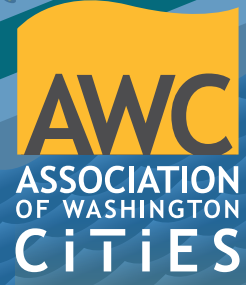


Exploring

Washington's Cities & Towns

Discover what cities do—and why it matters





Exploring Washington's Cities and Towns

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AWC's mission is to serve our members through advocacy,
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Nearly 66% of Washington’s residents — a total of 5.3 million people — live in its 281 cities or towns, and more commute to jobs in cities every day.

Cities are the governments closest to the people. City residents have an attachment to their hometown, its schools and sports teams, the unique culture and history, the natural setting and colorful characters, the traditions and quirks. This often translates into very high expectations for their municipal government.

Washington’s cities are diverse; they range in size from 45 people to nearly 800,000, with wide-ranging economies in urban, suburban, and rural settings.

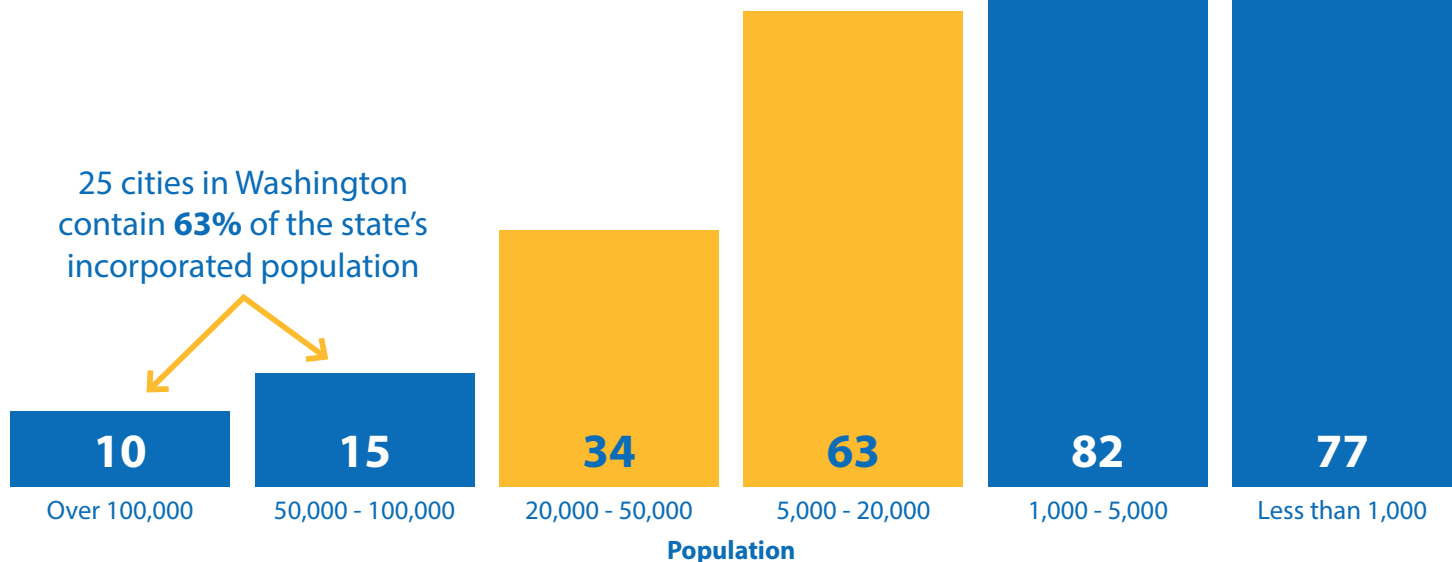
Our state, like many others, is becoming more urban every year. By 2050, another 1.8 million people are expected to live in Washington, and the overwhelming majority of them will settle in cities. Cities are where most businesses operate (94 percent of gross state product is generated in cities), and where most state residents spend their money. Cities provide what most people

consider traditional city services like road maintenance, wastewater and stormwater management, planning and responsible development, arts and culture, parks and recreation, and public safety. Increasingly, cities also provide a vast array of critical public services that include social services, behavioral health emergency response, housing assistance, and climate resilience planning.

Research shows that Americans trust their local governments more than their state and federal counterparts. Efficient and effective city governments are the foundation for vibrant communities, robust economic opportunities, and strong democracies. Cities must have sufficient resources to provide infrastructure, support services, and security for their residents, visitors, businesses, and employees.

By 2050, another **1.8 million people** will live in Washington.

281 cities & towns: population distribution



In this publication, the word cities refers to both cities and towns.

Washington has only one unclassified city: **Waitsburg**, in Walla Walla County, which continues to operate under its territorial charter, last revised in 1886.

What's the difference between a city and town?

Cities and towns incorporate under one of the following legal classifications:

- First class city
- Second class city
- Town
- Optional municipal code city

These classifications refer to both a city's population at the time of incorporation and its degree of authority to perform general government functions. While all cities and towns have the same basic authority to perform general government functions, first class and code cities exercise a broader degree of local authority, or "home rule," than the other classifications.

Second class cities and towns are permitted to perform any function specifically granted to them by the Legislature (Title 35 of the Revised Code of Washington) and are distinguished from each other by their populations at the time of incorporation.

- A first class city is a city with a population of 10,000 or more at the time of incorporation, and that has adopted a charter. There are ten first-class cities in Washington: Yakima, Vancouver, Tacoma, Spokane, Seattle, Richland, Everett, Bremerton, Bellingham, and Aberdeen.

- A second class city is a city with a population of 1,500 or more at the time of incorporation, and that both does not have a charter and does not operate as a code city. There are five second class cities in Washington: Wapato, Tekoa, Ritzville, Palouse, and Davenport.
- A town has a population of less than 1,500 at the time of incorporation and does not operate as a code city. There are 68 towns in Washington. In 1994 the Legislature increased the population threshold required for incorporation from 300 to 1,500. Since a town must incorporate with at least 1,500 inhabitants (by definition), it is no longer possible to incorporate as a town.

Most cities in Washington state are optional code cities. This classification provides the highest degree of control possible to municipalities by authorizing them to perform any function not specifically denied to them in the state constitution or state law. There are 197 code cities in Washington.

City budgets

\$ How cities are funded

Property tax, sales tax, and business and utility taxes provide the majority of cities' operating revenue. These taxes go into the city's general fund, which a city council can use to pay for fire departments, streets and sidewalks, police departments, parks, and other essential services. Utility services such as water and sewers are accounted for separately and funded through user fees. However, state laws impose limits on taxes. For example, property tax is a substantial city revenue source accounting for 21% of city revenues in 2023, but annual increases are capped at 1%. This means that property tax

does not keep pace with inflation or population growth, which both typically grow faster than 1%.

Cities may also impose specialized taxes such as an emergency medical services tax, real estate excise tax, lodging tax, and a gambling tax, but revenue from such taxes can be variable. Sales tax, another significant revenue source, accounted for 23% of city revenues in 2023, but is particularly vulnerable to economic volatility. During the COVID-19 pandemic, many cities' sales tax revenues decreased significantly.

Furthermore, state funding to cities has decreased since 2008. Cuts in state support for cities have been especially problematic. For example, to fill budget gaps, the Legislature diverted more than a billion dollars from dedicated infrastructure assistance accounts and hundreds of millions in local liquor revenue to the state's operating budget. Long-term trends show that federal funding has also decreased since 2008, although during the COVID-19 pandemic cities received significant one-time federal funds through the American Rescue Plan Act and the

Cities receive only 11 cents of each property tax dollar.



Source: Department of Revenue

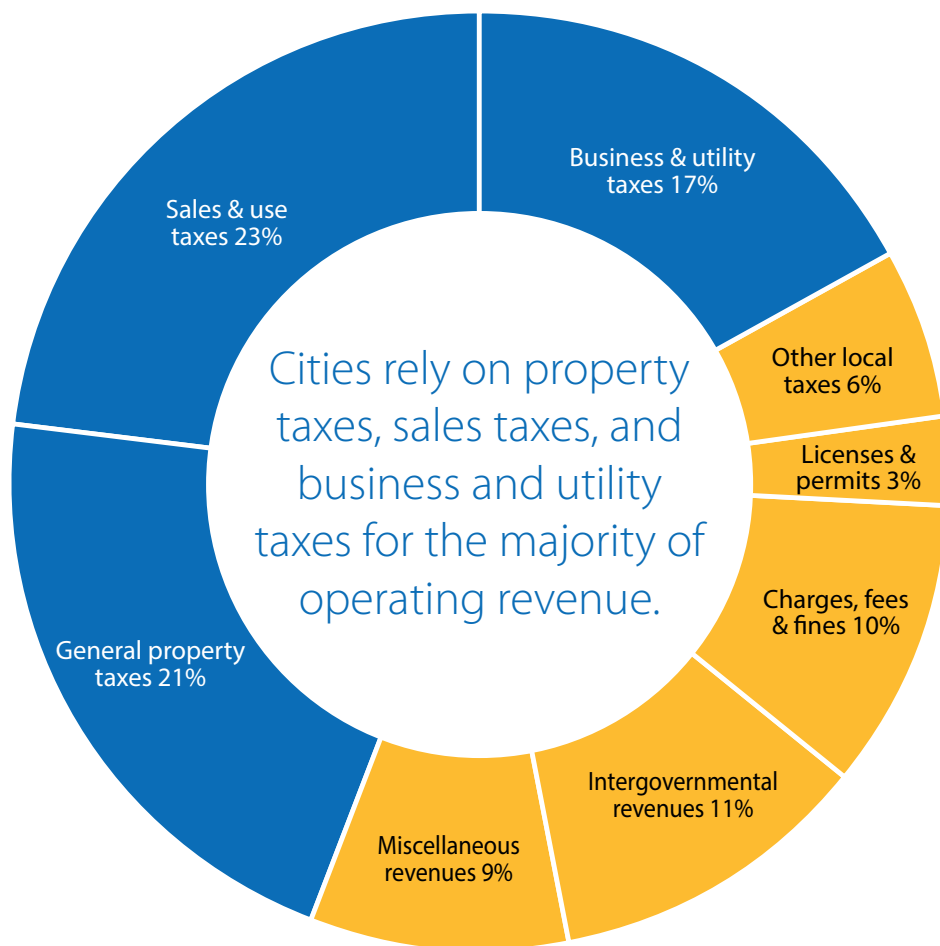
City budgets

Infrastructure Investment and Jobs Act (commonly known as the Bipartisan Infrastructure Law or BIL).

To help keep up with ever-increasing costs for services, some cities have enacted new taxes, raised fees, or increased existing taxes. Many councils continue to face shortfalls when it

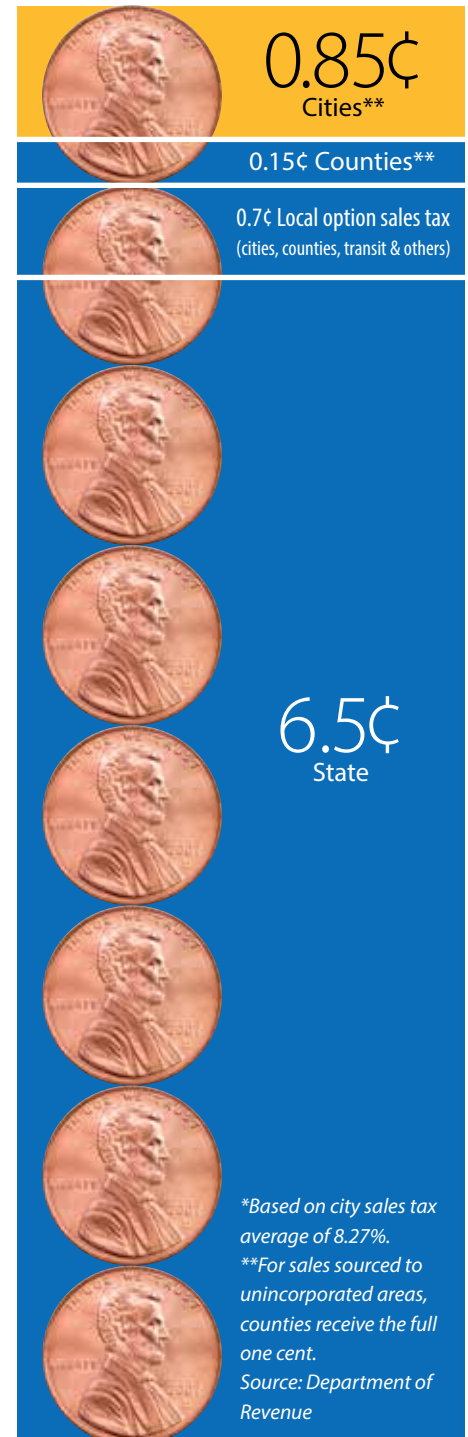
comes to meeting community needs and demands, and some cities have been obligated to reduce services or defer necessary maintenance in order to balance their budgets.

Sustainable funding for local governments is a crucial part of building strong cities and a great state.



Source: State Auditor's Office; revenues, general fund & special revenue.

For every retail dollar spent, cities receive less than one cent of the sales tax (excluding local options).*



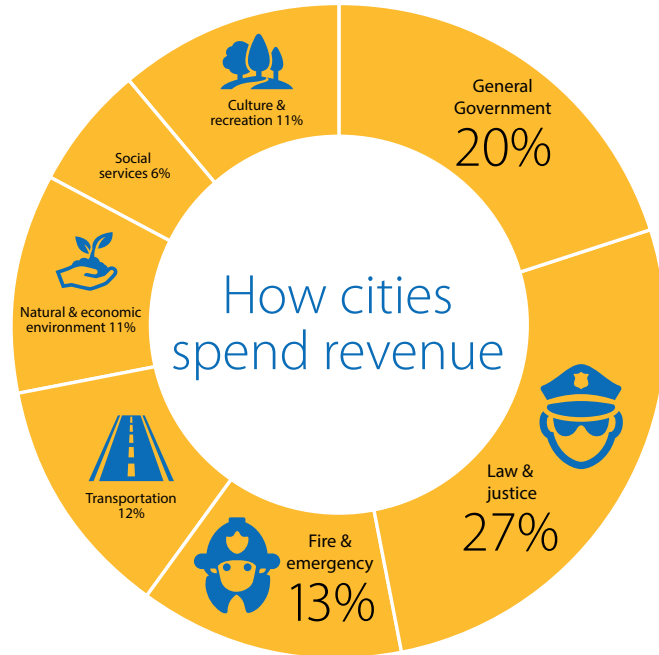
How city funds are used

On average, nearly half of a city's operating budget is spent on public safety, including police officer and firefighter salaries, emergency medical services, courts, and jails.

Another large portion of a city's operating budget pays for streets, sidewalks, and other transportation infrastructure. Unlike counties and the state, cities do not have a dedicated transportation funding source unless they have adopted a Transportation Benefit District, so most of these funds must also come from the city operating budget.

The rest of the municipal budget is divided among other competing priorities like parks and recreation, community development and planning, environmental protection, economic development, libraries, community centers, and human services such as homelessness programs.

Some cities have never fully recovered from 2008 recession-era state funding reductions or the economic impacts of the COVID-19 pandemic. Many urgently needed infrastructure projects and maintenance needs are delayed or remain on hold altogether. Lost positions in city hall have only been partially restored, and parks operate on lean maintenance budgets. While federal funding through the BIL allows cities to undertake necessary infrastructure projects in the near-term, the restoration of state funding is crucial for future upkeep and continued improvements.



Source: State Auditor's Office; expenditures, general fund & special revenue.



The city-state partnership

Local and state governments share basic values and responsibilities: both seek to provide residents with high quality and cost-effective services to support a thriving economy. State and local governments are always under pressure to produce results that create public value while keeping taxes low, but the constrained finances of both the state and its cities have taken a toll on the partnership between these two levels of government. Successive reductions in state funding for cities' infrastructure—and reductions in state revenue sharing that cities have counted on for decades—have strained this relationship over the last few biennia.

One of the biggest cuts capped cities' portion of state liquor profits and eliminated taxes for several years. This had been a reliable revenue source for cities since the 1930s. While

this long-standing revenue sharing acknowledges that liquor consumption has an impact on local public safety—liquor profits remain capped at the 2012 level. Although recent legislation increased the amount of cannabis tax revenue that cities and counties receive, this represents only 5% of the cannabis revenue the state receives and does not offset the impacts of the 2012 liquor profit and tax reductions.

These cuts are counterproductive. Cities are the economic engines of our state, and investing in them yields a healthier, more productive economy and greater growth in tax revenue. In the long run, the failure to invest in our cities inhibits our state's economic growth.

In 2016, only 7% of city revenue came from intergovernmental revenue and grants—down from 13% in 2010. While cities hope for restoration of some state and federal funding, they recognize that they must primarily rely on their own revenue sources.

What city governments do and why it matters



Public safety

Public safety personnel and services—police, fire, emergency management services, courts, prosecution, jails, emergency medical services, and 911 dispatch—consume about half of an average city’s budget. In 2021, cities spent nearly \$2.7 billion to keep our communities safe.

Most cities provide traditional law enforcement services. 178 cities operate their own police departments, with the remaining 103 contracting other law enforcement agencies for services.

However, cities are increasingly standing up alternative-response programs to provide appropriate emergency services to individuals experiencing mental and behavioral health crises, homelessness, or substance use disorders. Nearly half of Washington cities provide alternative response services such as:

- Mental health co-responders;
- Law Enforcement Assisted Diversion (LEAD); and
- Community Advocates for Referral and Education Services (CARES).

This kind of dynamic response extends to other public safety departments too. Fire departments now respond to more calls for medical assistance than they do fires—demanding highly trained emergency medical technicians and paramedics. Many cities also have programs in place to reduce the impact of non-emergency 911 calls on fire departments by proactively providing case management and support to individuals who need meal assistance, help with errands, or other resources.



Source: State Auditor's Office



Source: Office of the State Actuary

What city governments do and why it matters

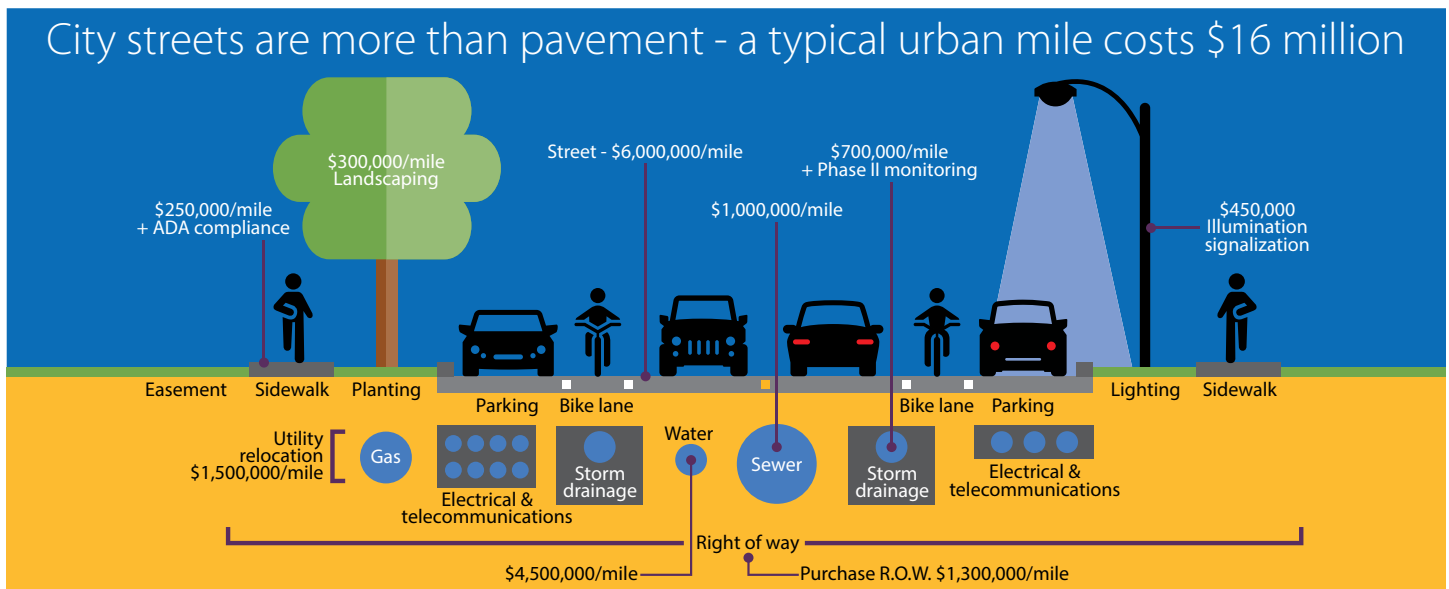
Transportation

Most trips in Washington begin or end on a city street. As Washington's population grows and becomes more urban, the demand on city transportation infrastructure grows too. City transportation systems include not just streets, but bike lanes, sidewalks, curbs, gutters, lighting, and landscaping. Transportation systems must also accommodate below-ground sewer, water, stormwater, electric, and cable utilities. When a street is built over a waterway, state law requires the project include fish passage, such as a passable culvert or bridge.

Cities must accomplish all this, despite the lack of a reliable and dedicated funding source for city transportation systems. Most gas tax revenue goes to federal and state governments to pay for interstates and highways, while cities receive only a small portion. This forces cities to continually defer maintenance, despite this leading to higher costs over the long run.

a 'dig once' approach to completing multiple projects at the same site and partnering with other jurisdictions. Cities are also looking to the future by building sustainable, climate resilient infrastructure.

Where possible, cities are taking creative and resourceful measures to maintain and upgrade their transportation systems, such as using



What city governments do and why it matters



Parks, recreation, and open space

Parks, trails, and open spaces can transform a city by enhancing neighborhoods, attracting customers to nearby businesses, and providing green space that makes an area an attractive destination for tourism and commerce. Parks provide a safe and free place for children and adults to play and exercise, reduce depression and stress, provide habitat for native wildlife, increase property values, and (by preserving trees), reduce air pollution and lower temperatures. Parks department programming increases equitable access to extracurricular activities and helps children build confidence and social skills.

A growing urban population will create more demand for parks. However, funds for land acquisition, park development, and park maintenance are too often the first items cut from budgets in a revenue shortfall. Lack of funding for parks and recreation also inhibits cities' ability to develop new parks in neighborhoods with below-average green space. Cities recognize this need, and many cities used their American Rescue Plan Act (ARPA) funding to develop new parks in underserved communities of color.

Parks are assets that generate economic and social returns.



Parks contribute to increased property values.



Parks promote healthy lifestyles.



Parks build social capital.



Parks lessen air and water pollution.



Parks generate tourism.



Parks create a sense of community.

Source: National League of Cities

What city governments do and why it matters



Planning, growth management, and environmental protection

The Growth Management Act (GMA) requires the state's fastest growing counties, and the cities within them, to plan extensively for population growth and comply with state goals. This includes planning for regional transportation, affordable housing, sprawl reduction, economic development, environmental protection, open space and recreation, shoreline management, and other priorities.

Cities are planning for the growth that is expected to come in future decades. Between 2020 and 2050, Washington is expected to grow by more than

2 million people. With the influx of new residents, and corresponding business and tourism growth, cities must determine how they will continue to serve this growing population.

Planning processes provide a powerful way to clarify community values, needs, and goals. A comprehensive plan expresses a community's vision and is the blueprint for all subsequent land use activity. Twenty-eight out of 39 counties—and all the cities and towns within them—must meet all GMA planning requirements. Those counties contain about 95% of the state's population.

Developing, updating, and implementing a comprehensive plan allows a community to:

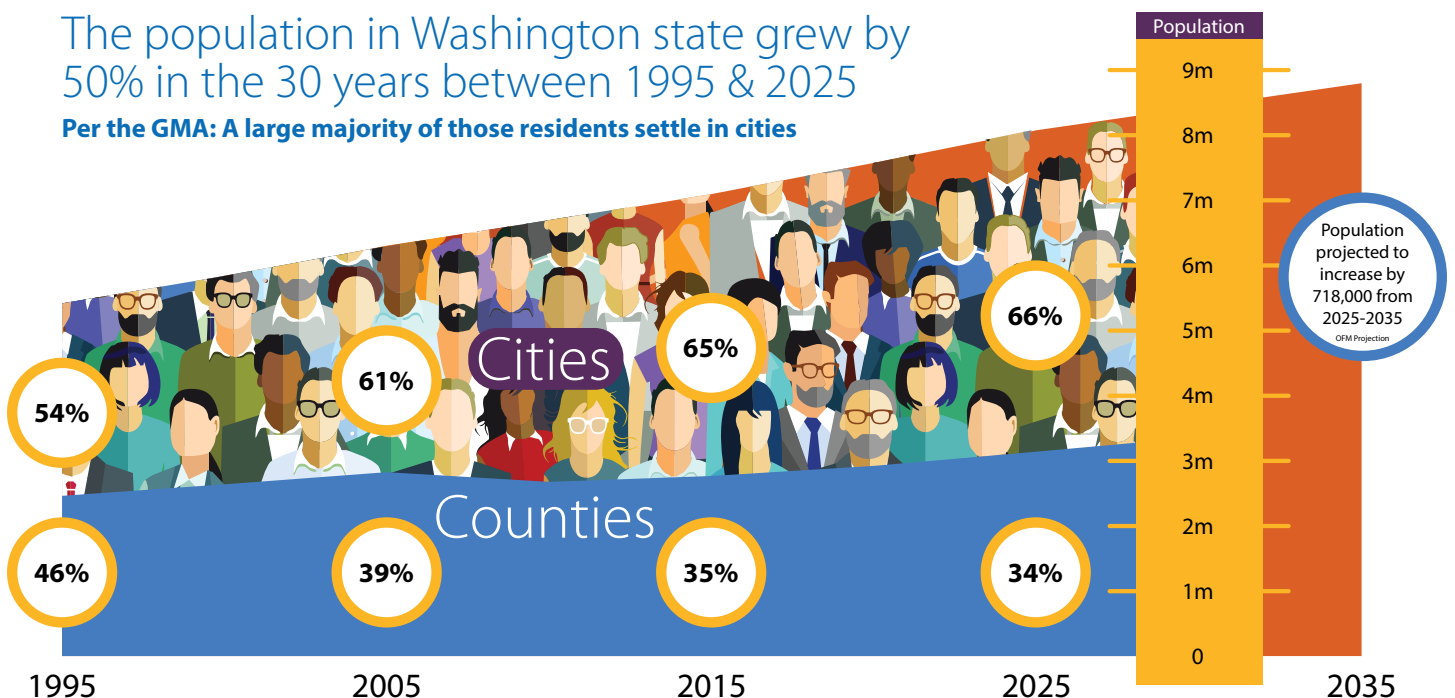
- **Create a vision** – Decide what the future community could be like.
- **Gain a roadmap** – Guide growth and development toward the vision.
- **Achieve goals** – Attain the community's desired future.

72%

of counties (including the cities within them) must meet all GMA planning requirements.

The population in Washington state grew by 50% in the 30 years between 1995 & 2025

Per the GMA: A large majority of those residents settle in cities



What city governments do and why it matters



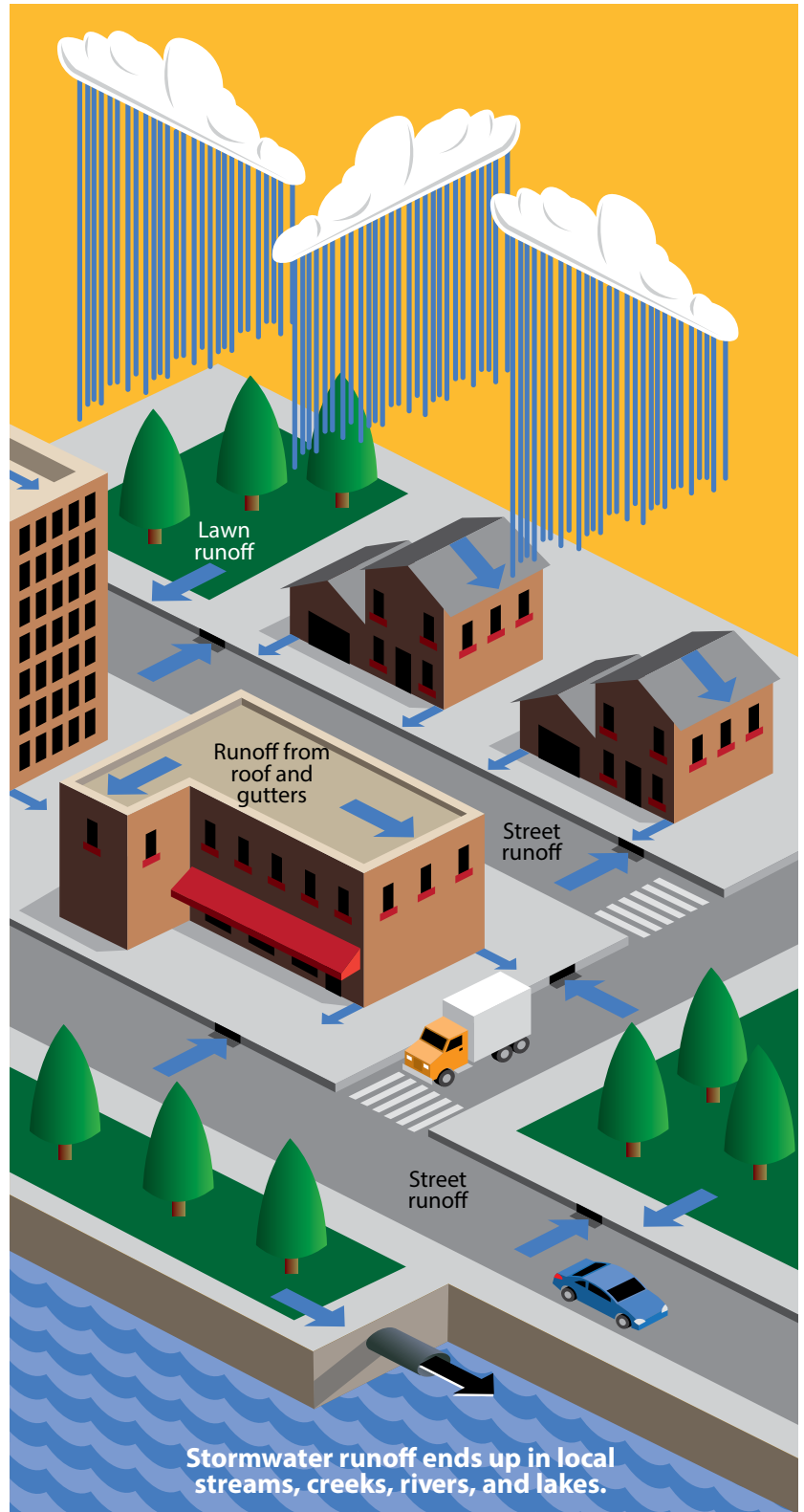
Stormwater

Managing stormwater is one of the most costly, challenging, and complex environmental issues facing cities today.

Originally, city stormwater systems were built to reduce flooding. Runoff was captured with storm drains and directed to local water bodies, or sometimes into sanitary sewer systems. More recently, it became clear that stormwater picks up pollutants as it travels over pavement and other hard surfaces, and deposits those pollutants in lakes, streams, and marine waters.

The challenge now is how to both prevent flooding and solve a major water quality problem. To do this, many cities have established a stormwater utility, charging their residents and businesses a fee based on the concept that every property contributes to stormwater runoff. Stormwater management programs involve planning, public education, illicit discharge detection programs, and local ordinances to reduce stormwater pollution.

Many cities are currently implementing a newer approach to stormwater management known as Low-Impact Development (LID). Rather than directing stormwater offsite through drains and pipes, LID emphasizes use of on-site natural features such as ponds, swales, or rain gardens that provide a place for rain to soak into the ground where it lands. While LID is promising, there is still a lot to be learned about long-term effectiveness and ongoing maintenance of these smaller dispersed stormwater facilities. Additionally, it is challenging and expensive to retrofit already-developed urban environments with LID features.



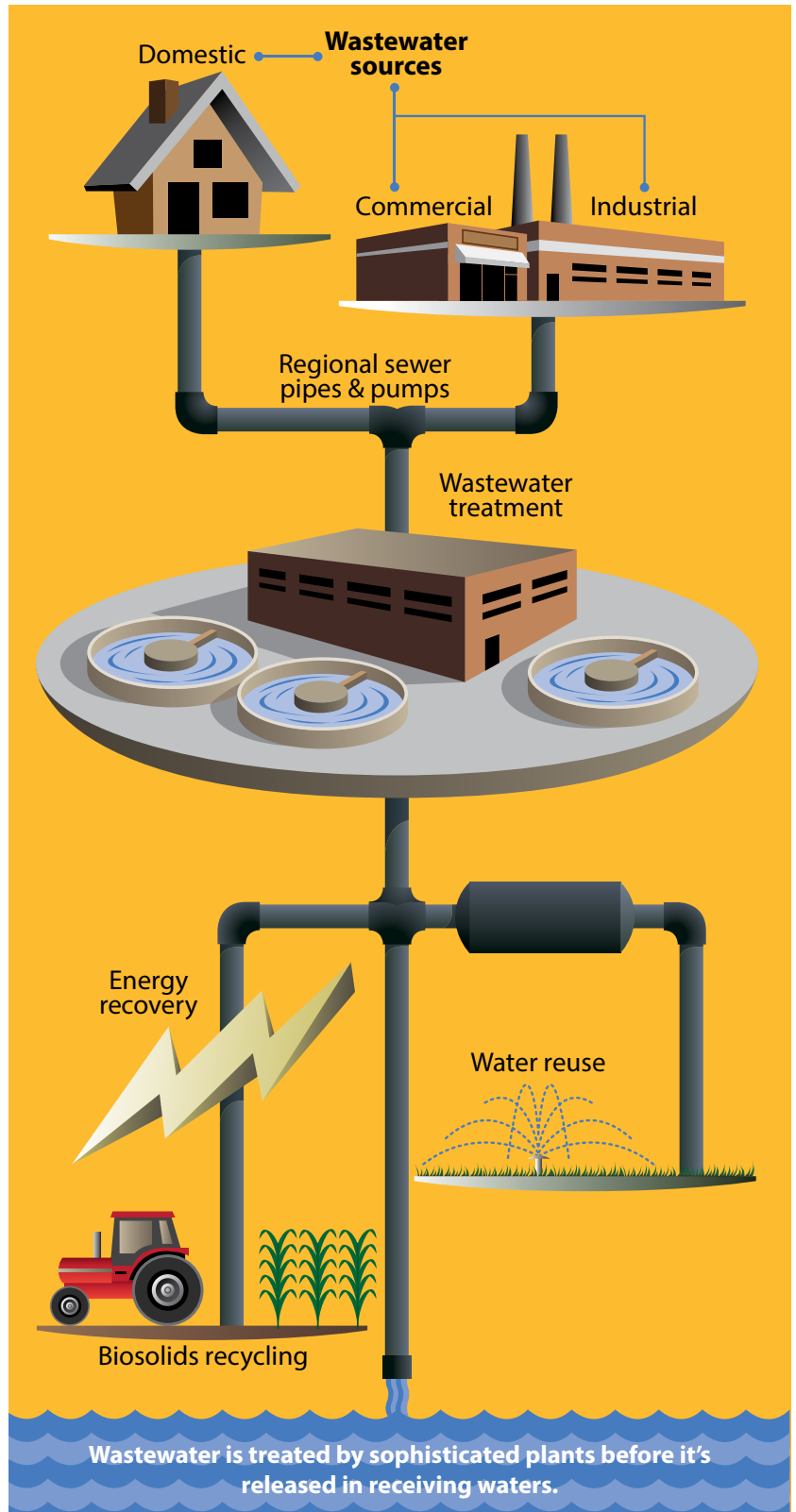
What city governments do and why it matters



Water and wastewater

People take water and sewer systems for granted because they are mostly out of sight and service failures are rare. But providing clean, reliable drinking water and collecting and treating sewage are essential services that deliver vital public health benefits. Increasingly sophisticated sewage treatment systems protect and improve water quality in our lakes, streams, and marine waters. These services benefit residents, public institutions such as schools and hospitals, private sector businesses, and the environment.

Cities face several challenges in maintaining their portion of the statewide infrastructure system. Many existing pipes, pumps, and treatment facilities are aging and need repair. Population growth is increasing demand for more infrastructure at an accelerated rate. Equally challenging, ever more stringent water quality regulations are hard to anticipate and often require expensive upgrades. The cost of providing this infrastructure far outpaces inflation, but investment at the local level benefits our state's health, environment, and capacity for economic growth.



Conclusion

Cities play a key role in making Washington a great place to live, learn, work, and play, and serve as an exemplar of professional and high-quality government. But cities can't do it alone.

Since the 1930s, the state and cities have enjoyed a strong revenue-sharing partnership, which has eroded as the

state struggles with budget challenges and continues to cut traditional supports for city governments.

Population growth and urbanization are driving greater demand for city services while state support for cities has decreased. To ensure clean water, public health and safety, environmental protection, and cohesive communities, this trend must be reversed.

We all want our cities to help sustain a robust economy that provides opportunities for our growing population now and into the future. Vibrant cities need reliable and stable revenue. We all need to work together to ensure that we can fund the many things we love about our cities.

Cities are the economic engines of our state—hubs for regional economies, responsible for:





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