficiency to be able to quickly remove them in the event they prove to be ineffective or incompetent. While an appointed department head can simply be fired, an elected official can only be removed through an expensive and potentially divisive recall election process. Opponents argue that an effective system of checks and balances requires that county officials not be so vulnerable to outside influence and removal by anyone other than their constituents.

The issues of responsiveness and accountability also enter the debate over the relative merits of elected and appointed officials. Supporters of the traditional county commission form argue that elected officials are more directly accountable to citizens and are therefore more responsive to their needs. Reform proponents argue that responsiveness and accountability are more likely with appointed department heads whose performance can be much more closely monitored by the appointing authority.

MRSC is not aware of any study that objectively bears out either point.

Implementation Approaches

Overview of Charter Reform Efforts

Most state governments now provide some form of home rule for counties; however, most counties have not chosen to implement charters. Counties that adopt home rule charters tend to be populous urban centers that include significant shares of the state's population. About a third of the nation's counties operate under a reformed system, with either a county manager or an elected chief executive (International City/County Management Association, *The Municipal Yearbook 2006*). Measuring county charter efforts by the number or percentage of counties undertaking charter reforms underestimates the impact of reform, because county reform usually centers on urbanized counties with large populations. For example, the combined population of Washington's six charter counties includes nearly 54 percent of the state's population. Only 13 of California's 58 counties have charters today; yet these 13 counties include 64 percent of California's population. In Florida, less than a quarter of the counties have charters, but these counties include more than three-quarters of the state's population (Sonenshein and Raphael, *The Prospects for County Charter Reform in California*, California State University, 2001).

Nationally, the issue of reform is a source of tension between many state and county governments. State officials want local service delivery to be efficient and accountable. County officials complain that they are hamstrung in the delivery of services by state mandates and limited county revenues. State officials want counties to be better run. County officials say they lack the resources and flexibility to run things the way they should be.

Expecting county reorganization to make county government cheaper is likely to lead to frustration. Greater efficiency and responsiveness in the delivery of services do not necessarily reduce the overall budget. Rather, they provide a way to make certain that the services the people want are delivered in the best possible way. Research on the impact of county reorganization on overall budget policy does not show a reduction in the budget as an outcome (Morgan and Kickham, 1999). This is not unexpected, since the impetus for county reorganization is usually a growing public demand for county services.

At the local level, opposition to county charters often derives from various independently elected officials who do not wish their elective offices to become appointed, from labor unions who feel secure with existing arrangements, from incumbent members of the legislative body, and from taxpayer groups.

Support for county charters often comes from civic organizations, from business interests, the newspapers, and from some elected officials.

Constitutional Changes

A number of states have provided either the ability for a county to reorganize its government by adopting a home rule charter, and/or by providing optional forms of government in statute that may be adopted by going through a statutorily-prescribed election process. A home rule charter adoption process allows counties the greatest degree of flexibility to adopt virtually any form of government that will garner a majority vote of the people in the county.

In spite of the availability of various options for reform, most counties nationally have either not considered them or have tried and found it too difficult to garner the necessary electoral support. The experience in Washington State mirrors that in other states where more charter elections have failed than have passed [See Appendix D for a chronology of county home rule efforts in Washington – 1947-2007]. Washington's statutory and constitutional provisions offer relatively few avenues for structural change, making it difficult to achieve significant reform. The open-ended nature of the charter adoption process that may result in dramatic and sweeping changes in the form of county government virtually guarantees the opposition of officials and various other interest groups that have a stake in the status quo. Potential changes to the constitution that could facilitate the process of county reform include simplifying the process for charter adoption and/or providing optional organizational forms.

Simplifying the Charter Adoption Process

The process prescribed in the state constitution has been criticized by some for being too cumbersome and confusing. It first requires the election of 15 to 25 freeholders, who draft a proposed charter and submit it to the electorate for approval. The initial election on the issue requires voters to decide whether the charter process should go forward and then, at the same election, to choose the freeholders who, depending upon the outcome of the vote, may or may not be drafting a charter.

One option that would greatly simplify the charter process would be to authorize a board of commissioners to initiate it by *appointing* a “charter committee,” instead of having the voters elect a board of freeholders. Such a process could also be initiated by a voter petition which, if a sufficient number of signatures were collected, would require the board of commissioners to appoint a charter committee. This procedure would do away with an initial vote on the question of going forward with the charter process. The only question presented to the voters at large would be to approve or disapprove the charter committee's proposed charter.

On the pro side, the appointment of a charter committee by a board of commissioners may be more efficient and less costly than the process required for electing such a group. In addition, a board of commissioners could appoint a balanced charter committee based upon a set of criteria (e.g., residence, party affiliation, and/or expertise) specifically designed to insure that the charter committee is representative. Allowing the charter committee to go forward with the drafting process without an initial vote is both more

expedient and focuses voters' attention on a completed charter proposal. This is less confusing than asking them to elect freeholders and decide the entire issue before they actually have a proposal in front of them.

On the con side, an appointment-based process for selecting a charter committee denies voters the ability to choose candidates who express a vision of county government that is similar to their own. An appointment-based process may also open the door for a board of commissioners to "stack the deck" with people who favor a particular outcome. Finally, by doing away with an initial vote on the merits of convening a board of freeholders, there is a risk that the effort of drafting a charter may be for naught if there is insufficient support for a change in the form of government to begin with.

No studies were found that conclusively demonstrate whether it is better to have elected or appointed groups study charter proposals and make recommendations to the voters. In some instances, elected groups have recommended unpalatable proposals. Subsequently the use of an appointed group in these same counties led to proposals that were ultimately adopted by the voters. In at least one state, New Jersey, elected charter groups have produced significant county reform. Appointed groups predominate in some states (Sonenshein, p. 48). In either case, the voters will still have the final say on their form of government.

Provide Optional Organizational Forms

A second option would be to amend the constitution to give the citizens of a non-charter county a choice among two or more predefined optional forms of county government through an election process that may be initiated either by voter petition or by action of the county legislative authority. Essentially, this is what was proposed by HJR 4212. This simplified process would allow voters to choose between alternative forms that are detailed and described in statute. The most common optional county forms found in other states are the council/elected executive and council/appointed manager forms of government. By statute, city voters in Washington currently have the option of choosing between the mayor-council and the council-manager forms of government without having to go through a charter process. Washington's counties do not currently have this option available.

On the pro side, having the ability to vote on predefined options has the advantage of focusing debate on forms of government that have been tried and tested in Washington and elsewhere. There is a significant amount of information available about how these optional forms work, and their relative advantages and disadvantages. Voting on predefined organizational forms also offers greater predictability in contrast to the open-ended nature of the freeholder process. Having the ability to adopt predefined optional forms of government greatly simplifies the reform process by eliminating the need to start from scratch in designing a new form of government as is required by the freeholder process. The optional forms would be debated and adopted through the legislative process and would therefore reflect a state-wide consensus on the best available forms. Local county voters would still have the final say through an election process.

On the con side, to the extent that the various optional forms are predefined, individual counties lose the ability to tailor them to meet unique local needs and preferences. Removing citizen freeholders from the process might be considered less democratic. Some will also argue that a vote on predefined optional forms makes the process of changing forms of government too easy and that, by design, a process to alter the basic form of county government should be difficult to initiate and complete.

If this option is pursued, there are a number of states that have optional forms described in state law. Here is a short list of states that are worth looking at:

- a. Florida – Section 125.84 of the Florida statutes sets out three optional forms of government that can be adopted by charter counties:

The county executive form provides for an elected county executive;

The county manager form provides for a county manager, who is appointed by the board of commissioners; and

The county chair-administrator plan provides for an elected board of commissioners, presided over by an elected chair, and an appointed administrator. The county administrator is appointed by and serves at the pleasure of the chair.
- b. Idaho – Title 31 of the Idaho statutes provides for two optional forms: the commission-executive form and the commission-manager form.
- c. Illinois – The Illinois statutes describe the specific duties and powers of the optional county executive form (55ILCS 5/Div. 2-5).
- d. Minnesota – Under *Minnesota Statutes, Chapter 375A*, counties may choose from the following five forms of organization: elected executive; county manager; at-large chair; county administrator; or county auditor-administrator. The at-large chair and county administrator forms are not mutually exclusive and may be adopted either concurrently or while the other is in effect. Except for the county administrator form, all forms and options require the affirmative vote on a countywide referendum before being adopted.
- e. North Carolina – Statute provides for the county-manager form and describes that position's specific duties (North Carolina General Statutes 153A-81 and 153A-82).
- f. Utah – Provides for the county executive-council form and council-manager form (Utah code, Sec. 17-52-504, and 17-52-505)

Legislative Options for County Reform

Legislative approaches are simpler to implement than constitutional changes. The legal framework found in Hugh Spitzer’s memo, “Questions for County Legislative Study,” July 27, 2007, was used as a guide to structure legislative options. In a few cases, options are suggested that were found in the review of county government models in other states.

Strengthen the Role of Commissioners

A board of county commissioners can exercise only those powers conferred upon it by law (Spitzer memo, and *Martin v. Whitman County*, 1 Wash. 533 (1889)). County legislative authorities are granted a number of powers and duties in RCW 36.32.120, but that list is not very long (Appendix E). Other statutes expressly grant additional powers to county commissioners, such as the control of all county agency budgets in Chapter 36.40 RCW, the authority to issue bonds under Chapter 36.67 RCW, and the control of road and bridge construction under Chapter 36.75 RCW and Chapter 36.77 RCW. County legislative authorities also have a key role in the development of growth management policies under Chapter 36.70A RCW.

The legislature has the power to strengthen the executive functions of the commissioners and could give commissioners powers that enable them to exercise greater control over county policies. County commissioners need specific statutory authority before they can enact and enforce “countywide policies” that require other independently-elected county officials to follow those policies.

Examples of the types of authorities that the legislature might grant to county commissioners to encourage greater efficiency and effectiveness in the delivery of county services includes:

- Authorize budget and revenue forecasting as an executive function whose assignment is made by the commissioners instead of having that function performed by the auditor. County auditors participate in the preparation of budgets, but some tension exists with the county legislative authorities. Legislation was enacted in 1995 that may allow legislative authorities to appoint their own finance officers who assume the duties of auditor relating to the preparation of budgets (RCW 36.40.030 and RCW 36.40.040). (See also *The Closest Governments to the People*, Lundin, p. 47.)
- Create an information technology division and require all county departments, including those headed by independently-elected officials, to use hardware, software, and records management systems sanctioned through that central division.
- Create a centralized fleet management function and require all county departments, including those headed by independently elected officials, to use the centralized fleet.

This study did not conduct a detailed review of current practice, staffing, or operations. Thus MRSC cannot say the extent to which any of the above suggestions are feasible or would result in actual savings. Inclusion of these suggestions shows that the legislature could create stronger executive functions in the commission form, if it wanted to, by adding to the list of powers and authorities listed in statute. While increased authorities for commissioners could result in greater service efficiencies, these measures would be seen as intrusions into the affairs of independently-elected officials.

Classify Counties by Population and Combine Duties of Two or More Elected Officers

Under Article XI, Section 5 of the Washington State Constitution [Appendix C], it is possible to combine the duties of two or more elected officers. The legislature can classify counties and allow for the combination of offices in defined classes. Classifying counties for legislative purposes is not a new concept in Washington. Prior to 1991, there were 11 separate classes of counties based upon population. However, many state and county officials found the system to be too confusing, which eventually led to its elimination. (Lundin, 2007, p. 41).

RCW 36.16.030 provides that the prosecuting attorney serves as the coroner in counties with populations of less than 40,000 (16 counties in 2007). In counties larger than 250,000, the coroner can be replaced by an appointed medical examiner by vote of the people. All five counties with populations greater than 250,000 (King, Pierce, Snohomish, Clark, and Spokane) have made this change.

The county legislative authority in any county with a population less than 5,000 may, by unanimous vote, adopt a resolution combining the offices of county auditor and county clerk (RCW 36.16.032). None of the eligible counties (Columbia, Wahkiakum, and Garfield) has exercised this option. One reason this may not have occurred is that the duties of the clerk relate more to the judicial branch of government. The duties differ enough from those of the auditor that there may not be great savings in merging the staffs of these two functions other than eliminating one department head. .

The legislature has the authority to revise the population thresholds to provide these options to a greater number of counties.

A memo prepared by Hugh Spitzer (July 27, 2007) on legal questions for this study suggests a general framework for combining county offices. Article XI, Sections 4 and 5 of the state constitution [Appendix C] enable the legislature to provide for various county officers in addition to commissioners, sheriffs, county clerks, treasurers, and prosecuting attorneys. Those specified offices must exist, but all other county offices are optional. Next, the legislature may allocate duties to the various offices, and may classify counties by population for the purpose of specifying the merger of certain duties into a single office. Spitzer provides a hypothetical example whereby the legislature could by statute establish the following uniform county offices for non-charter counties:

- Five Commissioners
- County Administrator
- Sheriff
- County Clerk
- Treasurer
- Prosecuting Attorney
- Medical Examiner
- Elections Director
- Registrar
- Assessor

Further, the legislature could classify non-charter counties into three population classes:

- Above 100,000 (Class I)
- 15,000 to 100,000 (Class II)
- Below 15,000 (Class III)

The legislature could then provide, by statute, as follows: Class I counties would have all 14 offices performed by separate individuals (*i.e.*, 14 officers); in Class II counties the responsibilities of the assessor and treasurer would be combined and the elections director and registrar would be combined (resulting in 12 officers); in Class III counties, the responsibilities of the assessor and treasurer would be combined, the elections director and registrar would be combined, the prosecuting attorney and medical examiner would be combined, only three commissioners would exercise the powers and duties of five commissioner positions and the county administrator's duties would be transferred to the three commissioners (resulting in a total of eight officers). This would provide for "uniform" county government, with the classification of counties and the merger of duties consistent with Article XI, Section 5 [Appendix C]. County offices could be reassigned in many other ways, so long as the classification of counties and the permissible merger of duties were both prescribed by statute.

Several constraints would remain. First, it is probable that the five offices named in Article XI, Section 5 [Appendix C] (commissioners, sheriffs, county clerks, treasurers, and prosecuting attorneys) cannot be abolished by statute, and those offices must be elected. Also, powers must follow the specific office; the courts might hold that the statutorily-assigned powers and duties of an officer may not be *split* between two other officers. Finally, the specified offices and allocation of responsibilities should be uniform among counties of the same class, and classes must be based only on population.

Several specific options are suggested from the MRSC review of county governance in other states:

- **Consolidate non-constitutionally required offices into the commissioners' office.** The constitution appears to require the election of county commissioners, sheriffs, county clerks, treasurers, and prosecuting attorneys. But the election of the assessor, auditor, and coroner are not specified in the constitution and could

conceivably be “merged” with the board of commissioners’ duties and responsibilities. The board of commissioners in turn would appoint staff to carry out these duties but would retain ultimate accountability to the voters. This could be done by population class, i.e., all counties below a specified size.

The state of North Dakota has an optional model in statute called the “county consolidated office” form of government that can be submitted to the electorate. If approved by the voters, the county commission takes on all the duties and responsibilities of the other elective county offices, except for the sheriff and the state’s attorney (a position that is equivalent to county prosecutors in the state of Washington). Commissioners would appoint staff to carry out the duties previously carried out by elected officers. No county in North Dakota has adopted this model.

- **Combine the duties of the auditor and treasurer.** The basic rationale for this suggestion is that both offices have financial responsibilities. The auditor’s duties are defined by statute (Chapter 36.22 RCW, Chapter 36.40 RCW and Title 29A RCW) as are the treasurer’s (Chapter 36.29 RCW and Chapter 84.56 RCW). The state legislature has the authority to redefine the duties of these offices and/or to assign them to another elective office. The office of treasurer must exist by the constitution, but not the office of auditor. If this consolidation were to proceed, the combined duties would presumably reside then in the elected treasurer’s office. [Note: In Washington State, when a non-constitutional office is combined with a constitutional office, the constitutional office would remain and assume the duties of both offices.]

The auditor provides a principal support function in the auditing, recording, and control of financial transactions in the county. These functions include preparation of financial reports, and the processing of financial claims against the county. The county auditor usually administers the county payroll. In performance of these duties, the auditor serves *ex officio* as deputy supervisor under the direction of the State Auditor. The auditor is also the *ex officio* supervisor of all primary, general, and special elections for all state, county, and special purpose districts under the direction of the Secretary of State.

The treasurer is the custodian of all funds for the county and its governmental subdivisions, maintaining financial records reflecting the receipt and disbursement of funds in accordance with generally accepted accounting principles. Funds are disbursed on warrants issued by the county auditor and other district authority. The treasurer bills and collects all real and personal property taxes certified on county tax rolls, including foreclosure proceedings against properties for the nonpayment of tax. Funds held in the county treasury are invested for the benefit of the various funds in accordance with statutory guidelines. The treasurer accounts for and pays all bonded indebtedness for the county and its governmental subdivisions. In addition, the treasurer acts as agent for the Department of Revenue in the administration of real estate excise tax and

administers all surplus property sales for the county.

Other states such as Minnesota have allowed these two offices to be combined. However, a basic purpose of having these offices be independent is to provide for a system of checks and balances on financial matters. If they were combined, there would need to be systems in place to insure appropriate financial controls and the integrity of public funds.

- **Combine the office of assessor and treasurer.** The office of assessor is a statutory office and not a constitutional one. Legislation was enacted in 1925 eliminating the office of assessor in any county having a population of less than 8,000 and providing for the treasurer to assume these responsibilities. When this law was enacted it applied only to ninth class counties, of which there were none at the time. Several counties lost population but continued to elect both offices. MRSC understands that Benton County did at one time combine these offices but later reestablished them as separate offices, which they remain today. No one else seems to have been aware of the requirement to combine the office of assessor with the treasurer, and this law was repealed in 1991 (Lundin, p. 45).

Require Specified County Officers to Pool Their Staffs and Operations

Another approach would be for the legislature to *require* that two or more counties combine the staff and operations of certain offices. An example given in the Spitzer memo refers to two counties that share a superior court (e.g. Benton-Franklin Superior Court). The legislature could require that there be a single staff of deputy prosecuting attorneys for these counties. In the Benton-Franklin example, there would continue to be two separately-elected prosecuting attorneys, but they would have to work together in supervising a common staff. Prosecutorial decisions would ultimately be made by each prosecutor for his/her county.

The legislature has to use “general law” to specify how counties are governed. Legislation cannot name specific counties, i.e., “special law.” Therefore, the legislature would need to use criteria, which when applied, lead to a meaningful result. Where there is already a functional relationship (e.g., shared services), it could make sense to expand on this, as in the Spitzer example. However, it is not clear how population could be used. If, for example, the requirement were to merge specified staff or operational functions of contiguous counties with a population less than 25,000, it would result in the following pairings or clusters: Pacific-Wahkiakum, Klickitat-Skamania, Ferry-Lincoln-Adams, and Columbia-Garfield-Asotin counties. Not all of these clusters may make sense from a functional or service provision perspective. County seats, where staff is concentrated – are far removed from each other. While there may be efficiency advantages, citizens may feel they lose convenient access to their government. Pooling of staff may work best for “back office” functions that have little or no contact with the public.

Historically, bitter fights have arisen over the selection or removal of a county seat. Many people feel that locating a county seat in a community will bring jobs and economic

development. This concern would most likely be raised if there are attempts to reduce county staff in the county seat of a county that participates in any of the pooled or regional options.

The board of county commissioners must hold regular meetings at the county seat (RCW 36.32.080). The sheriff (RCW 36.28.160), the prosecuting attorney (RCW 36.27.070), the county treasurer (RCW 36.29.170), and the county clerk (RCW 36.23.080) must keep offices at the county seat.

Regionalize County Functions and/or Services

Another alternative would be for the legislature to reassign certain functional responsibilities of elected county officers, vesting them in new multi-county agencies. For offices that are not specified in Washington State Constitution Article XI, Section 5 [Appendix C], the legislature could assign them to new regional entities without limitation. For example, the legislature could provide that specified classes of counties (defined by population) would have no assessors, coroners, or auditors, and that assessment, medical examiner, and election operations be vested in new multi-county agencies. (In this example, the auditor's document registration functions might be transferred to the county treasurer.)

There is historic precedent for this type of approach. Until 1969, state law provided for an elected county superintendent of schools in each county to oversee school district activities. In 1969, the county superintendents were replaced with regional entities called intermediate school districts, now "educational service districts." The nine multi-county educational service districts provide their component districts with educational, fiscal, information technology, human resources, and social services.

For the offices that are specified in the state constitution, the legislature may be able to require the pooling of staff on a regional basis. However, there would still be elected clerks, prosecuting attorneys, sheriffs, and treasurers in each county.

A variation of this approach would be to look for regional groupings of county service functions where pooling staff and other resources into a regional entity might realize efficiencies. Presumably this would be done for the entire state, as was the case with the creation of educational service districts. Thus the criteria used to group counties would have to be meaningful statewide for both large and small counties and for urban and rural counties.

One challenge is to develop a statewide map that groups counties for combined functions or services. (The map would not have to be identical for every function or service; however, multiple maps increase the patchwork quilt nature of local government and confuse citizens.) For certain functions, like public health and road maintenance, a region could be a single large urban county. Other smaller counties (e.g., Columbia, Garfield, and Asotin) could be grouped into one region.

The legislature would probably need to have meaningful criteria to group counties, or to direct an administrative agency to group counties for service provision. Possible criteria for use in grouping counties together might include considerations such as:

- population;
- natural geography or environmental conditions; for example, air quality issues are typically addressed by air basins, and water issues are often addressed by drainage basins;
- transportation corridors and networks; and
- historic relationships between counties.

Candidates for regionalization might also include functions that lend themselves to automation. It could be cost effective, for example, to regionalize certain information technology, software, data, and records management functions.

Provide Fiscal Incentives

Florida uses economic incentives to encourage counties to adopt charters. Florida charter counties have one major fiscal advantage over non-charter counties: they can levy a utility tax in the same manner as municipalities (Florida Counties Foundation, 1999). Within unincorporated territory, Florida counties can levy any tax that municipalities can (1996 *Florida Local Government Formation Manual*, 1-11). It would be possible to structure a similar approach for Washington counties.

Financial incentives did produce charter reform in Florida. As of 1999, 16 out of the state's 67 counties have adopted charters, a higher percentage than most states. However, these charters have rarely ventured into bold reforms, usually settling for "starter charters" with minimum change from existing systems of governance (Ibid.). The original legislative hope was that home rule would lead to city-county consolidation, but voters have defeated it 25 times in Florida (Sonenshein, p. 21). Voters saw it as big government, and they already felt very distant from county government. Anti-tax groups also opposed consolidation.

Provide Grants and Staff Support

The state legislature could provide grants and technical staff support to encourage county officers to voluntarily combine staff resources with their counterparts in adjoining counties. For example, grants could be made available to assessors to encourage them to pool their personnel and records. Each county would continue to have its own assessor and assessor's budget, but most operating costs would be shared with other jurisdictions.

The state could also fund technical assistance on a "circuit rider" basis where specified expertise (e.g., management, information technology, planning) is shared among counties. Smaller cities in Okanogan County, for example, have a circuit rider program that provides planning services. Some counties are too small and/or lack the financial resources to retain certain skills on staff.

Existing Tools

There are models, approaches, and tools already in existence that could be beneficial, if used more widely or aggressively. Some of these include:

City/County Consolidation

Article XI, Section 16 of the Washington State Constitution [Appendix C] allows counties and the cities within them to consolidate into one government entity. This provision contains some of the most far reaching home rule reforms in the Washington State Constitution. It allows a combined city-county charter to control virtually every aspect of local government within the county, including the ability to control:

- the existence of each city and special purpose district within the county;
- the location of boundaries of each city and special district;
- how cities and special districts are created;
- the array of officials for each city and special district, and how these officials are selected;
- the powers retained by the county or combined city-county which may include all the powers and privileges granted to it or granted to any city or county; and
- the structure of government for the county, the array of county offices, the powers and duties of each, and the method of selection.

A combined city-county also has great fiscal flexibility. For example, a combined city-county is not restricted by the uniformity of taxes provision of Article VII, Section 1, of the state constitution. This means that a combined city-county may impose property taxes at varying rates in different parts of the county (Lundin, p. 693). A combined city-county can also incur greater indebtedness than a traditional county or city.

No Washington county has exercised this option; however, there have been a few unsuccessful efforts to create a combined charter in Thurston, Spokane, and Skamania counties. The process requires the development of a consolidated charter by representative freeholders and an election, identical to the petition procedure to adopt a regular county charter under Article XI, Section 4 [Appendix C]. This city-county option would be more practical to consider in those counties that have few cities.

Interlocal Cooperation Act (Chapter 39.34 RCW)

The Interlocal Cooperation Act (Chapter 39.34 RCW) was enacted in 1967 to permit public agencies in the state, including cities and counties, to make the most efficient use of their powers. The Act enabled some types of local governments to cooperate with other agencies "on a basis of mutual advantage to provide services and facilities in a manner that will accord best with geographic, economic, population, and other factors influencing the needs and development of local communities." In 1985, this legislation was amended to allow virtually any local unit of government to enter into interlocal

contracts and agreements. This approach was seen as a milestone, potentially advancing the provision of regional services and facilities. Others might argue that this is a “band-aid” approach that may actually be hindering more fundamental reform of the actual structure of local government. Hundreds of interlocal contracts and interlocal agreements have been entered into by local governments in the state. These mechanisms can create efficiencies, but may result in government that is not very transparent to citizens, since it may not be clear which governments provide what service or facility.

Two or more local governments may enter into an interlocal agreement or contract where one of the parties to the contract performs a service, activity, or function for the other party or parties to the contract. Each party to the contract must have the legal authority to perform the service, activity, or function that is the subject of the contract.

The Act also permits interlocal agreements for the joint or cooperative performance of a service, activity, or function. A separate legal entity or administrative entity may be created to provide for the joint or cooperative action. While this entity may resemble a unit of government, it is *not* a unit of government.

Service Agreements (Chapter 36.115 RCW)

The purpose of this legislation is to establish a flexible process by which local governments enter into service agreements establishing which jurisdictions should provide various local government services and facilities within specified geographic areas, and how those services and facilities will be financed. The legislature’s intent was to permit the creation of a flexible process to establish service agreements and to recognize that local governments possess broad authority to shape a variety of government service agreements to meet their local needs and circumstances. However, the statute notes that, in general, cities are the unit of local government most appropriate to provide urban governmental services and counties are the unit of local government most appropriate to provide regional governmental services. The basic difference between agreements created under this chapter and interlocal agreements created under Chapter 39.34 RCW is that not all parties subject to the agreement need to approve a service agreement. Such an agreement could include a shift in tax revenue from any affected local government to the local government designated to provide the services or facilities.

A service agreement must describe: (a) the governmental service or services addressed by the agreement; (b) the geographic area covered by the agreement; (c) which local government or governments are to provide each of the governmental services addressed by the agreement within the geographic area covered by the agreement; and (d) the term of the agreement, if any.

A service agreement becomes effective when approved by: (a) the county legislative authority of each county that includes territory located within the geographic area covered by the agreement; (b) the governing body or bodies of at least a simple majority of the total number of cities within the geographic area covered by the agreement, which

cities include at least 75 percent of the total population of cities within the geographic area covered by the agreement; and (c) for each governmental service addressed by the agreement, the governing body or bodies of at least a simple majority of the special districts within the geographic area covered by the agreement and that provide the governmental service within such territory. The participants may agree to use another formula. The county legislative authority must hold a public hearing before the agreement can be effective.

A service agreement may cover a geographic area that includes territory located in more than a single county.

A service agreement may include, but is not limited to, any or all of the following matters:

- a dispute resolution arrangement;
- how joint land-use planning and development regulations by the county and a city or cities, or by two or more cities, may be established, made binding, and enforced;
- how common development standards between the county and a city or cities, or between two or more cities, may be established, made binding, and enforced;
- how capital improvement plans of the county, cities, and special districts shall be coordinated;
- how plans and policies adopted under Chapter 36.70A RCW will be implemented by the service agreement;
- a transfer of revenues between local governments in relationship to their obligations for providing governmental services; and
- the designation of additional area-wide governmental services to be provided by the county.

This statute would seem to provide a very flexible vehicle for local governments to provide services in an efficient manner. However, it also seems that it would be difficult for all the local governments potentially involved to reach agreement. This procedure has not been used by any local governments.

Multi-County Health Districts (RCW 70.46.020)

Health districts consisting of two or more counties may be created by resolution of two or more boards of county commissioners. A multi-county district must consist of all the area of the participating counties. The board of health of such a district must consist of at least five members for districts of two counties and seven members for districts of more than two counties, including two commissioners from each county. The boards of county commissioners may authorize city elected officials and persons other than elected officials to be members of the district board of health, as long as persons other than elected officials do not constitute a majority. Stevens, Pend Oreille, and Ferry counties created the North East Tri-County Health District under this authority.

Part Time Commission/Administrator Model

County elected officials generally serve on a full-time basis. Most elected positions in other types of local government are intended to be only part-time positions and have relatively low compensation rates attached to them. The 2005 annual survey of salaries conducted by the Association of Washington Cities shows that the salaries of some elected commissioners in smaller counties are being paid for working less than 35-40 hours per week. (Klickitat County – 32 hours, Adams County – 22 hours, Columbia County – 23 hours, Garfield County -20 hours, and Whatcom County – 20 hours. The Whatcom County Charter implicitly attempts to make county council positions part-time by restricting compensation for council members to 15 percent of the compensation provided to the county executive.) County legislative authorities have the power to establish compensation levels for all county-elected officials in the county, other than superior court judges and district court judges. The state constitution precludes the compensation of local officials who set their own levels of compensation (e.g., county commissioners) from being increased (or decreased) during their current terms of office. However, a board of commissioners may establish a salary commission that may increase commissioner salaries to be effective during their terms of office.

There does not appear to be a restriction in law that would prevent a county commission from decreasing future commissioners' salary levels (next term) to that of a part-time official. If, for example, three commissioners' salaries were hypothetically reduced by 50 percent each, and each commissioner put in a 20-hour week instead of a 40-hour week (or more), the salary saved could be used to hire a professional administrator. The commissioners would retain their statutory duties and responsibilities. However, the day-to-day management of the county would be delegated to an administrator.

Proponents of professional management would argue that this approach would lead to greater efficiencies in the provision of county services. See the section of this report that addresses the different organizational models for county government for a full discussion of the potential pros and cons of this approach. This model would have to be initiated by the commissioners, because only they have the power to make this change.

Summary and Conclusions

This report examined various trends in county government reform and the potential for such reforms to enhance governmental efficiency, cost savings, and levels of service. It also examined a number of options for changing the structure of county government, ranging from the use of existing tools to statutory changes and constitutional revisions. The pros and cons of the most prevalent forms of county government were also reviewed.

The most visible reform trend in county governance is the emergence of the elected county executive in large urban counties. In Washington, county home rule charters in King, Pierce, Snohomish, and Whatcom counties provide for an elected county executive. County executives are generally elected on a partisan basis, reflecting the political nature of these positions. One of the primary goals of the proponents of government reform in these counties was the institutionalization of strong centralized administrative control.

A trend in non-charter Washington counties is the appearance, in greater numbers, of various council/commission appointed administrators. While their specific roles were not documented in this study, it is apparent that their purpose is to provide at least some measure of enhanced administrative control and coordination. This trend mirrors a similar trend in city government where there has also been an increase in the numbers of appointed city administrators or other similar administrative positions.

Most state officials across the nation want delivery of service to be efficient and accountable. County officials complain, however, that they are hamstrung by state mandates and inadequate county revenues. While Washington counties appear to enjoy some measure of statutory protection from the impacts of unfunded mandates, they are not completely immune. Washington counties have also had to contend with the loss of significant revenue capacity as a result of citizen-sponsored initiatives. Under these circumstances, it should come as no surprise that most county officials show a greater interest in fiscal rather than structural reform. Of course, one of the central purposes of this study is to investigate whether structural reform may lead to improved efficiencies, cost savings, and service levels.

What is the relationship between structural reform and greater efficiency in county government? This question is exceedingly difficult to answer. There have been a number of studies, particularly in the last 10 to 15 years, addressing the question of how county government structure affects performance. MRSC has identified six studies that analyzed the impact of county reform on fiscal policy. However, the focus of these studies has been on county *spending* behavior, not on cost efficiency. Two studies (Desantis and Renner, 1996; Park, 1996) found that elected executive and appointed administrator forms tend to outspend commission forms. Note, however, that the move to reform is often driven by urbanization and a need to provide a broader array of services. One study (Morgan and Kickham, 1999) concluded that structure has no appreciable impact on either spending or revenue policies. A more recent study (Benton, 2003) found that

structure does seem to matter, but only in urbanized counties that are experiencing rapid growth in population and service demands.

There are several *existing tools* that could be used to bring about structural reform but they are not being widely-used. Why aren't they being used? Perhaps it is because there is no widespread public perception of a need for comprehensive reform in the absence of a crisis. Nationally, and in some Washington counties, the most powerful catalyst for change in the past has been the occurrence of a major scandal which then served to galvanize support around a reform effort. Perhaps the perceived benefits of reform are not great enough to warrant the costs. The “costs” could include the need to tackle processes that are difficult or not familiar and that have an uncertain outcome. Certainly there are no shortages of individuals or organizations that are willing to oppose reform efforts. Opposition often comes from labor unions who feel secure with the status quo. Incumbent members of commissions and those independently-elected county officials who do not wish to have their elected positions become appointed have used their influence to sway public opinion against proposed charters. Taxpayer groups often perceive that government reform will simply lead to bigger government and higher taxes. Many smaller counties in Washington face serious fiscal challenges, yet the citizens in these counties have not generally been motivated to seek major changes in the form of county government.

The lack of greater reform activity may also be related to the nature of the reform process itself. The track record of county charter drafting and adoption efforts in Washington and in other states does not offer a great deal of encouragement for would-be reformers. On the other hand, there is strong evidence to support the proposition that state legislation offering a predefined selection of optional county government forms fosters the adoption of county government structural reform (Marando and Reeves, 1993).

MRSC is not charged with making recommendations on which form of government is preferable. This document simply attempts to document and describe the major options that are available and the arguments used by their supporters and opponents. Citizens and local officials who are well-informed about the available options will ultimately decide which forms of government will work best for them.

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Municipal Research and Services Center of Washington
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Appendix D

A History of Washington's Local Governments (Update)

County Financial Health and Governance Alternatives 2007 Legislative Study

Chapter 1 Only

The complete report is available on the Web at
www.cted.wa.gov/site/1044/default.aspx

October 2007

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A History of Washington's Local Governments

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**The remainder of this report is available on the Web at
www.cted.wa.gov/site/1044/default.aspx**

Appendix D Summary

Appendix D is an update to the *History of Washington Local Governance* developed in 1988 by the Washington State Local Governance Study Commission, a Commission created by the 1985 Legislature. This appendix was completed by the Municipal Research and Services Center of Washington, a not-for-profit corporation that contracts to provide services to counties, cities and special purpose districts in Washington through the state Municipal Research Council.

Two major themes in Washington's local governance tradition are examined: insistence on local option and control, and the evolving relationship between cities, counties and special purpose districts. The original volume showed how Washington local governments evolved from settlement of the state through the 1980s. The update includes two new chapters covering the 1980s to the present. Today's local government challenges can be organized into three themes: reduction in revenue due to tax limitations, most acutely felt by counties; the appropriate role of special districts; and the transformation of service delivery through new technology. How we respond to these challenges will shape or reshape Washington's historic local governance traditions.

1853 to 1889: Counties are the oldest form of local government in Washington, initially created to serve as the administrative arm of the territory. Washington county governments were modeled after Iowa with a county board of commissioners and independently elected officers performing specific functions. This form, it was believed, allowed for greater public participation, because officers answered directly to the people. Prior to statehood, city and county governments had distinct roles and responsibilities, and communities were geographically isolated from one another. For 36 years, Washington was governed as a territory. This period instilled in settlers a strong sense of local self-reliance, reflected in the forms of governance they later chose for themselves.

1890-1930: Shortly after statehood special districts began to be authorized to provide specific services to a defined population. In addition, the roles of cities, counties, and special districts began to overlap, and communities became more dependent upon one another. Reforms, with the goals of participation and local control, along with increasing basic service needs outside of cities, made forming special districts the popular method to respond to public service needs during this period.

1931-1940: With the Depression, local governments were unable to provide needed services or deal with extensive unemployment. State and federal governments began to play a significant financial and service delivery role at the local level, reducing local autonomy. The state through its new agencies began to assume functions that had previously been performed locally including welfare, regulation of game, construction of highways, and regulation of liquor sales. The federal government provided funding to the state for welfare relief and undertook major public works projects, such as the Grand Coulee and Bonneville dams. The first property tax limit was passed by voters in 1932. A graduated income tax was also approved but was overturned by the State Supreme Court. As a result, tax revenue decreased while service needs rose dramatically. In the next three years, the business and occupation tax, sales tax and other taxes were created. These along with property tax form the basis of the state tax structure today. For the next 60

years local governments were left with reduced property tax authority, user and license fees as their primary revenue sources.

1940-1960: During World War II and the post-war years, the federal government initiated programs that encouraged growth in unincorporated areas by providing financial incentives and services that were previously unavailable. Cities, counties, and special districts competed with each other over tax revenue and service to suburban areas outside of cities. In 1947, property tax laws were amended to guarantee levies for the state, counties, cities and road districts, with other special purpose districts being subject to a pro-ration if all levies reached a cap. In the 1940s, new governance options were created. Cities obtained the ability to form council-manager governments, and counties obtained the option to draft home rule charters by electing freeholders. King was the first county to draft a charter, but that charter was voted down in 1952. King was not successful in obtaining a home rule charter until 1968.

1960-1970: Continued population growth combined with significant growth in the regulatory role of state and federal government, especially in the area of environmental regulation, caused local governments to need significant financial assistance to administer state and federal requirements. Overlapping responsibilities between cities, counties, and special purpose districts became common. Special purpose districts were actively annexing unincorporated areas to provide services. In 1967, the state legislature passed the County General Services Act giving counties the authority to create water and sewer utilities and the Interlocal Cooperation Act allowing local governments to contract with each other. In the early 1970s, several changes were made to property taxes. Voters approved a 1 percent of value limit on property tax. However the legislature replaced the “mills” measurement with dollars per \$1000 of value and raised the assessment valuation level from 50 percent to 100 percent. This negated the potential drop in taxes that would have occurred with the 1 percent limit at a 50 percent level. The legislature also set a statutory limit on all governments levying the property tax and prevented local governments from levying a tax higher than 106 percent of the highest amount levied in the past three years.

1981-1990: Important resource-based industries such as timber and agriculture began to decline at the same time federal funding for state and local governments decreased. In response, major tax restructuring for local governments occurred. These included increased sales tax authorization, real estate transfer tax authorization, and limits on development fees. In exchange for the increased sales tax authority, cities agreed to relinquish part of the motor vehicle excise tax to a sales tax equalization account. The Growth Management Act (GMA) was passed in 1990. GMA was the first mandatory planning legislation for counties and cities, placing urban growth within cities moving urbanizing areas out of the local service boundaries of county governments. This growth management policy had significant fiscal impacts on counties as they lost sales and road tax revenue when cities annexed or incorporated urbanized areas.

1991-2007: Several tax limitation and government performance voter initiatives passed in this period. Most significant among these was Initiative 695, which repealed the motor excise tax. As a result, local governments lost substantial state shared revenue including sales tax equalization and funding for criminal justice and public health. In addition, initiatives 47 and 747 have limited property levy growth to 101 percent. Since 1990, government costs have increased at twice the rate of inflation. Two primary factors in this increase are criminal justice

and healthcare costs. Losses in revenue along with rising operating costs have contributed to local governments' current fiscal distress.

Chapter 1: Washington's Evolving Local Governance Tradition

How and why did Washington local governments come to have their present character? How was their development affected by public policy?

These apparently simple and direct questions, posed by the Legislature in 1985, are in fact profound and challenging. They call for reconstructing a complex and fascinating process of change with deep roots in the past and continuing dynamism today. Particularly in its early years, the politics of the state were dominated by several great issues and movements the coming of the railroads, populism, prohibition, municipal reform, public power, the Great Depression, property tax limitations, federal government assistance — that gave rise to lively conflicts and many changes.

But these were only the most visible forces at work. Under the surface, a basic structure of local government was built. Even more important, a distinctive Washington local governance tradition developed and began to evolve. How it evolved, and what the effects of this evolution have been up to the present, is the central theme of this volume.

Washington's local governance tradition has two major components. The first component is insistence on local option and control, including control over the way that state policy is implemented. It developed out of the remarkable geographic, social, and attitudinal diversity that initially characterized Washington.

The physical isolation of the early settlements has greatly reduced, the people are more alike, and many needs and problems are now widely shared. But local area differences still exist, and are often important. The image of local diversity probably exceeds the reality, however, and certainly remains a powerful force in peoples' minds. Insistence upon local option and control, while it never evolved into complete "home rule" in the legal sense, is a dominant principle of Washington's political life.

The second component of the local governance tradition is the evolving relationship between the two general-purpose local governments, counties and cities, and the many kinds of special purpose districts that were created later. Originally the counties and cities were the only units of government (except for school districts.) They had quite distinctive roles and responsibilities, and acted independently of each other.

Soon after statehood, however, new units of government, the special purpose districts, began to be authorized in order to provide a specific service to a defined population. Later, special districts were created to provide city-type services (fire, water, sewer) to people living in unincorporated areas within counties. Part of the reason for this was insistence on local option and control just described.

Cities and counties also took on new functions as the years went by, some of them similar to what the other was already authorized to perform. Thus, all three types of governments began to acquire overlapping powers and responsibilities, and their roles became much more similar. Today, the relationship that once consisted of distinctive roles and independence has become one of conflict and competition over similar roles, together with mutual dependence.

Many factors have contributed to the evolution of this local governance tradition, but three stand out and will be highlighted as our story develops. Each one began to be visible in the Depression Era of the 1930s and gained impact during and after World War II:

- (a) Fiscal pressures on local governments and the need to find jobs for workers became so acute that the federal and state governments began to provide much more assistance to local governments. Standards for local performance soon followed, and then direct federal and state controls, so that in some respects local governments became dependent junior partners in a large-scale enterprise.
- (b) Population grew rapidly and spread outside of cities, often as a result of new highways and bridges built as part of the economic recovery and war efforts. Many new special purpose districts were created to provide these residents with the municipal-type services that they needed.
- (c) New problems arose, first out of the new population densities and distribution, and then from additional services needed to provide for the new distributions of people. Efforts to cope with such problems as transportation, water quality, solid waste disposal, and social services generally tend to raise new issues about revenue availability and means of assuring cross-jurisdictional coordination.

In the last half-century or so, these forces (and others of lesser significance) have reconstructed the world of local governments in Washington. Our local governance tradition has evolved, but it has not kept pace with the rapidity and complexity of change. To be sure, some local governments' practical solutions to new problems have pointed the way toward redefinition of this tradition. But there has been little explicit recognition of the implications of these changes for the structures and powers of local governments, and no conscious effort to adapt our traditions, laws, and practices to the new challenges that local governments face.

The Local Governance Study Commission's goal is to help in the search for redefinition of Washington's local governance tradition. In this volume, we shall trace the ways in which that tradition developed and evolved from the early settlements to the 1980s. In the next volume (*which was not updated in 2007*), we shall analyze the context and problems of local governments in the 1980s and suggest ways in which the state can help local governments to address them effectively. With appropriate state assistance, local governments will be enabled and encouraged to redefine our local governance tradition to fit the needs of the future.

The History of Local Governments in Washington

A History of Governments

Most histories are about important people, great events, or such huge social units as countries. This history is about the evolution of more than 1600 local governments (excluding school districts) over nearly 140 years in one state. The local governments on which we focus here are the counties, cities, and special purpose districts of Washington. Each group has changed greatly over the years, and now include highly diverse sorts of units.

Counties are the oldest local government; the first counties were created by the "Provisional Government" set up by Oregon Trail immigrants before Congress organized the Territory. By statehood there were 34 counties. Today there are 39 counties; the last formed was Pend Oreille in 1911. The initial role of counties was to serve as the administrative arm of the state — maintaining all the vital records that people needed, providing courts and law enforcement, building roads, assessing property, collecting taxes, and conducting elections. Counties are run by full-time elected officials including commissioners (or council members and an executive), a sheriff, judges, assessor, treasurer, prosecutor, auditor, clerk, and coroner. The commissioners function as both the legislative and executive body.

Cities and towns began as settlements, usually on waterways or the intersection of established trails, and later received their status as municipal corporations from the Legislature. The cities' initial role was to create a safe community and economic identity for citizens living close together, protecting them from physical hazards by providing fire services, building sidewalks, and maintaining law and order. By statehood there were 29 cities. Today there are 281 Washington cities and towns. The most recently incorporated was Spokane Valley (Spokane County) in 2003. Cities are generally run by a legislative council of part-time elected officials with an elected (Mayor) or appointed executive and appointed department heads.

Special purpose districts are units of government created for one or two specific purposes rather than the many ("general") purposes that belong to counties and cities alone. Road districts and school districts were formed during Territorial days. (School districts are such distinctive and independent entities that they have not been included in this study.) The first special purpose district authorized after statehood in 1890 was irrigation districts. Currently, there are over fifty different kinds of special purpose districts with more than 1400 distinct entities. The most prominent include 376 fire districts, 192 water and sewer districts, 103 cemetery districts, 75 port districts, 55 hospital districts, 57 parks and recreation districts, 30 public utility districts, and 22 library districts. Special purpose districts are run by part-time elected officials, often with appointed managers.

In 2005 Washington's cities and counties raised and spent about \$13 billion per year for operating expenses, about two thirds of what the state spends annually. Cities and counties each raise revenue through a combination of taxes, federal and state shared revenues, and fees from services provided. Some special purpose districts such as fire and library districts rely on property taxes, while others such as water and sewer districts use monthly charges for operating

expenses. Still others such as irrigation districts use special assessments. Most local governments rely on the issuance of bonds to provide for their capital construction needs.

Not all counties or cities are alike, of course, and some contrasts may suggest the range of local governments' size and functions in 2007. Counties range from King County, with 1,861,000 people and a budget of approximately \$4 billion per year, to Garfield County, with 2,350 people and a budget of \$10.6 million per year.

Cities and towns have the same kind of diversity. Two towns (Krupp and Lamont) have less than 100 residents; 83 cities have fewer than 1,000 residents. But there are four cities with more than 150,000 people, including Seattle with more than 586,000 citizens.

King, Snohomish, and Pierce counties have the largest number of cities and special purpose districts. In King County alone there are 39 cities and 90 special purpose districts. Some special purpose districts serve only a handful of people, while Sound Transit, a multi-county special purpose district, potentially serves a population of 2.7 million.

These characteristics of Washington local governments help to distinguish this state from many other states. In particular, Washington is a “special purpose district state.” We rank sixth in the country in the total number of special purpose districts.¹

As we review the history of Washington's local governments and the evolution of their local governance tradition, we shall also be recounting a good bit of the state's history. That history is crucial as context, and will always be in the background. The foreground, however, is dominated by the counties and cities and special purpose districts of Washington, and the people and problems that made and changed them.

In each chapter, we shall take up first the way in which changing conditions and problems affected local governments, and then the specific adaptations of powers and structures that local governments needed to make to cope with them. To provide a more readable story, only a few tables appear in the text. A large body of data is provided in the Appendices, however, as part of our effort to make this volume a definitive and comprehensive overview of local government in Washington.

Stages in the State's History

A major change in the evolution of Washington occurred at two points: during the Depression and World War II; and in the 1980's when the “information era” thrust Washington State into the international limelight. During World War II, the state economy began to shift away from its nearly exclusive dependence upon natural resource-based industries toward a higher-wage manufacturing and services economy; many new residents immigrated into the state; and the roles (and size) of the state and federal governments became much larger in all respects. During the 1980's, agriculture diversified internationally and software industry giants developed. With

¹ 2002 *Census of Governments*, U.S. Bureau of the Census, December 2002.

these trends, came a surge in the Washington economy that heavily influenced the more recent chapters of Washington history.

The next chapters tell the story of the creation and development of the forms and powers of local governments up to World War II. The politics of these years were dominated by a set of factors: opposition to the railroads, populism, prohibition, public power, hard times that gave rise to lively conflicts and a strong tradition of local elections and local control. In brief preview, these chapters cover the following stages of the state's history.

Settlement to Statehood, 1845-1889

While the pioneers gave the state its first units and forms of government and their initial boundaries, it was the railroads and the waves of migrants they brought that really shaped the future of those early settlements. In the two years after the Northern Pacific first established a direct link to St. Paul and Chicago, for example, about 200,000 people entered the state — nearly tripling its population. Seattle eclipsed Tacoma, and Spokane rose from a tiny crossroads to a major city. Many aspiring towns that were bypassed by major railroad lines, however, had to settle for a much lesser stature than they had anticipated.

This period was thus dominated by the effort to attract settlers to the state, and to establish the basic governing structure to accommodate them. The distinguishing features of Washington's local governance tradition took shape in these years, as a result of the experiences of isolated groups of settlers in a resource-rich territory far distant from the rest of the country. They continue to influence us today.

Development and Reform, 1890-1930

The first in Washington's series of economic booms (always, it seems, followed by comparable depressions) began with the discovery of gold in Alaska in 1897. Washington (and particularly Seattle) had the opportunity to finance and supply the miners and other developers who flocked to Alaska. Prospectors, business owners, and new residents were attracted to the state in great numbers, spurred in part by the high national visibility of the Alaska-Yukon-Pacific Exhibition of 1909. The prospect of the opening of the Panama Canal led to a surge of development in Seattle, and the war years continued the economic prosperity right up to 1919.

These were volatile years in Washington's political history, with many movements seeking to implement new ways of conducting the public's business. Charter reform, municipal ownership, port districts, and public utility districts all had their origins in the conflicts and reform efforts of period. The state's local governance tradition was confirmed as it had first developed, but the utility of special purpose districts was also established.

The Depression Era and Fiscal Change, 1931-1940

The defining question of this period was how to finance both state and local governments in a time of declining property values, unemployment, and rising welfare and service needs. The pressure on Washington's property tax system had been rising since the mid-1920s. Through two

initiatives, early efforts were made to limit property taxes and authorize an income tax. After the income tax was ruled unconstitutional and efforts to amend the constitution failed, a new package of taxes including sales and business and occupation taxes was enacted in 1935 to support state government. Local governments were left to struggle on their own under the property tax limits. Federal and state funds were needed to keep many of them functioning.

This period was critical to the state's local governance tradition. Fiscal pressures, population growth and redistribution, and the new role of the state and federal governments — combined with changing problems began to make substantial change in that evolving tradition.

In the chapters that take up the post-World War II era, we focus in greater depth on the changed circumstances and new problems that local governments encountered after World War II. The influx of new residents, the shift in the state's economy, and the general post-war prosperity — combined with state and federal government policies — led to a vast movement of people to the suburbs around major cities. Soon this led in turn to new problems, some of them "regional" in character, and to new efforts on the part of the state and federal governments to guide and direct local governments in solving them. In brief preview, we shall cover the following areas.

Suburbanization, 1941-1960

World War II revived natural resource industries, created vast new manufacturing and service industries, brought tens of thousands of new people to the region, and generally restored prosperity. Washington was a much more modern state after the War. Not surprisingly, it had many of the characteristics and problems associated with urbanization in the older states. In particular, it had a rush of young families to the suburbs around its major cities.

The suburbanization era was produced by the automobile and a massive new highway system, as well as general prosperity, low-interest government guaranteed home mortgages, and the aspiration of individuals and families to realize their dream of a detached home surrounded by green lawns. New cities were formed and smaller ones expanded, but the major thrust of suburbanization was toward unincorporated areas outside of cities. One consequence was rapid expansion of special purpose districts providing service to the suburbs. Another was the challenge of new roles and potential structural reform for county government. Some problems, however, were not within the realm of any local government, and the pressure began to find new forms to fit new circumstances.

Growth and the Struggle to Adapt, 1961-1980

The primary response to this new range of problems was the emergence of regional units of government and various forms of regional planning and cooperation between existing governments. The state authorized some new structures and powers for local governments, based on the recommendations of several studies of metropolitan problems.

The federal and state governments also assumed new roles in this period, fundamentally altering intergovernmental relationships. First, the federal government offered substantial grants to regional planning bodies to induce local governments to cooperate in looking ahead and planning for coming problems. It also required the approval by some regional bodies before a local

government could obtain any of the many large grants that the federal government was then making available for local improvement projects.

This resulted in the formation of many Councils of Government and other planning bodies, and in establishing a direct link of dependency between local governments and the federal government. Additionally, the first separate state agency for local governments, the predecessor of the current Department of Community, Trade and Economic Development, was formed to funnel federal funds and provide technical assistance.

Second, as problems mounted and a newly active popular movement sought to preserve environmental quality in a variety of forms, the state and the federal government began to impose major new standards of performance on local governments. In some cases, financial aid accompanied these mandated changes. But in many instances, there was either no or too little financial assistance offered, and local governments were obliged to absorb the cost of meeting the required, primarily environmental, standards.

At the same time, sustained high levels of inflation in the country led to a general tax resistance movement. Through both legislative and initiative petition efforts, the state's tax base was reduced just as it was faced with significant new expenses. The result was a serious crisis of state and local government finance, in which the patchwork tax system adopted in 1935 seemed to reach its limit.

The Information Age Years (1981-1990)

These were the years of transformation in the economy: further transition out of natural resource based industry and explosive growth in high technology which took Washington by storm. In the early 1980s, the combination of an economic recession fueled by a downturn in the timber industry and declining federal government support took their toll on local government finances. This precipitated a major restructuring of local government finance that was adopted in the 1982 legislative session. To obtain additional sales tax authority for cities and counties, cities had to agree to a cap on the utility tax rates, and cities and counties had to accept limitations on system development charges. The concept of sales tax equalization was also introduced at this time redistributing a portion of revenue to small tax base jurisdictions.

Paralleling the emergence of technology as a dominate economic force; a nationwide trend developed promoting increased professionalism in local government. In Washington, the popularity of the council-manager form of city government grew and the number of city administrator positions in mayor-council cities increased, reflecting this trend. Pierce and Snohomish counties adopted home rule charters that included separately elected executives.

As the economy surged toward the end of the 1980s, there was widespread recognition that the state's quality of life was threatened by traffic congestion, the loss of farmland and open space, and extensive sprawling land subdivision. The Growth Management Act (GMA) resulted, the first mandatory planning legislation for counties and cities in Washington. The enactment of GMA in 1990 was a watershed event for local governments and signaled the end of a transition period for the state and for local governments.

Growth Management and Tax Revolt (1991-2007)

By the 1990s, several forces combined to provide an impetus for an increased number of citizen initiatives in Washington State. These included widespread sympathy for the citizen led California tax revolt, a growing lack of trust in government, the property rights movement and mounting fiscal pressure on state and local governments. From the standpoint of local governments, Initiative 695 was the most significant forerunner of several tax-related initiatives. Although Initiative 695 was ultimately found to be unconstitutional, the legislature acceded to the wishes of the voters and repealed the motor vehicle excise tax (MVET), resulting in a substantial loss of local government revenues, including sales tax equalization and funding for criminal justice and for public health.

Since 1990, local government costs have been increasing at approximately twice the rate of inflation driven by criminal justice case loads and the cost of health care. A separate citizen initiative reduced the cap on property tax revenue growth from 6 percent to 1 percent. This change has affected counties and special districts that rely primarily on property taxes more heavily than other local governments. Between 2000 and 2005, the legislature provided some backfill funding to address the loss of MVET but significantly less than what cities and counties had received. In 2005, the legislature replaced backfill funding by establishing the City-County Assistance program, which provides a modest amount of support to cities and counties with low tax bases. Additional special purpose sales tax authority and gas tax increases were adopted but the net result is still a financial squeeze for many local governments.

Following the adoption of GMA a large percentage of unincorporated suburban development has been incorporated into cities. Many large annexations occurred and fifteen new cities incorporated. GMA has led to a realignment of local government service patterns. As a result of these shifts, many counties have transitioned away from local service provision or into contract service provision and been assigned added planning and regional coordination roles by the legislature. County tax bases have been negatively impacted as fiscal resources shifted to incorporated areas.

Since 2000, state and local government policy has increasingly focused on transportation, especially in the highly congested central Puget Sound area. Among the concerns are insufficient capacity, declining levels of service, high costs, aging infrastructure, and insufficient funding.

The general trend toward city adoption of the council-manager plan continued in the 1990s and 2000s. In 2005, San Juan County became the only county to have adopted a home rule charter since 1981.

The pace of change among special districts has not been as great as among cities and counties. Some consolidations, joint service provision contracting and major annexations have taken place, and several new special districts have been authorized to address the funding of public transportation and transportation facilities.

This overview of the history of Washington's local governments brings us up to the present. Without history, we doubt that full understanding of today's problems is possible. But we do not

view the chapters that follow as history for its own sake: instead, our history is focused and purposeful. It is an effort to draw upon lessons that will help us all — state and local government officials, and citizens generally — to solve the problems faced by the government closest to the people, Washington's local governments.

Office of Financial Management

Appendix E
Washington State Local
Government Fiscal Stress
Analysis: *A Comparison to State*
Assistance under Senate Bill 6050

County Financial Health and Governance Alternatives 2007 Legislative Study

Partial Report

The complete report is available on the Web at
www.cted.wa.gov/site/1044/default.aspx

December 2006

Prepared by the Washington State Department of Community, Trade and Economic
Development

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This appendix only includes part of the report. The entire report is available on the Web at www.cted.wa.gov/site/1044/default.aspx.

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Local Government Stress Indicator Summary -- Local Governments with Four or Greater Stress Points

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[Local Governments Receiving Senate Bill 6050 Assistance in 2006](#)

Figure 2 21

Appendix E Summary

Appendix E is a study conducted in 2006 by the Office of Financial Management with the assistance of the Department of Community Trade and Economic Development analyzing local government financial condition in Washington's 320 cities and counties. 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, demand factors driving local government service delivery, and the financial results of operations. A local government was defined as distressed if it was classed as "stressed" in four or more of the following ten financial condition indicators: general fund revenue per capita, revenue elasticity, cash balance, proportion of expenditures used for capital or debt, proportion of revenue restricted for specific uses, property tax burden, general fund operating gaps, economic condition, tax base condition and service demand.

Twenty three counties were identified as fiscally distressed. These counties 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, both with rapidly growing unincorporated areas, were classed as stressed. There is a significant 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.

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.

Nationally, over the last forty years, operating insolvency or debt default has occurred in local governments in other states. These local governments have been temporarily reorganized, come under state or judicially ordered independent control, or found themselves subject to budget supervision by the state. Washington has well defined protections in place for some financially high 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.

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). 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 key public services.

The study recommended re-aligning SB 6050 assistance to focus on the most distressed local governments in the short term to assist them to reduce their immediate level of distress. Short term assistance may 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, however, to address the most distressed local governments' basic service delivery requirements because the amount of assistance in most cases is significantly smaller than the local government's need.

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

Indicator	Benchmark of Financial Condition	Change Over the Period 1994 to 2004
		increase in the proportion of capital spending overall resulting in a general increase in fiscal stress.
<i>Proportion of Revenue Restricted for Specific Uses</i>	An increasing proportion of restricted revenue over time is seen as reducing a government's ability to respond to changing citizen needs.	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.
<i>Property Tax Burden</i>	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.	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.
<i>General Fund Operating Gaps</i>	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.	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.
<i>Economic Condition</i>	Lack of growth in population, and employment or low per capita personal income is an indicator of economic stress effecting revenue collections	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

Indicator	Benchmark of Financial Condition	Change Over the Period 1994 to 2004
	and service demand.	9% of local governments. 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>Tax Base Condition</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>Service Demand</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 state's 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.

**FINANCIAL STRESS INDICATOR SUMMARY –
LOCAL GOVERNMENTS WITH FOUR OR GREATER STRESS POINTS**

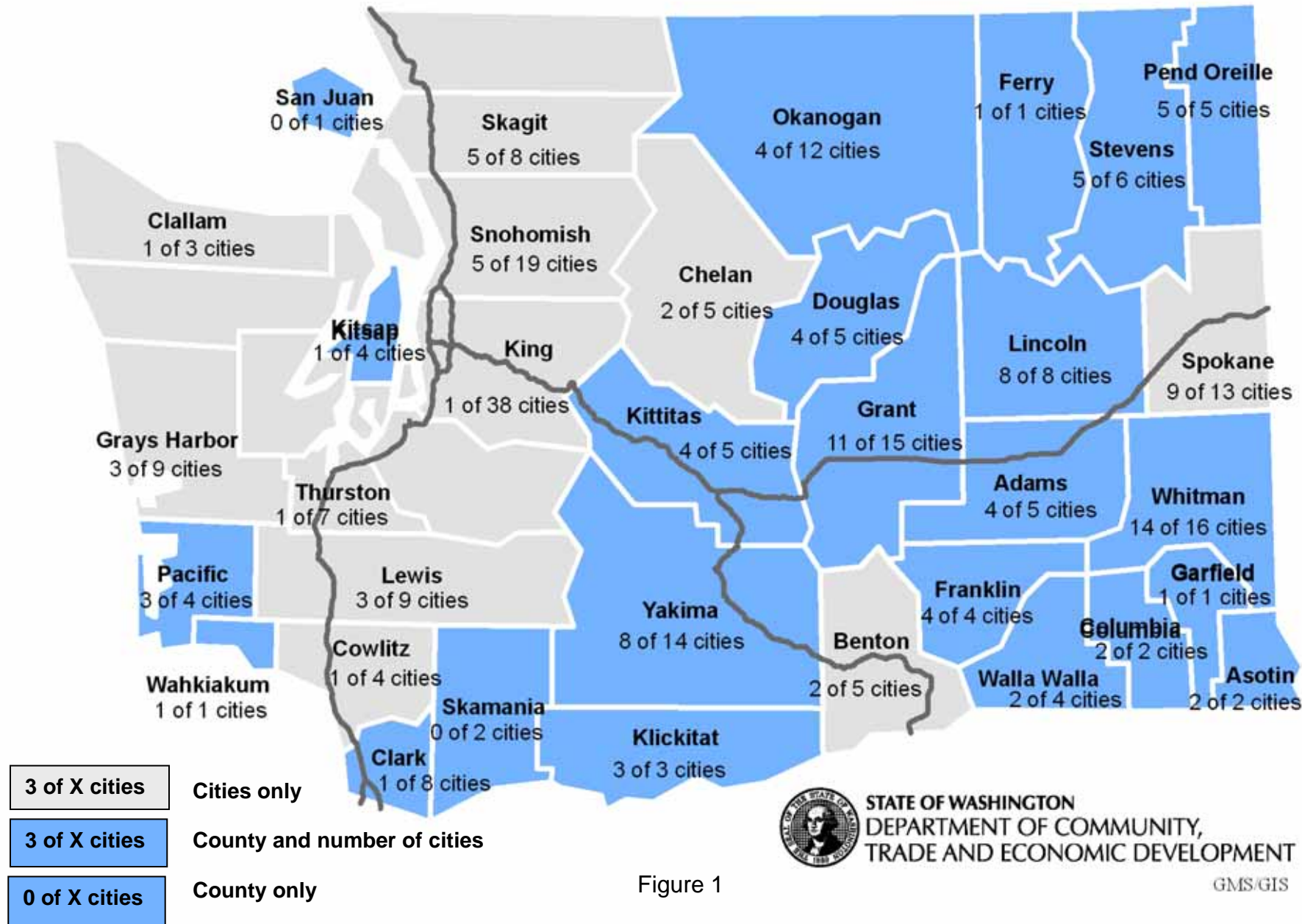
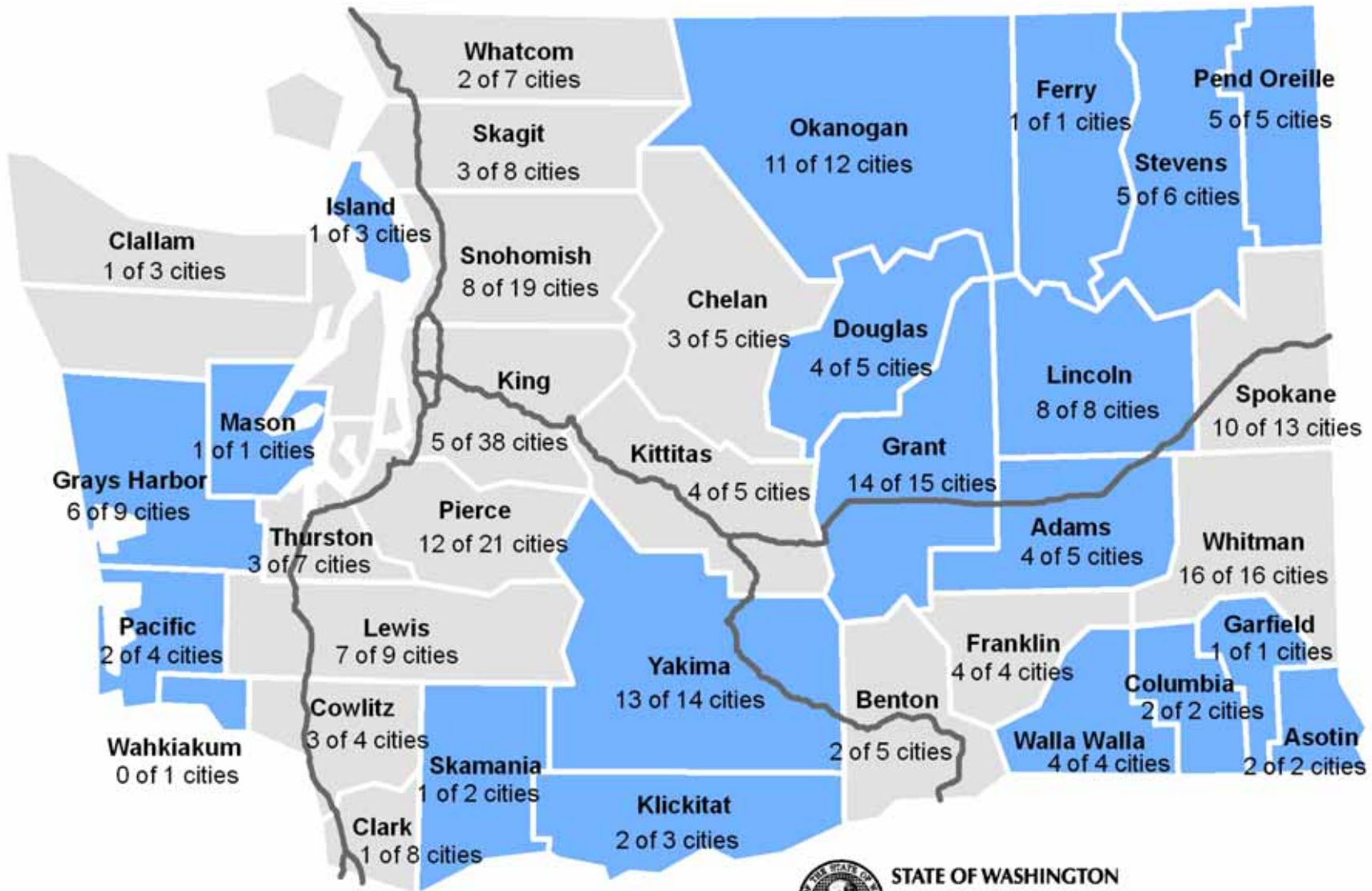


Figure 1

LOCAL GOVERNMENTS RECEIVING SENATE BILL 6050 ASSISTANCE IN 2006



3 of X cities

Cities only

3 of X cities

County and number of cities

0 of X cities

County only



STATE OF WASHINGTON
DEPARTMENT OF COMMUNITY,
TRADE AND ECONOMIC DEVELOPMENT

Figure 2

GMS/GIS

Appendix F

Case Study Component

County Financial Health and Governance Alternatives 2007 Legislative Study

Executive Summary

The complete report is available on the Web at
<http://www.cted.wa.gov/site/1044/default.aspx>

October 17, 2007

Produced for:

Department of Community Trade and Economic Development

CASE STUDY ANALYSIS OF ALTERNATIVE GOVERNANCE STRUCTURES AND INTERLOCAL AGREEMENTS

EXECUTIVE SUMMARY

REPORT PURPOSE AND OVERVIEW

This Case Study Component is intended to shed light on the linkages between alternative county governance structures and potentials for cost savings and/or customer service improvements. The following analysis is organized into two modules:

Module One: Alternative County Governance Structures

Module One consists of four comparative studies within the areas of General Government and Criminal Justice in which select organizational models are examined to determine the potential financial, operational, and service impacts if other Washington counties adopted such structures. In each case, a Model County, with a full or partial version of the alternative organizational structure already in place, is evaluated against a Comparable County, which employs a more traditional organizational composition relative to other Washington counties. Information obtained from analyzing these selected counties are then applied to make financial and customer service impact projections for counties in general. The findings presented in this study are not intended to target or identify particular counties to adopt such models, but rather serve to provide guidance to counties wanting to explore different avenues for potential cost savings.

Eight counties were selected for study: Adams, Clark, Douglas, Pierce, Klickitat, Skamania, Spokane, and Whatcom. Information was obtained through conducting in-person and phone interviews with 38 county staff as well as a review of relevant documents.

General Government. Focuses on the financial and customer service impacts of: 1) sharing the County Assessor, County Auditor, and County Treasurer's customer service functions and; 2) the merging of all County Assessor, County Auditor, and County Treasurer functions and positions into one office.

Criminal Justice. Focuses on the financial and customer service impacts of: 1) consolidating Superior Court functions across two or more counties; and 2) merging of the Superior Court Administrator and County Clerk functions and positions within a county.

Module Two: Interlocal Agreement (ILA) Analysis

Module Two consists of seven interlocal agreement case studies in the areas of: growth management; economic development; information technology; public health; sheriff services; and jails. The purpose of this module is to identify best practices in interlocal agreement formation and implementation by local agencies and the State. Such

information may help counties adopt similar agreements, which could potentially lead to greater efficiencies, cost savings, and enhanced service delivery.

Information was obtained through 15 interviews, with county, city, and ILA staff, as well as a review of relevant documents. It is important to note that Module Two provides a sample of case studies from which to learn, not a comprehensive review of the service areas or of all interlocal agreements in existence.

Module 1: Summary Overview of Findings

County size plays an important factor in whether savings are likely to be attained in adopting any of the alternative models. Larger counties (population greater than 60,000), were much more likely than smaller counties (population less than 60,000) to realize positive financial gains.

Such a discrepancy in projected savings is likely due to the fact that larger counties generally have more staff, higher salaries, and greater division of labor, allowing for a greater ability to consolidate functions, achieve economies of scale, and maintain the quality of customer service after FTE reductions. Smaller counties, whose small staff perform a wide variety of roles and functions, are not only more likely to incur net costs, but are also more likely to realize negative impacts on customer service and general work processes after FTE reductions.

Exhibit E-1 provides an overview of the financial and customer service impacts on counties adopting one of the four studied models. The range of savings presented reflects the lowest and highest projected net savings (or costs) found in our analysis. Such figures are derived from conservative and aggressive scenarios that explored different options related to FTE reductions, employee compensation data, and one-time costs. The higher estimates should be treated with a great degree of caution as these figures are based on the most optimistic assumptions. It is also important to note that projections, particularly within the General Government models, are founded on the assumptions that select IT systems have been successfully integrated and targeted cross-training has occurred. Lastly, in some cases, capital costs are not included in our projections, which may offset any of the potential cost savings presented.

In addition to the financial impacts, important operational, customer service, and political considerations should also be addressed, as detailed in **Exhibit E-1**.

Smaller Counties

Based on the financial projections presented, smaller counties have a greater probability of incurring net costs likely to outweigh potential savings in adopting the General Government models than in adopting the Criminal Justice models.

General Government: In the Joint Customer Service Provision model, smaller counties could realize an approximate financial loss of \$1.0 million to a gain of \$400,000 over 15

year. In the Merged Assessor, Auditor, and Treasurer model, smaller counties could realize an approximate financial loss of \$490,000 to a gain of \$660,000 over 15 years.

Criminal Justice: In the Joint Judicial District model, smaller counties could realize net savings of approximately \$400,000 to \$1.7 million over 15 years. In the Merged Superior Court Administrator and County Clerk model, smaller counties could realize approximate financial gain of \$405,000 to \$1.7 million over 15 year.

Larger Counties

Based on the financial projections presented, larger counties could realize significant gains in adopting both the General Government and Criminal Justice models studied.

General Government: In the Joint Customer Service Provision model, larger counties could realize an approximate financial gain of \$1.4 million to \$3.1 million over 15 years. In the Merged Assessor, Auditor, and Treasurer model, larger counties could realize an approximate financial gain of \$1.5 million to \$6.1 million over 15 years.

Criminal Justice: In the merged Superior Court Administrator and County Clerk model, larger counties could realize an approximate financial gain of \$970,000 to \$1.9 million over 15 years. The Joint Judicial District model was not explored for larger counties as sharing judicial functions with another county may not be viable, due to high caseload volumes and workload.

**Exhibit ES-1
Summary Overview: Projected Cost Savings
and Potential Challenges and Benefits**

Estimated Net Savings/ Costs in 15 Yrs (YOES)		Potential Challenges (both Smaller & Larger Counties)	Potential Benefits (both Smaller & Larger Counties)
Joint Customer Service Provision			
Smaller County	15 Years	<ul style="list-style-type: none"> IT system integration Cross-training staff to achieve staffing efficiencies Securing appropriate facility space 	<ul style="list-style-type: none"> External customer service improvements Improving internal communication and workflow
Lowest Estimate	(\$1,000,000)		
Highest Estimate	\$396,000		
Larger County			
Lowest Estimate	\$1,401,000		
Highest Estimate	\$3,113,000		
Merger of Assessor, Auditor, and Treasurer			
Smaller County	15 Years	<ul style="list-style-type: none"> Consolidation of staff in specialized services Cross-training staff to achieve staffing efficiencies Vested political interest to maintain separate offices 	<ul style="list-style-type: none"> Potential savings through staffing efficiencies Improving internal workflow and communication
Lowest Estimate	(\$490,000)		
Highest Estimate	\$660,000		
Larger County			
Lowest Estimate	\$1,520,000		
Highest Estimate	\$6,140,000		
Joint Judicial Districts (Across Counties)			
Smaller County	15 Years	<ul style="list-style-type: none"> Potential backlog of civil cases Potential travel challenges for shared staff Potential negative impacts on customer service 	<ul style="list-style-type: none"> Potential savings through staffing efficiencies
Lowest Estimate	\$680,000		
Highest Estimate	\$1,670,000		
Merger of Superior Court Administrator and County Clerk			
Smaller County	15 Years	<ul style="list-style-type: none"> Concerns about legality/constitutionality Potential loss of support personnel for Superior Court Judge(s) Cross-training staff to achieve staffing efficiencies 	<ul style="list-style-type: none"> Improved workflow and communication Potential savings through staffing efficiencies
Lowest Estimate	\$406,000		
Highest Estimate	\$1,279,600		
Larger County			
Lowest Estimate	\$968,000		
Highest Estimate	\$1,935,600		

Source: Berk & Associates, 2007

MODULE TWO: SUMMARY OF FINDINGS

General Lessons Learned: Ingredients for Successful Interlocal Agreements (ILAs)

What follows are general prescriptions regarding the form and functioning of ILAs, derived from the particular experiences of stakeholders interviewed in the seven case studies evaluated.

Agreement Formation

- Use existing interlocal agreements as a guide. The Municipal Research and Services Center and the Planning Association of Washington are good sources for original documents.
- Identify and consider the perspective of all stakeholders: elected officials, department staff, and members of the public potentially affected by the agreement.
- Establish trust and develop relationships among key stakeholders by taking the time to promote collaboration and communication across institutional and jurisdictional boundaries.
- Articulate a common understanding of the needs of each party involved.
- Ensure that a common vision is held of the joint project or services, remembering that the end goal is serving the interests of constituents and the public at large.
- Advance preparation by all parties on the agreement's important elements will build a common understanding of the task at hand and keep negotiations on track.
- Perform thorough research to fully know what the contentious issues will be. During negotiations, address the issues of agreement to help build trust and momentum.
- Be clear on what is and is not negotiable during agreement discussions.

The Written Agreement

- Make sure all parties understand the terms and conditions of the agreement through education and communication.
- Establish clear expectations of deliverables or service provision.
- Create regular and ongoing avenues of communication and coordination between parties to address issues proactively as they arise.
- Create a governance structure that empowers decision-makers to make timely decisions.
- Build in flexibility for expansion opportunities or unforeseen changes.
- Plan adequate time for contract re-negotiation prior to agreement expiration.

Interlocal Implementation

- Follow through with ongoing communication and coordination between institutions and jurisdictions.
- Work towards achieving results. If the agreement leads to a high level of service provided in a cost-effective way, partners and their constituents are more likely to support the agreement.
- Inform constituencies of results. Communicating and sharing results to relevant publics will help maintain support for the agreement.

Enabling Conditions

The geography, population size, and economic markets of the jurisdictions affect local entities ability to work together. Large differences in population size exacerbated by geographic distance can lead to real or perceived differing levels of service that create tension, and as has been the case in some joint public health districts, can lead to the eventual dissolution of the agreement. Additionally, leadership from elected and appointed officials can make or break an agreement. Some agreement benefits may be indirect or realized only in the mid- to long-term, and thus require extended support.

The State's Role

The State is not a primary actor in interlocal agreements. Local considerations and the examination of costs and benefits should still be the primary determinants of ILAs. However, by creating policy parameters and priorities conducive to cooperation, the State could make interlocal agreements a more viable and appealing option by facilitating greater interlocal cooperation through changes in legislative, legal, and financial incentives.

Eliminate disincentives for interlocal agreements within existing policy structures.

Laws or funding structures may unintentionally inhibit interlocal cooperation by reducing funding received (as partnering agencies sometimes lose funds when such monies are distributed on a per-agency basis) or adding layers of complexity and inconvenience to procedures.

Create special incentives for interlocal agreements. In addition to a “do no harm” approach, the State can actively promote ILAs through financial and legal incentives. For example, the State can provide targeted funding to small cities that otherwise could not afford to contract law enforcement services to counties. Or the State could streamline the annexation process for cities and counties with agreements in place to make the process less complex and cumbersome.

Define policy priorities. The State can encourage more interlocal cooperation through its own actions and support. Making the State “user-friendly” for local governments through executive support and clear avenues of communication would make partnerships and policy alignment easier.

Provide stable and adequate levels of funding for local government services. Most of the areas of service studied were affected by Motor Vehicle Excise Tax (MVET) reductions and thus, several interviewees voiced concerns regarding existing and future funding levels. Identifying dedicated revenue streams for service areas such as law enforcement and public health would reduce the uncertainty in which local government officials make decisions about service provision and interlocal cooperation.



WASHINGTON STATE
ASSOCIATION OF COUNTIES

Appendix G

County Service System Mapping and Comparison to Other States

County Financial Health and Governance Alternatives 2007 Legislative Study

Partial Report

The complete report is available on the Web at
www.cted.wa.gov/site/1044/default.aspx

October 26, 2007

Produced for:

Department of Community Trade and Economic Development

**County Service System Mapping and
Comparison to Other States
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Partial Mapping and Comparison Report..... G-5

**The remainder of this report is available on the Web at
www.cted.wa.gov/site/1044/default.aspx**

Appendix G Summary

Appendix G both maps the major service systems of counties within Washington and compares Washington with six other states on the basis of county governance, service delivery and service funding. The seven service systems examined were courts and legal services, jails, human services, public health, transportation, elections, and property tax assessment and collection. The six states chosen were Arizona, Colorado, Indiana, Maryland, Minnesota, and Wisconsin because of their comparable population size and service responsibilities. The service system mapping component was completed by the staff of the Washington State Association of Counties.

Governance

A board of county commissioners or board of county supervisors with three to five elected members that exercises both legislative and executive power is the basic governance structure of the majority of counties in Washington and the comparison states. Other states offer more forms of county governance. Like Washington, the most urbanized and high growth counties have chosen to form charter counties. In three states, Colorado, Indiana, and Minnesota, the constitutions were amended to create city-county consolidated governments in only the most urban counties.

The second most exercised optional form of county governance is the county commission/county manager or administrator form. Arizona requires it of every county. In Minnesota and Wisconsin, where it is optional, a majority of counties have chosen to have a county manager or administrator.

A public vote within the county is generally required to implement any optional form of government. Minnesota is the only state where changes to separately elected offices such as sheriff or auditor can occur without a county charter. County clerk, sheriff, and county attorney are generally constitutional elective offices among the comparable states. However, a few states allow for the appointment or consolidation of the functions of the assessor, auditor, and/or treasurer by a public vote or action by the board of commissioners/supervisors.

Services

In all the states examined, counties are the constitutional administrative arm of the state. As a result, counties deliver a wide range of services. Additionally, the state generally sets the level of service required by the county. The largest service provided by counties is public safety and courts. Washington ranked lowest among the states in state funding for courts and legal services and transportation. The second largest service provided by counties is human services. The services provided by separately elected officials are very similar among the states.

Other than Indiana, counties are not home rule. In other words, counties need specific authority from the state legislature to act. This was noted by the comparable states as a barrier to providing efficient services and generating adequate revenues.

Funding

Property tax is the largest source of revenue for counties among the states. The second largest source of revenue for counties varies between federal and state grants or a county imposed income or sales tax. State grants are generally dedicated to public safety, court or human services purposes as reimbursement for acting as an agent of the state. However, counties in all the comparable states supplement those services with county funds, citing insufficient funding by the state.

Appendix G

County Service System Mapping and Comparison to Other States (Partial Document)

BACKGROUND

The 2007 legislature directed the Department of Community, Trade and Economic Development (CTED) 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 to counties. The legislature recognized that counties have limited revenue options and fiscal capacity. Annexations and incorporations resulting from the Growth Management Act and citizen initiatives have further constrained counties over the last two decades.

Counties in Washington also have limited organizational structure options compared with other states and with Washington cities, which may lead to inefficiencies. The state saw an interest in reviewing whether changes in organizational structure will improve fiscal health and/or service delivery in local communities.

MAPPING

This portion of the study outlines the major service systems of counties within Washington State, laying out service and financial responsibilities among counties and the state. Three charts were developed to illustrate service and financial relationships between counties and Washington State: 1) who delivers major services, 2) who determines the level of those services, and 3) who funds those services. Because service and financial responsibilities often overlap between counties and the state, the charts use the term “shared” in those instances. However, “shared” does not mean that responsibilities or funding are shared equally. In some instances the financial contribution of the state is quite small, such as elections, courts, or county transportation. In other instances, such as mental health, the financial contribution is much larger by the state.

Additionally, several other states were also examined to compare and contrast how counties are organized, how services are delivered, how level of service is determined, and how those services are funded. The states chosen include Arizona, Colorado, Indiana, Maryland, Minnesota, and Wisconsin because of their comparable population size and service responsibilities. Because services are quite varied among the states, this report examines seven major service systems between states 1) courts and legal services, 2) jails, 3) human services, 4) public health, 5) transportation, 6) elections, and 7) property tax assessment and collection.

FINDINGS

Governance

1. A Board of County Commissioners or Board of County Supervisors with three to five elected members that exercises both legislative and executive power is the basic governance structure of counties. The majority of counties operate under this system in Washington State and the comparison states.
2. Other states offer more forms of county governance. Like Washington State, the most urbanized and high growth counties have opted to form charter counties. In three instances, Colorado, Indiana, and Minnesota, their state legislatures amended their constitutions to create city-county consolidated governments in only their most urban counties.
3. The second most exercised optional form of county governance is the county commission/county manager or administrator form. Arizona requires it of every county. In Minnesota and Wisconsin, where it is an option, a majority of those states counties have exercised the option to have a county manager or administrator.
4. A public vote within the county is generally required to implement any optional form of government.
5. Minnesota is the only state where changes to separately elected offices such as Sheriff or County Auditor can occur absent a county charter. County Clerk, County Sheriff, and County Attorney, County are generally constitutional elective offices among the comparable states. However, a few states allow for the appointment or consolidation of the functions of the County Assessor, County Auditor, and/or County Treasurer by a public vote or action by the Board of Commissioners/Supervisors.

Services

1. In all the states examined, counties are the constitutional administrative arm of the state. As a result, counties deliver a wide range of services. Additionally, the state generally sets the level of service required by the county.
2. Other than Indiana, counties are not “home rule” counties. In other words, counties need specific authority from the state legislature to act. This was noted by the comparable states as a barrier to providing efficient services and generating adequate revenues.
3. The largest service provided by counties is public safety and courts. The second largest service provided by counties is human services.
4. The services provided by separately elected officials are very similar among the states.

Finance

1. Property tax is largest source of revenue for counties.
2. The second largest source of revenue for counties varies between federal and state grants or a county imposed income or sales tax.
3. State grants are generally dedicated to public safety, court or human services purposes as reimbursement for acting as an agent of the state. However, counties in all the comparable states supplement those services with county funds citing insufficient funding by the state.

Multi-State Comparison of Services & Funding

1. **Courts & Legal Services**

Washington ranks lowest among the states in the amount of funding the state provides for courts and legal services. This information is from the Office of Justice Programs, United States Department of Justice and measures state and local funding for trial courts, prosecution, and indigent defense. In the states where funding was higher than Washington, state funding for indigent defense is greater.

COMPARISON TO OTHER STATES				
	Who Delivers Service	Who Determines Level of Service Delivery	Who Funds Service	
Courts and Legal Services			County	State
Washington	County	State	85.3%	14.7%
Arizona	County	State	76.5%	23.5%
Colorado	Shared	State	58.1%	41.9%
Indiana	County	Shared	75%	25%
Maryland	County	Shared	37.7%	62.3%
Minnesota	County	Shared	58.1%	41.9%
Wisconsin	County	Shared	53.5%	46.5%

2. *Jails*

The operation of a county jail to house persons charged with misdemeanor and felon crimes is a traditional county function. In the comparable states, there is little state funding of this service. Colorado was unique in that the state pays counties \$49.69/day fee for each person charged with a felony. Maryland has a state funded capital construction program for county jails. Minnesota is also unique in that the law allows counties to contract with the state to provide all felony incarceration services, pre and post trial. Those counties that have opted for such contracts receive a state subsidy for the service based on a formula that must be matched by the county; state funding is not provided to the remaining Minnesota counties.

COMPARISON TO OTHER STATES				
Jails	Who Delivers Service	Who Determines Level of Service Delivery	Who Funds Service	
			County	State
Washington	County	State	100%	0
Arizona	County	State	100%	0
Colorado	County	State	58%	42%
Indiana	County	County	100%	0
Maryland	County	County	100%	Provides capital funds
Minnesota	County	State	100%	Contract \$ or 0
Wisconsin	County	State and Judicial	100%	0

3. *Human Services & Public Health*

These areas represent the greatest sharing of service responsibility and funding between counties and the state, and as a result, generated the least amount of comparable analysis. States generally contract or provide block grants with counties for a specific set of services. Counties generally supplement the services using county funds.

The states did identify three trends worth noting. First, there is a movement away from block grant funding to contracted services with the state. Block grants gave counties greater flexibility in matching services and service level to local needs. Second, the proportion of county funding for human services and public health is growing as states are reducing funding and/or services provided by the state. County funding is increasing to maintain previous level of services. Third, reduced federal funding in these areas is also straining county budgets.

COMPARISON TO OTHER STATES				
	Who Delivers Service	Who Determines Level of Service Delivery	Who Funds Service	
			County	State
Human Services			County	State
Washington	Shared	State	Shared	
Arizona	Shared	State	Shared	
Colorado	Shared	State	Shared	
Indiana	Shared	Shared	Shared	
Maryland	State	State	0	100%
Minnesota	County	State	Shared	
Wisconsin	Shared	State and Judicial	Shared	
Public Health			County	State
Washington	Shared	Shared	Shared	
Arizona	Shared	Shared	Shared	
Colorado	Shared	Shared	Shared	
Indiana	Shared	Shared	Shared	
Maryland	Shared	Shared	Shared	
Minnesota	County/Multi-County	Shared	Shared	
Wisconsin	Shared	State and Judicial	Shared	

4. *County Transportation*

Washington ranks lowest among the states in the amount of funding the state provides for county roads through sharing revenue from the state gas tax and vehicle fees. Like Washington, Colorado and Minnesota can levy a local property tax for county roads. In the remaining states, county road funding is supplemented through local vehicle fees. In 2007, Washington counties were provided the authority to impose a \$20 vehicle license fee. Wisconsin is unique in that counties maintain state and county roads through contracts with the state.

COMPARISON TO OTHER STATES				
County Transportation	Who Delivers Service	Who Determines Level of Service Delivery	Who Funds Service	
			County	State
Washington	County	Shared	Shared. Counties provided 16.5% of state gas tax. Property tax in unincorporated areas for county roads.	
Arizona	County	Shared	Shared. Counties provided 20% of state gas tax	
Colorado	Shared	Shared	Shared. Counties provided 26% of state gas tax. Property tax for county roads allowed.	
Indiana	Shared	Shared	Shared. Counties provided 26.5% of state gas tax and vehicle fees	
Maryland	County	County	Shared. Counties provided 30% of state gas tax	
Minnesota	State/County/City	Shared	Shared. Counties fund county roads through property tax. State funds county/state highways through 31.8% of state gas tax and vehicle fees	
Wisconsin	County	State	0	100%

5. *Property Tax Assessment & Collection*

Washington’s property tax assessment and collection system is similar to most states. Under some state supervision, county assessors determine the assessed value of property throughout the county and county treasurers/auditors collect taxes for all units of government. In the three states with this system, there is no state funding for this service. In Indiana and Wisconsin, where cities and townships are responsible for valuing property, each unit of government is responsible for their own tax collection. Maryland is unique in that the state does all assessment and collection functions for all units of government.

COMPARISON TO OTHER STATES				
	Who Delivers Service	Who Determines Level of Service Delivery	Who Funds Service	
Property Tax Assessment & Collection			County	State
Washington	County	State	100%	State provides oversight and assesses state utilities
Arizona	County	State	100%	State provides oversight and assesses mines and other natural resources
Colorado	Shared	State	100%	State provides oversight and assesses state utilities
Indiana	County/Townships	State	Townships assess property. County oversees Townships and collects taxes	State provides oversight and assesses state utilities
Maryland	State	State	0	100%
Minnesota	County	Shared	100%	State provides oversight and assesses state utilities
Wisconsin	Towns, Cities and Villages	Towns, Cities and Villages	Pays for county tax collection only	Pays for collection of state tax and assesses some commercial property

6. *Elections*

The federal Help America Vote Act of 2002 (HAVA) mandated that all states and localities upgrade many aspects of their election procedures, including their voting machines, registration processes and poll worker training. As a result, there is more uniformity among state election processes than in the past. HAVA also required states develop a single, uniform, official, centralized, interactive computerized statewide voter registration list defined, maintained, and administered at the state level. This service had previously been performed at the local level.

HAVA also provided federal funding for new election voting machines and equipment. In all states, the purchase of voting machines and supplies are a county responsibility. Maryland has supplemented their federal funding with state funds to implement coordinated computerized elections. Colorado and Indiana are moving in this direction with the state funding pilots programs of coordinated computerized elections.

The cost of preparing and printing ballots remains a county responsibility at county cost. States allow counties to apportion costs to other units of government. However, counties must cover the cost of the state’s portion of primary and general elections.

COMPARISON TO OTHER STATES				
	Who Delivers Service	Who Determines Level of Service Delivery	Who Funds Service	
Elections			County	State
Washington	County	State	100%. Election costs, excluding state, are apportioned among jurisdictions	Odd Year State Elections
Arizona	County	State	100%. Counties may charge special taxing districts for special elections	0
Colorado	County	State	100%. Counties may charge nonpartisan districts for their elections	Ballot measures required by TABOR amendment
Indiana	Generally County, but some towns may conduct town elections.	Shared	100%. Towns can contract with counties to perform town elections	0
Maryland	County	State	Shared. State provides local voting machines and software. Counties pay all other costs.	
Minnesota	Cities, Townships and Counties	State	100%. Election costs, excluding state, are apportioned among jurisdictions	State pays cost of printing constitutional amendment ballots
Wisconsin	Towns, Cities, Villages and Counties	State	100%. Election costs, excluding state, are apportioned among jurisdictions	0

Social & Economic Sciences Research Center



Appendix H

2007 County Governance Survey

County Financial Health and Governance Alternatives 2007 Legislative Study

Summary

The complete report is available on the Web at www.cted.wa.gov/site/1044/default.aspx

October 2007 SESRC Report #07-60

Produced for:

Department of Community Trade and Economic Development

2007 County Governance Survey
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Appendix H Summary H-3

Brief Presentation of Results..... H-8

**The remainder of this report is available on the Web at
www.cted.wa.gov/site/1044/default.aspx**

Appendix H Summary

Appendix H documents the results of a statewide survey of county officials. This component was requested as a way to gather input and hear the views of county elected and appointed officials through out the state on the major study topics – fiscal health, efficiency and effectiveness and governance alternatives.

CTED contracted with Washington State University’s nationally recognized public policy research group called the Social and Economic Sciences Research Center to conduct a survey of 747 county officials, an average of 19 per county. Overall WSU received responses from 521 (70 percent) of those surveyed. Most groups had a 50 percent or greater response rate. WSU received responses from all counties; the lowest county response rate was 6 officials.

Survey Response Rates by County Official

County Office	Sample	Completes	Response rate
Treasurer	37	36	97%
Auditor	40	38	95%
Assessor	39	34	87%
Prosecuting Attorney	39	33	85%
Clerk	39	32	82%
Sheriff	39	31	79%
Agricultural Extension	37	29	78%
Public Health	27	21	78%
Executive/Administrator/Budget	44	34	77%
Coroner	21	16	76%
Public Works	37	26	70%
Planning	38	23	61%
Human Services	48	28	58%
Commissioner/Council	136	79	58%
Superior and District Court Judges	73	36	49%
Superior Court Administrator	35	17	49%
Parks and recreation	18	8	44%
Totals	747	521	70%

Respondent Characteristics

Sixteen (16) percent of respondents had served in county government less than four years.

Forty (40) percent of respondents had served in county government for four to 16 years.

Forty-two (42) percent of respondents had served in county government for 16 years or more.

Commissioners generally had served fewer years in county government with only 11 percent serving for 16 years or more and 40 percent serving less than four years.

Fiscal Health

Which counties considered themselves fiscally distressed?

Nineteen (19) counties were described by a majority of their county commissioners, auditors and executives/administrators as fiscally distressed to some degree: Asotin, Clallam, Columbia, Douglas, Ferry, Franklin, Garfield, Jefferson, Kitsap, Lewis, Pacific, Pend Oreille, San Juan, Skamania, Stevens, Thurston, Wahkiakum, Whitman and Yakima.

What are the factors that most contribute to county fiscal health?

The three highest rated factors by all respondents contributing to fiscal health were: new construction (95 percent), expanding local tax base (88 percent) and efficient delivery of county services (85 percent).

What are the factors that most contribute to county fiscal distress?

The three highest rated factors by all respondents contributing to fiscal distress were: increased demand for county services (97 percent), decrease in county revenues (88 percent) and shrinking local tax base (70 percent). County Commissioners reported, decline in employment, as the third highest ranked item (68 percent).

What do some key financial outcomes tell us about fiscal health?

- Thirty-four (34) of 39 counties reported using reserves to cover expenses in one or more of the last five years.
- Eighty-one (81) percent said they thought their county's fiscal condition would stay about the same (41 percent) or get worse (40 percent) in the next five years. Of the 19 distressed counties 12 reported that they thought their fiscal condition would get worse. Of the 20 fiscally healthy counties 4 reported that they thought their fiscal condition would get worse.
- Eleven (11) of the 19 distressed counties reported their general fund reserves as decreasing. Of the 20 fiscally healthy counties 4 reported that their general fund reserves were decreasing.

Efficiency and Effectiveness

What did the survey reveal about multi-government Joint Service Contracts?

Counties have more than 1300 joint service agreements currently in place. All reporting counties have joint or contract service provision agreements in place with other governments (other local governments or the state). Most counties reported joint service agreements in at least three of the six general service categories. The number of joint service agreement reported by all counties in each service category were:

Service Category	Number of Joint Service Agreements
Human Services	359
Criminal Justice	317
General Government Services	257
Other	161
Natural Resources and Growth Management	136
Transportation	136
Total	1366

What are the top three things county officials have done in the last three years to improve efficiency and effectiveness?

- 1) Most counties *changed how services are delivered* by introducing or improving technology; delivering services through joint agreements with other governments or redesigning service delivery systems.

Thirty one counties added or updated software or initiated field employee use of technology. Fourteen counties began offering self service on the web and five counties created a centralized Information Technology function.

Eighteen counties entered into new intergovernmental agreements with other counties or regionally to deliver one or more services and fourteen counties consolidated one or more services with cities within their counties.

- 2) Many counties *re-designed service delivery within their county*. In criminal justice, fifteen adopted strategies to better manage jail populations; eight counties changed one or more criminal justice service delivery method other than jail and six instituted multi party collaborations on criminal justice system improvement.

Within general government eight counties re-designed their permit processing services, seven counties converted to vote by mail systems and eight changed a different general government service delivery method.

Eight counties consolidated delivery of various combinations of health, chemical dependency, mental health and/or criminal justice services.

- 3) Most counties reported *changing management and budget practices*. These changes included twenty nine counties that merged two or more county departments or functions; thirteen counties that changed purchasing practices in one or more ways; thirteen counties that instituted a process or adopted county wide management strategies related to financial management or organizational

effectiveness and six counties that hired or designated a countywide human resources professional.

Counties reported changing budget practices by increased financial oversight (14 counties) or instituting zero based, performance or priority guided budget processes (10 counties).

Most counties also instituted general cost savings measures including:

- Reduced number of employees (14) or services (6)
- Energy savings initiatives (8)
- Employee benefit cost containment strategies (8)
- Privatized one or more services (6)
- Reduced courthouse service hours (3)
- Limited pay increases (3)

What efficiency and effectiveness strategies would county officials like to pursue in the next three years?

The top strategies for increasing county cost efficiency or effectiveness that respondents would like to pursue were:

- Changes in state policy or state funding (96 percent);
- Reallocating some county service delivery to the state to provide (69 percent);
- Creating regional or multi-county services (67 percent)
- Establishing more shared services within each county (66 percent)

County Commissioners viewed changes to labor laws or contracts as third in importance. Large counties (greater than 150,000 in population) also favored changing labor laws (66 percent) and consolidating services with cities (71 percent) as preferred methods for increasing efficiency and effectiveness.

What service area should be focused on to improve county efficiency and effectiveness? The one service area selected as the most important to modify in order to improve county efficiency or effectiveness was criminal justice (51 percent) followed by Information Technology (11 percent). County Commissioners ranked Economic Development as equal in importance to Information Technology.

Small counties more frequently preferred a focus on Information Technology (15 percent) and Economic Development (11 percent).

Which commonly centralized government services are not provided in a centralized way to all county departments in Washington counties?

The most mentioned services that counties did **not** have in place to serve **all** departments were:

- purchasing (32 counties);
- records management (31 counties);
- financial services described as financial records and reporting, grant management, etc. (30 counties);

- personnel services described as labor relations, recruiting and selection, etc. (24 counties); and
- budget and revenue forecasting (21 counties).

Almost all of the 19 fiscally distressed counties reported financial services or budget and revenue forecasting as being services **not** in place for all departments (17 counties).

What are the top three things county officials want to focus on to improve efficiency and effectiveness?

The three main things that could be done to increase the efficiency and effectiveness of county government mentioned most by all respondents were:

- Changes to criminal justice (141) specifically improving state funding (75) for jails (17), public defense (13) or courts (7); evaluating and making changes to the entire system including sentencing policy and integration of offender treatment programs (24); and further regionalization of various criminal justice services including jails, court, law enforcement and dispatch (20).
- Changes to general government (138) specifically making various changes to county governance structure (71); revising various county business processes including budget (46); and making various changes to purchasing methods (24).
- Changes using information technology (81) specifically improving overall funding and implementation of technology in various ways (36); increasing use of the web and sharing of data or software across departments or organizations including GIS (28); and upgrading financial and records management systems (26).

2007 COUNTY GOVERNANCE SURVEY

Survey Methodology

- Sample: 2007 County Officials Directory
- Email with a link to survey web site and personal access code. Also included a link to another web site where respondent could print a paper version of the questionnaire
- Telephone contacts
- Email reminder with link to survey web site and personal access code.

Response Rate

a.	Starting sample size	747
	Completed Mail Questionnaires	14
	Completed Phone Questionnaires	93
	Completed Web Questionnaires	362
	Partially Completed Web Questionnaire	52
b.	Total completes	521
c.	Contacted, but survey not completed	194
d.	Refusals	18
e.	Ineligible (no longer employed with County)	12
f.	Unable to contact (non-working phone and email)	2
	Raw Response Rate (Completes/Sample Size) [b/a]	69.7%
	Completion Rate (Completes/Eligible Sample)	71.1%

Response Rate by County

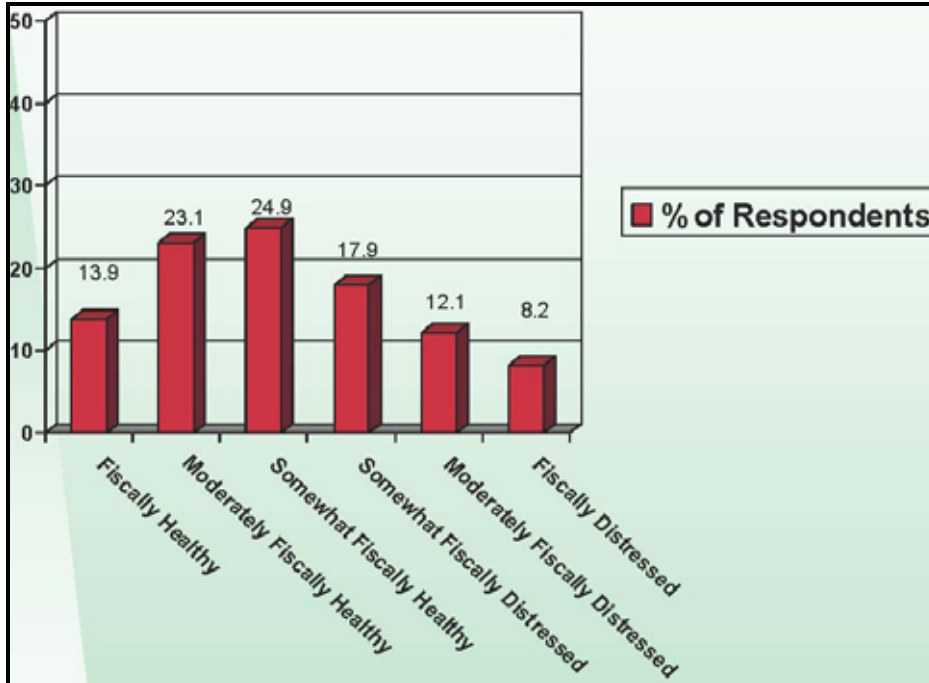
County	Sample	Completes	Response rate	County	Sample	Completes	Response rate
Adams	16	12	75.00%	Lewis	19	12	63.16%
Asotin	17	12	70.59%	Lincoln	17	15	88.24%
Benton	17	13	76.47%	Mason	19	13	68.42%
Chelan	17	13	76.47%	Okanogan	20	12	60.00%
Clallam	21	14	66.67%	Pacific	19	15	78.95%
Clark	23	16	69.57%	Pend Oreille	14	11	78.57%
Columbia	14	12	85.71%	Pierce	25	6	24.00%
Cowlitz	20	15	75.00%	San Juan	20	15	75.00%
Douglas	14	8	57.14%	Skagit	21	14	66.67%
Ferry	14	12	85.71%	Skamania	17	10	58.82%
Franklin	15	15	100.00%	Snohomish	24	15	62.50%
Garfield	15	11	73.33%	Spokane	20	16	80.00%
Grant	21	12	57.14%	Stevens	16	12	75.00%
Grays Harbor	17	16	94.12%	Thurston	17	10	58.82%
Island	19	16	84.21%	Wahkiakum	16	14	87.50%
Jefferson	19	13	68.42%	Walla Walla	18	13	72.22%
King	29	15	51.72%	Whatcom	25	10	40.00%
Kitsap	22	16	72.73%	Whitman	20	17	85.00%

Response Rate by Group

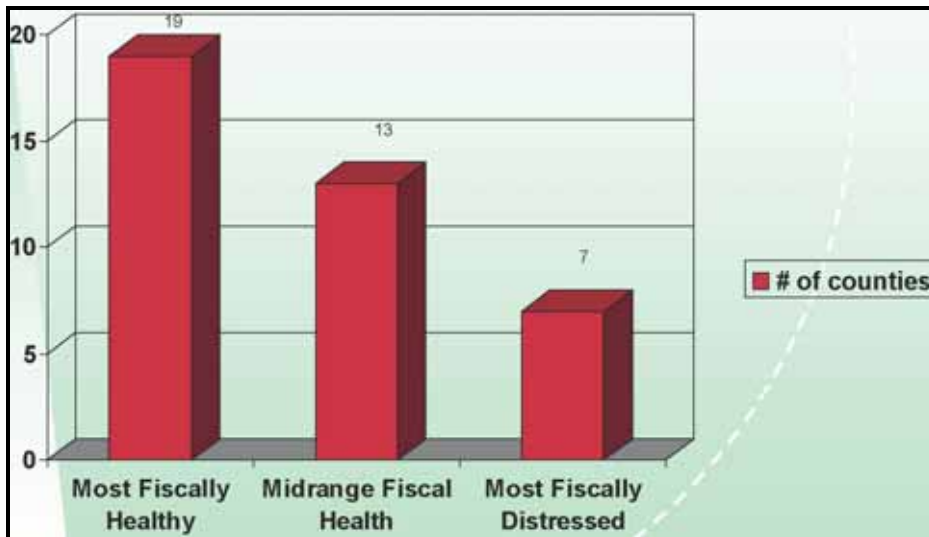
Office	sample	mail	phone	Web completes	Partial web completes	Response rate
Assessor	39	1	7	25	1	87.18%
Auditor	40	1	3	32	2	95.00%
Clerk	39	0	3	26	3	82.05%
Commissioner/Council	136	2	16	50	11	58.09%
Prosecuting Attorney	39	2	5	25	1	84.62%
Coroner	21	1	3	11	1	76.19%
Sheriff	39	0	6	23	2	79.49%
Treasurer	37	3	2	30	1	97.30%
Executive/Administrator/ Budget	44	0	3	26	5	77.27%
Public works	37	1	5	18	2	70.27%
Human Services	48	1	8	16	3	58.33%
Public Health	27	0	7	10	4	77.78%
Parks and recreation	18	0	2	3	3	44.44%
Planning	38	1	5	15	2	60.53%
Extension	37	0	6	19	4	78.38%
Superior Court Administrator	35	0	4	11	2	48.57%
Superior and District Court Judges	73	1	8	22	5	49.31%
Totals	747	14	93	362	52	69.74%

County Fiscal Health

All respondents



Respondents By County



Counties in Fiscal Health Categories

Mid-Range Fiscal Health

Adams, Asotin, Clallam, Douglas, Franklin, Lincoln, Mason, Pacific, San Juan, Skamania, Stevens, Thurston, and Whitman

Most Fiscally Distressed

Columbia, Ferry, Kitsap, Lewis, Pend Oreille, Wahkiakum, Yakima

Responses to Questions

Q9. For each of the following options, please indicate how much it would increase the effectiveness and cost efficiency of your county government.

Main Answers

	A lot	Moderately	Not at All
• Changing state policy.....	67.7%	28.2%	4.1%
• Reallocating service delivery to the STATE.....	30.2%	39.1%	30.7%
• Creating regional or multi-county services.....	22.8%	44.5%	32.7%
• Establishing more shared services WITHIN you county	14.4%	51.7%	33.9%
• Changing county employee labor laws or contracts	18.2%	44.6%	37.2%
• Consolidating county services with cities.....	11.9%	44.6%	43.5%
• Combining business processes to cross county departments	10.9%	44.9%	44.2%
• Creating regional or multi-county services.....	10.2%	41.7%	48.0%
• Transitioning unincorporated urban growth areas to cities.....	9.7%	37.9%	52.4%
• Reallocating service delivery to CITIES	8.8%	37.7%	53.5%
• Reallocating service delivery to SPECIAL DISTRICTS	6.7%	36.8%	56.5%

Sample of “Other” answers

- Full funding of State Mandated Services
- We are already doing many of these things.
- Through maximizing internet services.
- Eliminating the prevailing wage requirements from construction projects
- Sales tax equalization
- Need to have some kind of economic development and increase property taxes.

Q10. Which ONE of the following county government service areas could be modified to increase the effectiveness and cost efficiency of your county government the most?

Main Answers

- Criminal Justice 50.6%
- Technology Infrastructure..... 11.0%
- Economic Development..... 6.5%
- General Government Services 5.8%
- Other Area (please describe)..... 5.0%
- Management Practices or Processes 4.5%
- Human Services 3.4%
- Planning and Building..... 3.4%
- Transportation 3.2%
- Internal Service Provision..... 3.0%
- Tools for Employees 1.7%
- Parks and Recreation..... 1.1%
- Solid Waste 0.6%

Sample of “Other” answers

- Most of them, criminal justice infrastructure.
- E government--a real "reinventing government initiative to get past our historic silos
- The increase services required by STATE law without adequate funding, is the problem
- Criminal Justice consumes over 75 percent of our General Fund Budget.
- Mutual regional planning
- Growth Management
- It all depends on how it was modified.
- The increase services required by STATE law without adequate funding, is the problem
- Fulfilling public record requests

Q17. In the next three years, what are the three main things that could be done to increase the effectiveness and cost efficiency of your county government, whether it is currently authorized by state law or not?

- Reduction of State unfunded mandates. Too numerous to mention.
- Continue improving our technology systems
- State accept its responsibility to prosecute, defend, adjudicate and incarcerate criminals
- For the state to pay all its costs in elections

Q18b. Have you or your county had any active discussions about the proposal of a home rule charter?

26 counties had at least one respondent answer “Yes”. Of those, only 10 had a majority of respondents answering “Yes.”

Benton.....	1	<u>Kitsap</u>	11
Chelan.....	1	Lewis.....	1
<u>Clallam</u>	7	<u>Pierce</u>	2
<u>Clark</u>	13	<u>San Juan</u>	14
Columbia.....	1	<u>Skagit</u>	9
Cowlitz.....	5	Skamania.....	2
Ferry.....	2	<u>Snohomish</u>	8
Garfield.....	2	<u>Spokane</u>	7
<u>Grant</u>	8	Stevens.....	1
Grays Harbor.....	1	Thurston.....	2
Island.....	7	<u>Whatcom</u>	7
Jefferson.....	1	Whitman.....	3
King.....	3	Yakima.....	1

Home Rule Charter Results

Q18B1. Selection of Freeholders

Twelve (12) out of 26 counties had a majority of respondents indicating a “yes” result: Clallam, Cowlitz, Grant, Island, King, Kitsap, Pierce, San Juan, Snohomish, Thurston, and Whatcom.

Q18B2. Successful home rule charter election

Six out of 26 counties had a majority of respondents indicating a “yes” result: Clallam, King, Pierce, San Juan, Snohomish, and Whatcom.

Q18B3. An unsuccessful home rule charter election(s)

Seven out of 26 counties had a majority of respondents indicating a “yes” result: Clark, Cowlitz, Grant, Island, Kitsap, Skagit, and Thurston.

Q18d. Have you or your county had any active discussions about creating the position of appointed county administrator?

33 counties had at least one respondent answer “Yes.” Of those, 16 had a majority of respondents (underlined) answering “Yes.”

Adams	1	Lewis.....	7
Asotin.....	3	<u>Mason</u>	4
<u>Benton</u>	7	<u>Okanogan</u>	4
<u>Chelan</u>	2	<u>Pacific</u>	4
<u>Clallam</u>	9	Pend Oreille	1
<u>Clark</u>	10	<u>San Juan</u>	13
<u>Cowlitz</u>	3	<u>Skagit</u>	6
Douglas	2	Snohomish.....	1
Ferry.....	4	<u>Spokane</u>	1
<u>Franklin</u>	10	Stevens	4
Grant	3	<u>Thurston</u>	4
Grays Harbor.....	2	Wahkiakum	3
Island.....	3	Walla Walla	3
<u>Jefferson</u>	9	Whatcom.....	3
<u>Kitsap</u>	10	Whitman.....	3
Kittitas.....	9	Yakima.....	7
<u>Klickitat</u>	3		

Appointed County Administrator Results

Q18D1. Creation of a county administrator position

Sixteen (16) out of 33 counties had a majority of respondents indicating a “yes” result: Benton, Chelan, Clallam, Clark, Cowlitz, Franklin, Jefferson, Kitsap, Klickitat, Mason, Okanogan, Pacific, San Juan, Skagit, Spokane, and Thurston.

Q18D2. An unsuccessful effort to create county administrator position

Six (6) out of 33 counties had a majority of respondents indicating a “yes” result: Cowlitz, Klickitat, Lewis, Mason, Snohomish, and Yakima.

Q18D3. Creation of a county position with some of the responsibilities of a county administrator

Ten (10) out of 33 counties had a majority of respondents indicating a “yes” result: Benton, Chelan, Cowlitz, Grant, Klickitat, Lewis, Mason, Okanogan, Pacific, and Yakima.

Q18e. Have you or your county had any active discussions about creating the position of elected county executive?

Sixteen (16) counties had at least one respondent answer “Yes”. Of those, 4 had a majority of respondents answering “Yes.”

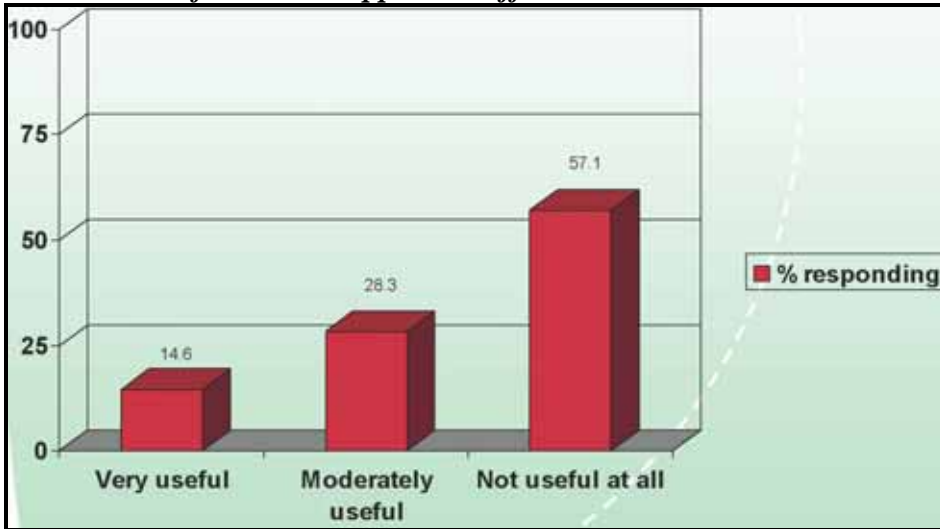
- Clallam.....5
- Clark.....2
- Cowlitz.....2
- Garfield.....1
- Island.....2
- Jefferson.....1
- King.....2
- Kitsap.....3
- Kittitas.....1
- Lewis.....2
- Pierce.....3
- San Juan.....4
- Skagit.....2
- Snohomish.....8
- Spokane.....1
- Whatcom.....5

Q18h. Has your county had any other types of discussions of modifying your county’s governance structure in the last decade?

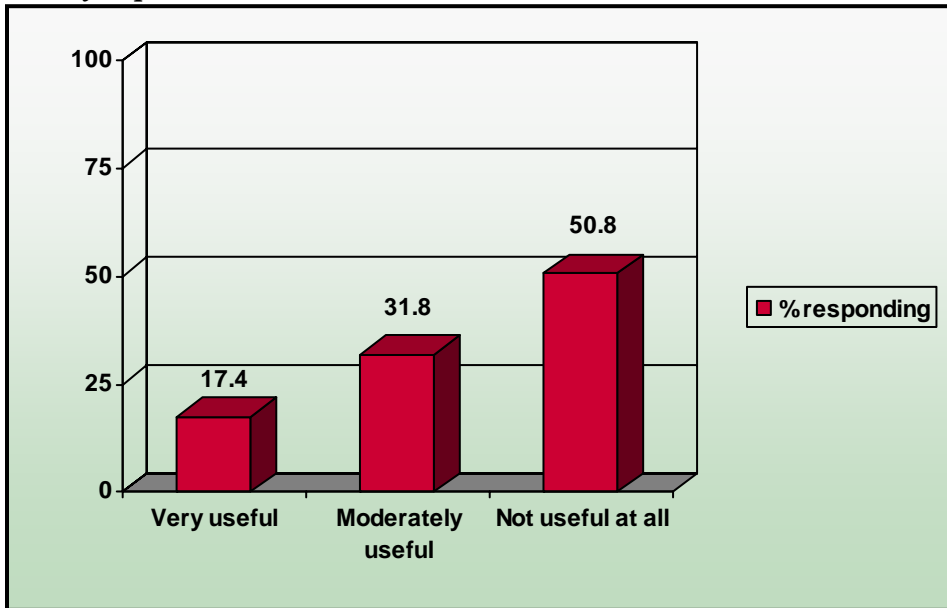
Thirty-one (31) counties had at least one respondent answer “Yes.”

Q19. Which of the following potential NON-FREEHOLDER governance alternatives could be useful to increase the effectiveness and cost efficiency in your county?

A. “Structural Home Rule” which would allow a county to determine the number of elected or appointed officials themselves.

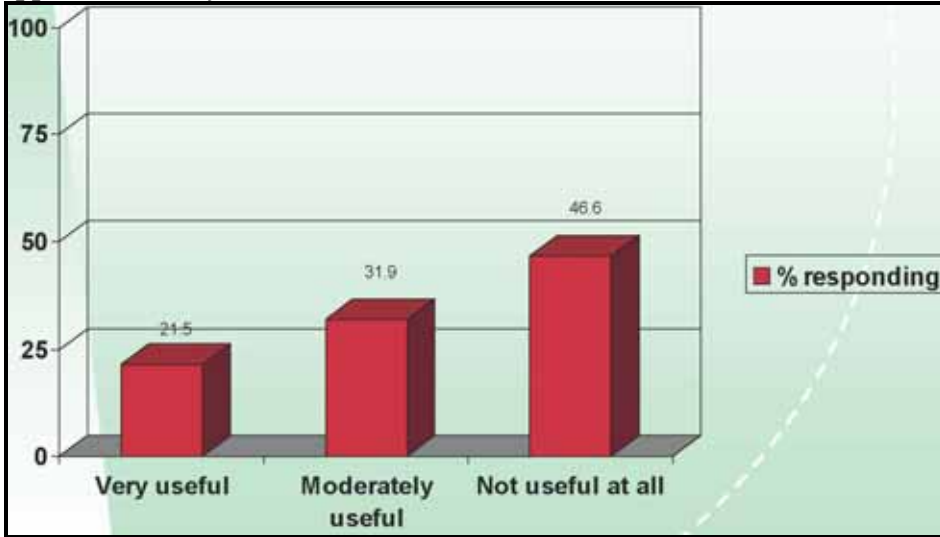


B. An option for counties to merge some or all of the functions and positions of auditor, treasurer, assessor, or clerk together or with other county departments.

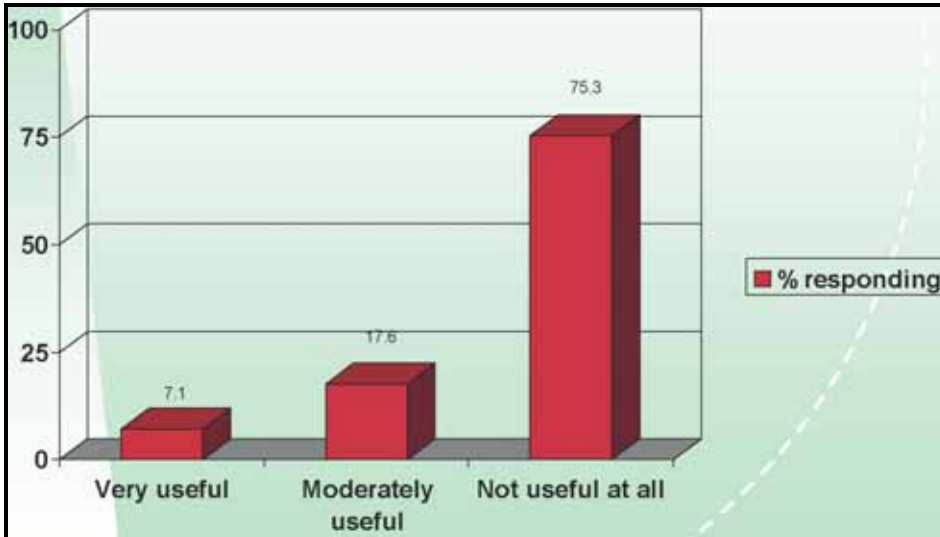


Q19. Which of the following potential NON-FREEHOLDER governance alternatives could be useful to increase the effectiveness and cost efficiency in your county? (continued)

C. An option under the current Commission form of governance to appoint a county administrator or elect an executive

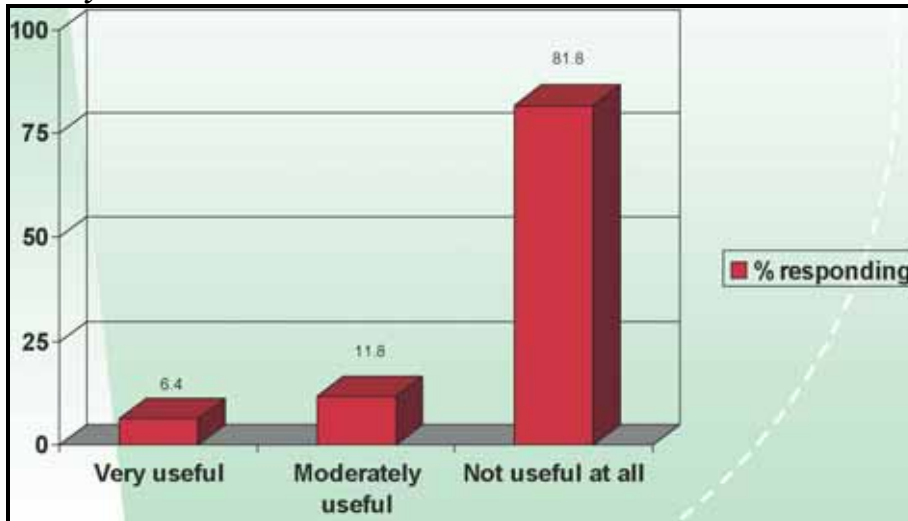


D. An option for more than one county to jointly elect and administer the positions and functions of any county department EXCEPT County Commissioners



Q19. Which of the following potential NON-FREEHOLDER governance alternatives could be useful to increase the effectiveness and cost efficiency in your county? (continued)

E. An option for more than one county to jointly elect and administer the positions and functions of any county department INCLUDING County Commissioners.



F. Other (examples)

- Make elected positions appointed so that qualified people run the departments and term limits for county commissioners.
- Merge Counties – combine all functions under the most efficient
- An option to study home rule counties to see if they indeed are more cost effective.
- None of these promote efficiency...they give away responsibility and accountability that should be retained
- If Ferry County functions combine with others, the jobs usually leave here and go to that large population center.