

September 14, 2018

Governor Jay Inslee
Office of the Governor
PO Box 40002
Olympia, WA 98504

Dear Governor Inslee:

As you and your agencies work to develop the next biennial budget, we are aware of the numerous challenges you face with increasing costs. While revenues are strong, they cannot keep up with the needs of our state. Cities face the same challenges as they prepare their upcoming budgets. Washington State needs strong, diverse and prosperous cities to meet your statewide goals and obligations. Likewise, our communities need strong state support to meet the needs of our residents.

Washington's 281 cities are committed to working alongside you to maintain a strong and respectful working partnership. Cities are the social and economic hubs of our state. Your budget and policy leadership can ensure our cities remain the strong backbone of our state.

As you prepare your budget, we ask for your consideration and assistance with the following issues. We believe these programs and proposals are key for both the state and cities.

- **Shared city-state revenue.** We have a long partnership of revenue sharing to fund critical community services. We ask that you continue to fully fund the criminal justice assistance distributions as well as marijuana, liquor and fire premium tax distributions.
- **Public Works Assistance Account.** Infrastructure funding continues to be one of cities' largest needs. The Public Works Assistance Account (PWAA) is a crucial funding partner in our efforts to provide the necessary infrastructure for our communities. We ask that you fully fund the Public Works Board's \$217 million budget, funded from the current stream of loan repayments and the 2 percent of REET dedicated to the account. Additionally, we want to explore the possibility of expanding the program by ending REET fund diversions from the account now instead of waiting until 2023. The more we can invest in infrastructure now, the sooner we will see a return on that investment in our communities.
- **Responsive funding for the Criminal Justice Training Commission (CJTC).** Cities are asking for a responsive funding model for the CJTC to ensure newly hired law enforcement officers and corrections officers have timely access to basic training. To ensure that our public safety needs are being met, we are asking for funding for at least 19 Basic Law Enforcement Academy classes per year and at least seven Corrections Officer Academy classes per year. The CJTC provides a strong, centralized training model for our state's local law enforcement.
- **Continue funding Streamlined Sales Tax (SST) Mitigation payments.** Many recipients of SST Mitigation payments are cities with a high concentration of warehousing, distribution, and manufacturing activities. When the Washington Marketplace Fairness Act (MFA) was enacted in 2017, it was anticipated that state and local tax collections would increase enough to offset these mitigation payments. While some jurisdictions have received enough revenue under the MFA to offset the payments, others have not. For those, the impacts are significant. Continuing the payments until each city is made whole honors the commitment that the Legislature and Governor Gregoire made to our communities when destination-based sales tax was implemented.

- **Funding for the Municipal Research & Services Center.** MRSC has served local governments in Washington for more than 80 years and is a lifeline for medium and small cities and counties that could not afford to contract for this service. MRSC's valuable services are made possible by pooling a small portion of the liquor taxes and revenues that would otherwise be distributed to cities and counties. MRSC is seeking a modest increase in funding that will help them continue to provide high-quality support to local governments around the state.
- **Funding for a systems approach to correct fish-blocking culverts.** For the last several years, AWC has focused on developing and funding a comprehensive statewide approach to culverts, in partnership with a number of state agencies. This strategy will have the most impact on fish passage. Put simply, if the fish hit a local government culvert right after they get through a newly fixed state culvert or never get to that new culvert because of a blockage downstream we haven't succeeded in effecting salmon recovery. Cities seek funding of a long-term and comprehensive approach to culverts that addresses local government and private culverts alongside the state culverts to provide for corrections on a system-wide basis. We request that you include at least \$50 million for the Fish Barrier Removal Board to address non-state culverts, and provide a framework to address and fund corrections on a system-wide basis.
- **Affordable housing investments.** Communities around the state are facing a housing affordability crisis. There is a growing need for additional resources to invest in housing for those with low incomes, and for supported housing for those in need of intensive assistance. To this end, we support an ongoing \$200 million capital budget investment in the Housing Trust Fund. We also request your inclusion of \$20 million per year to create a local government revenue sharing proposal modeled on **HB 2437** (2018 session) and \$1.5m per year for a pilot to allow for reinvestment of the sales tax from the construction of multifamily development modeled on **HB 1797** (2018 session). We recognize that the state cannot address this crisis through subsidies alone, and we are committed to finding ways to help the private market deliver more affordable units.
- **Remove the penalty on School Resource Officers.** In 2017, the state imposed an additional pass through cost on LEOFF 2 employers. Sec. 963 of the operating budget provides that when a city contracts with a third party to provide law enforcement services, the employer is responsible for the state's portion of the pension cost. This change unnecessarily increases the cost of providing vital public safety services, including when law enforcement officers serve as school resource officers (SROs). This potentially increases the cost of this service for both the city and the school district, which could result in fewer officers in our schools.

Thank you for your consideration regarding these requests. We know that by working collaboratively, we can best serve the residents of Washington. We look forward to partnering with you throughout the upcoming legislative session on these and other issues. If you have any questions, please feel free to contact me.

Sincerely,



Peter B. King
Chief Executive Officer

Cc: David Schumacher, OFM Director