Working together

When I first decided to run for city council in 1997, I chose to make my campaign slogan “Let’s Work Together.” Seemingly simple words, but powerful when put into practice. Given the magnitude of the challenges we are facing today, unity and partnership have never been more essential.

Our challenges seem to be increasing in difficulty and complexity. While this report reflects mostly on 2019, we are now in the midst of a pandemic with health and economic uncertainty, and a crisis in race, equity, inclusion, and social justice that must not be ignored. It is a time, more than ever, to listen to our communities, and to better understand and respond to their deep and legitimate concerns. Problems vary by community, and so do the solutions.

Looking back on the past year—both as a member of AWC and as President—I think of our Board strategic planning retreat in Walla Walla some two years ago. Those discussions led to the unanimous agreement that AWC should act ‘boldly and proactively’ in advocating for Washington cities.

Of course, being bold and proactive is easier said than done. It requires the courage to step away from the sidelines when the situation demands it to fight on behalf of cities. That’s exactly what we have done in recent years.

For instance, this past year AWC filed three amicus briefs and joined as a plaintiff with others on issues fundamental to all of us: home rule/local decision-making authority, tax policy, and public records. We published a *State of the Cities* report, detailing the ways in which cities are facing additional responsibilities without additional resources. And through an increased engagement at the federal level, we pushed for more funding for all our cities.

Though getting involved in legal matters and speaking loudly on issues affecting our residents can be fraught, it’s what city leaders do at home and need from AWC. They rely on us to do the right thing, even when it’s difficult. And isn’t that what leadership requires?

Thank you to the AWC Board of Directors, advisory committee members, and every city elected and appointed official who work to support our residents. The challenges we face have never been greater. Working together, I know we will rise to meet them.

Ed Stern
AWC President
Councilmember, Poulsbo
Supporting Washington’s city leaders

Every moment in history brings unique challenges and an opportunity to lead. As we have done for nearly nine decades, AWC is working to support you now, and adapt and expand our services in meaningful ways.

**Advocacy.** In the last year and a half, cities coalesced around critical issues during two legislative sessions including state-shared revenues, infrastructure funding, and affordable housing, to name a few. Now, our government relations team is positioned for yet another legislative session in the wake of COVID-19 and falling state and local revenues.

**Education.** Prior to the pandemic, our in-person events in 2020 brought 433 people together to learn from experts and each other. At the end of 2019, we welcomed a new group of mayors and councilmembers to the city family with an all-day training at 11 locations throughout the state. After the pandemic hit in March 2020, we pivoted to provide 20 webinars to more than 1,440 city officials who chose to plug in.

**Services.** We continued to invest in and expand our services to help cities meet their unique challenges. Throughout the past year, we helped cities adapt to new federal and state rules, made significant investments in technology, and continued to provide outstanding levels of service. With the onset of COVID-19, these programs provided additional technical assistance to members, once again demonstrating the power of pooling and the value of cities working together.

As the government closest to the people and most trusted, cities bring critical value to the economic health and well-being of the state. Our newest *State of the Cities* report demonstrates that in the last decade cities have faced evolving challenges, new service demands, structural gaps in revenues and expenditures, and wavering state commitment to city issues. In a nutshell, the report concluded our 281 cities face “greater responsibilities, fewer resources.”

Today the situation is even more dire. As city leaders across the state face the myriad challenges posed by the COVID-19 pandemic and systemic racism in our institutions, AWC remains committed to help you meet these challenges.

Sincerely,

Peter B. King
Chief Executive Officer
Association of Washington Cities
**2019 advocacy for strong cities**

AWC advocates on behalf of Washington’s diverse cities and towns. We listen to what matters most to our city members and represent them in Olympia before the Legislature, with state agencies, and in Washington, D.C.

The 2019 Legislature faced similar budget-balancing challenges to those of the last decade. Budget leaders had initial concerns about a $3.5 billion shortfall to balance existing programs and meet new policy goals. Ultimately, the Legislature balanced the budget by reducing agency spending, introducing new revenue, and unfortunately through another sweep of the Public Works Trust Fund.

Overall, however, it was a solid session for cities. Cities made good headway on funding for affordable housing, behavioral health services, and law enforcement training. The Legislature also preserved state-shared revenues and local regulatory authority.

### The 2019-21 operating budget includes:

- **19** Basic Law Enforcement Academy classes
- **$4M** for policy co-responder grants
- **$95M** for the Public Works Trust Fund
- **$44M** in stormwater projects
- **$21.5M** for a new broadband fund
- **$175M** for the Housing Trust Fund
- **$26.5M** for local fish-blocking culvert repairs

### 2019 legislative highlights:

- **29** legislative updates delivered by AWC government relations staff
- **53** interim legislator meetings to advocate for city needs
- **18** podcasts and webinars produced – most popular topics covered: affordable housing and economic development
- **105**-day legislative session
- **30** legislators with city government experience
- **2,211** bills introduced
- **467** bills enacted
- **718** bills tracked by AWC staff
- **24** Legislative Bulletins published with references to 270 different bills

### 2019 legislative highlights, continued:

- **47** Legislative Priorities Committee members met multiple times throughout the year
- **5** city officials/groups won AWC Advocacy All-Star Awards
- **4** legislators won AWC City Champion Awards
- **11** AWC Cities on Tap meetings held throughout the state in the fall
The 2020 legislative session started on an optimistic note, with a strong revenue forecast projecting $600 million in additional revenues and lower-than-expected expenditures. By the final week of session the tone was distinctly different. It had become clear that the economy would be disrupted by the COVID-19 pandemic. Since then the economic impacts have been deeper and the emergency response more complex and far-reaching than initially envisioned. The COVID-19 health emergency has created an economic crisis many expect to be worse than the Great Recession. Cities and the state are seeing costs increase and revenues drop.

The Legislature will likely convene for a special session at some point during 2020, which could include reductions in spending given the loss of revenue to the state. To prepare, the AWC Board Legislative Steering Committee adopted new Special Session Legislative Priorities and government relations staff have begun legislative outreach to advocate for retaining city funding and increasing fiscal flexibility and sustainability. We continue to push for a greater city voice in state policy and funding decisions.

### 2020 legislative highlights as of June

- **60**-day legislative session
- **30** legislators with city government experience
- **1,461** bills introduced
- **356** bills enacted
- **647** bills tracked by AWC staff
- **11** Legislative Bulletins published to date, with references to 212 different bills
- **15** podcasts, videos, and webinars produced – most popular topics covered: State of the Cities report, advocacy, transportation, and housing
- **345** city officials attended City Action Days in Olympia
- **80** city officials attended the NLC Congressional City Conference in Washington, D.C.

### 2020 supplemental budget highlights

- **$160M** for housing and homelessness response including **$60M** in grants for local shelter capacity
- **$26.2M** increase in Department of Commerce competitive grants to expand community-based behavioral health services
- **$1.04M** for two additional Basic Law Enforcement Academy classes in 2020 and 2021
- **$8.9M** for Washington State Patrol to establish a centralized system for firearm background checks
- **$10M** increase for the Community Economic Revitalization Board
Training that is mobile, meaningful, and manageable

AWC targets education for municipal leadership, offering trainings and resources that are available online and in person, meaningful to their work, and manageable for a busy schedule.

*3,556* people attended an AWC in-person training or conference in 2019 and the first months of 2020

*439* city officials and partners attended the 2019 AWC Annual Conference

*473* labor relations professionals attended the 2019 Labor Relations Institute

*301* city officials attended the 2019 Elected Officials Essentials

*1,440* city officials and staff connected to 20 webinars hosted after the pandemic hit

Certificate of Municipal Leadership (CML)

Our CML program recognizes city elected officials for expanding their leadership skills by accomplishing training in four core areas:

- **Effective** local leadership
- **Community** planning and development
- **Public** sector resource development
- **Roles,** responsibilities, and legal requirements

99% of attendees rated their experience as good or excellent

179 Small City Scholarships provided

38 Certificates of Municipal Leadership awarded

16 Advanced Certificates of Municipal Leadership awarded
Implementing a new strategic plan

The AWC Board of Directors adopted a new strategic plan in spring 2019 with six high level goals and strategies that provide a roadmap for guiding and prioritizing our work in the coming years. Through the first year of implementation (July 2019 to June 2020), the AWC Board and staff worked to achieve numerous targets and milestones. Here is a sample of items achieved in year 1.

GOAL #1: LEAD
Boldly and proactively drive policy on behalf of Washington’s cities and towns.
- Published the 2020 State of the Cities report, which demonstrates how cities are facing greater responsibilities with fewer resources.
- Revamped one-page fact sheets, developed specialty webpages to explain hot topics.
- Hosted City County Champions Caucus meetings in partnership with the Washington State Association of Counties.

GOAL #2: PROMOTE
Raise visibility for cities and towns and the pivotal role of local government.
- Shared city stories through Cityvision magazine, CityVoice podcast, and more.
- Continued to test various approached to paid/boosted social media posts.

GOAL #3: EDUCATE
Inspire excellent and effective city and town leadership.
- Re-introduced the Mayor as CEO workshop.
- Created Certificate of Municipal Leadership (CML) dashboard to help elected officials better understand requirements needed to obtain their CML.
- Reimagined and revamped “Regional Meetings” to produce Cities on Tap, an engaging and informative format for sharing city stories and the value of AWC.
- Developed additional training focused on council staff and clerks from small cities.

GOAL #4: EMPOWER
Champion innovative, high-quality solutions and resources to help cities and towns thrive.
- Developed more robust data engagement reports and data stories.
- Created and implemented communications strategy to highlight the value of pooling.

GOAL #5: ENGAGE
Model inclusiveness and provide meaningful engagement opportunities to all members.
- Increased coordination in AWC committee and state board/commissions applications.
- Developed and launched an administrator app to provide self-service.

GOAL #6: DELIVER
Maximize our organizational effectiveness.
- Maintained 100% members of cities and towns and retained strong membership participation in all programs.
- Increased and enhanced meetings with partner organizations like MRSC and WSAC to collaborate on webinars and other initiatives.
- As events, including COVID-19, impacted Washington cities, worked across all departments to stay in front of AWC’s members and associate members with relevant and timely information and resources.
Sharing city stories and data

Washington’s city leaders have made it clear: they look to AWC for timely and relevant information on the trends and issues facing our state. That’s why AWC worked hard in 2019 to deliver that information in the form of data and stories – both the numbers and the people behind the numbers.

13 data visualizations produced on topics of relevance to city leaders, including shared revenues, transportation benefit districts, city elections, and the opioid epidemic

92% response to the 2019 Salary and Benefits Survey

6 issues of AWC’s Cityvision magazine exploring topics and stories of interest to Washington’s city leaders

78,793 monthly views on our website wacities.org

14,000 job views each month to our AWC JobNet
Member programs to support strong and diverse cities

Over time, AWC created pooling opportunities for cities and towns to meet their unique challenges and to access quality benefits and services at a reasonable cost. These member-driven programs emphasize risk control, prevention, cost savings, and excellent customer service. The pooling of similar employers keeps overall costs lower and more predictable. Cities, towns, and public sector Associate Members may apply to join AWC’s programs.

**AWC GIS Consortium**

The AWC GIS Consortium increases the capacity of cities, towns, and other municipal entities to utilize Geographic Information System (GIS) technology. The consortium uses collective buying power to help with projects like improving the cost-effective operation of utility networks, analyzing the value of land and associated improvements, maintaining right-of-way assets, developing and sharing public safety response plans, and preparing for a changing workforce.

**AWC Drug & Alcohol Consortium**

AWC’s Drug & Alcohol Consortium (D&A) helps members comply with federally mandated U.S. Department of Transportation (DOT) drug and alcohol testing requirements for commercial driver license employees, transit drivers, and gas utility workers. Benefits include sample drug and alcohol policies and procedures, training, access to substance abuse professional services, a Medical Review Officer, and more.

**2019 highlights**

Increased random drug testing rate to 50% per U.S. DOT regulations

*CityVoice* podcast – *Drugs and the workplace in Washington*

Communicated member requirements to register in U.S. DOT Drug & Alcohol Clearinghouse

9 supervisory trainings conducted, training 160 individuals

4 specialized trainings for members

**AWC Workers’ Comp Retro Program**

The AWC Workers’ Comp Retro Program (Retro) provides training and tools that empower employers to lower risks for on-the-job injuries and reduce overall workers’ compensation costs. Member benefits include Washington State Department of Labor & Industries (L&I) claims management, on-site loss prevention consultation, regional trainings, and hearing test reimbursements.

The AWC Executive Committee serves as the AWC Retro Board.

**2019 highlights**

66 members in the Retro Pool

59 members in the Safety Alliance, the service-only program

$439K returned to members via Stay at Work program

City of Kennewick earns WorkSafe Employer Award

$1.5M refunded to members

185 individuals trained via Retro webinars
AWC Employee Benefit Trust

The AWC Employee Benefit Trust (Trust) is the premier provider of benefit programs and services to Washington's cities, towns, and other local governments. Health plans are designed for municipalities, their employees, family members, and retirees. Benefits include medical, dental, vision, health promotion, Employee Assistance Program, tax-favored account administration, and more.

The AWC Trust Board of Trustees is the governing authority for the Trust’s self-insured programs (Health Care Program) per the Trust’s interlocal agreement, as well as the governing authority of the Employee Benefit Trust fully insured programs and overall fund operations. The Board has a fiduciary obligation to administer the fund on behalf of the contributing members. The Board of Trustees contracts with AWC for professional administrative services.

2019 highlights

- **114** employers earned the WellCity Award, earning a 2% discount on medical premiums in 2020
- **54%** utilization of Health Central by covered employees and spouses
- Successful transition to new Castlight platform for Health Central employee health and wellness portal
- Renewal of AGRiP Recognition for best practices in health pooling
- Focus on technology with testing of new billing, enrollment, and eligibility system (SIMON) with deployment in 2020
- Increased VSP contact lens benefit and utilized different provider network, saving costs for members

36,000 employees and family members received Trust benefits

$1.7M cost savings by providing dependent verification

59% of members used Enquiron employment law & HR assistance

$400K increase in net position

AWC Risk Management Service Agency

The AWC Risk Management Service Agency (RMSA) is the full-service risk management choice for Washington's cities, towns, and special districts. RMSA offers comprehensive coverage for property and liability needs with a focus on proactive loss prevention, comprehensive claims management, and member training.

RMSA is member-owned and governed by an interlocal agreement, bylaws, and the RMSA Board of Directors. The RMSA Board sets policy and has fiduciary responsibility for the pool. The Board contracts with AWC for professional administrative services.

2019 highlights

- Updated eligibility criteria for loss prevention grant program, making the funding more equitable
- Renewal of AGRiP Recognition for best practices in risk pooling
- Enhanced RMSA Member Standards requirement for proper employment practices training
- Increased cyber liability coverage to $3 million and added eRiskHub risk management website to help prevent network, cyber, and privacy losses
- **$150K** recovered from third-party subrogation
- **26** members utilized pre-litigation services
- **52** members awarded loss prevention grant funding
- **88** training scholarships awarded to members
- **572** unique users completed 1,628 RMSA-U online trainings

36,000 employees and family members received Trust benefits

$1.7M cost savings by providing dependent verification

59% of members used Enquiron employment law & HR assistance

$400K increase in net position
AWC Center for Quality Communities embraces an expanded horizon

Since 2011, the AWC Center for Quality Communities (AWC CQC), a separate 501(c)(3) organization, has awarded scholarships to college-bound high school students. In 2016, the organization expanded its efforts to partner with public and private organizations and other nonprofits to focus on community empowerment.

Strategic partnerships to strengthen communities

Western Washington University’s Sustainable Communities Partnership and the University of Washington’s Livable City Year match students with citywide projects. Modeled on the University of Oregon’s Sustainable Cities Institute, these university programs bring students from interdisciplinary courses together with relevant city projects, giving students hundreds of hours of real-life experience and providing cities with cutting-edge technical assistance and creative thinking.

In 2019 we continued our collaboration with these two programs, connecting over 350 students and 50 faculty with city projects in Bellevue, Stanwood, Bellingham, and other cities.

Local Investment Networks build grassroots economic vitality

Working with Washington State University Extension program staff, AWC CQC continued to develop and expand local investment networks with a variety of communities. A training guide and tool kit were completed in 2018, and outreach efforts were carried out in Pateros, Brewster, Republic, and Omak. Work continued with the Clallam Opportunity Investment Network (COIN) and Methow Investment Network (MIN), as examples of two strong local efforts.

Growing the Green Economy: Exploring an Eco-Nomic Center

Part of the AWC CQC mission is working with cities on emerging issues like community resiliency and environmental stewardship to support strong local economies. In 2017, AWC CQC started working with a diverse group of stakeholders to explore the creation of a green economy in Washington. This led to the publication of our final report in 2019 and to continued work with the Washington State Department of Commerce and a specialized workgroup examining ways to move this concept forward in the coming years.

Center for Quality Communities scholarship fund

Growing and nurturing local community leaders is critical for cities and towns to flourish. The CQC’s scholarship fund supports students who are active and involved in local communities and schools. Each year, funds are raised and scholarship recipients are honored at the AWC Annual Conference.

6 Washington high school seniors received scholarships for post-secondary education

2 scholarships were awarded to previous scholarship winners who are continuing their education and their commitment to community service

49 students were nominated by cities and towns based on their engagement with the community

$11,005 was raised to support future leaders
AWC responds to the COVID-19 pandemic

In March 2020, the COVID-19 pandemic hit and cities were, once again, on the front lines of supporting their residents through an unprecedented event. AWC, in turn, pivoted to focus advocacy efforts on securing state and federal resources to help cities. We moved in-person learning events to critical online learning opportunities. And our programs and services provided technical assistance, model policies, and expanded coverage to members. Here are a few of the ways that AWC has supported city leaders during this global pandemic with advocacy, education, and services.

- Advocated for state assistance to local governments, paving the way for $300 million in federal relief funds to be shared by the state with cities and counties for reimbursable expenses related to COVID-19.
- Delivered 15 webinars to over 1,000 participants on a variety of essential topics related to COVID-19, including a full membership briefing on city-specific issues.
- Provided coverage for treatment of COVID-19 through AWC’s Employee Benefit Trust (Trust) and communicated with Trust members about COVID-19 coverage and resources.
- Held weekly conference calls with the Governor’s staff to discuss how the state can better support cities and other local governments.
- Distributed more than 70 articles on COVID-19 through CityVoice, AWC’s weekly newsletter. Topics included critical information, legal updates, advocacy updates, and response and recovery resources.
- Provided AWC Trust members with information and sample policies for continuing health coverage through furloughs and layoffs.
- Created a COVID-19 vulnerability dashboard to help city leaders better understand their local vulnerable populations and the potential impacts of COVID-19 on their communities.
- Published an op-ed in the Washington State Wire, written by AWC CEO Peter King, addressing cities’ need for federal funding.
- Facilitated eight Virtual Mayors Exchanges with over 100 members across the state.
- Provided AWC Drug & Alcohol Consortium members with updates on testing requirements and resources.
- Developed a city impacts survey tool to collect city data to inform advocacy work.
- Hosted two coordination webinars with the Governor and over 250 city and county officials.
- Updated AWC Risk Management Service Agency (RMSA) members on evolving cyber threats related to the pandemic.
- Published two issues of Cityvision magazine focusing on how Washington city leaders are navigating the pandemic.
- Connected Trust members with webinars and health promotion assistance for staff working from home.
- Canceled the in-person portion of AWC’s major conferences, including Annual Conference, Healthy Worksite Summit, and Labor Relations Institute, and developed online learning opportunities.
- Built and maintained a COVID-19 resource webpage with links to local, state, and federal resources, and an AWC continuity of operations webpage with information about AWC event cancellations and program support offered through the pandemic.
- Communicated with RMSA members on COVID-19 pandemic coverage impacts and highlighted resources for first responders and local governments.
- Partnered with the National League of Cities for the Cities Are Essential campaign, asking federal legislators to directly fund cities.
- Communicated with Workers’ Comp Retro Program members about COVID-19 coverage under workers’ compensation.
## Association of Washington Cities
### Statement of Financial Position

as of December 31, 2019 and December 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total current assets</td>
<td>8,880,532</td>
<td>7,007,718</td>
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<tr>
<td>Property and equipment (net of depreciation)</td>
<td>4,911,478</td>
<td>5,141,424</td>
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<tr>
<td>Investments</td>
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<td><strong>Total assets</strong></td>
<td>17,170,303</td>
<td>14,608,751</td>
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<tr>
<td><strong>Liabilities and net assets:</strong></td>
<td></td>
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<tr>
<td>Total current liabilities</td>
<td>3,613,938</td>
<td>1,888,657</td>
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<td>Long-term liabilities</td>
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<td>Long-term debt (2010 building addition)</td>
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<td><strong>Total liabilities</strong></td>
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<tr>
<td>Net assets</td>
<td>9,046,435</td>
<td>7,708,604</td>
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<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>17,170,303</td>
<td>14,608,751</td>
</tr>
</tbody>
</table>

The condensed financial information shown is derived from audited financial statements for 2019 and 2018 and does not include notes and supplemental schedules.
Revenue and expenses

Revenue for the years ending December 31, 2018 and December 31, 2019

Expenses for the years ending December 31, 2018 and December 31, 2019

2019 income
- 37% Trust
- 25% Member fees
- 15% RMSA
- 12% Retro
- 7% Miscellaneous
- 3% Workshops & conferences
- 1% D&A

2019 expenses
- 26% Trust
- 25% Member Services
- 19% Government Relations
- 16% RMSA
- 11% Retro
- 2% D&A
- 1% Miscellaneous
AWC Board of Directors

as of December 2019

OFFICERS

PRESIDENT
Ed Stern
Councilmember, Poulsbo

VICE PRESIDENT
Soo Ing-Moody
Mayor, Twisp

SECRETARY & AT-LARGE #1 (WESTERN)
Kent Keel
Mayor, University Place

IMMEDIATE PAST PRESIDENT
Don Britain
Mayor, Kennewick

PAST PRESIDENT
Pat Johnson
Mayor, Buckley

LARGE CITY REPRESENTATIVE & DISTRICT 9
Candace Mumm
Councilmember, Spokane