



Snapshot of Small City Success



CENTER FOR CITY SOLUTIONS

About the National League of Cities

The National League of Cities (NLC) is the nation's leading advocacy organization devoted to strengthening and promoting cities as centers of opportunity, leadership and governance. Through its membership and partnerships with state municipal leagues, NLC serves as a resource and advocate for more than 19,000 cities and towns and more than 218 million Americans.

NLC's Center for City Solutions provides research and analysis on key topics and trends important to cities and creative solutions to improve the quality of life in communities.

About the Author

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About This Report

The nation's smaller cities and towns have a culture, vibrancy and uniqueness all their own. While innovations such as driverless cars, demand-price parking and data-crunching sensor networks might be pioneered in big urban centers, there is much creativity and dynamic problem solving going on in communities with populations fewer than 50,000 residents—those that constitute nearly 90 percent of the nation's general-purpose local governments.

This report makes use of the National League of Cities' (NLC) extensive research program to take a snapshot of small city fiscal and economic health and leadership priorities. The tools and resources of NLC are meant to serve the needs of all local governments and local leaders, regardless of community size, geography, or scope of municipal authority. Although this particular report highlights conditions and programs from small cities alone, the ideas and lessons have universal applicability to the full range of municipalities.

NLC's premier research report is *City Fiscal Conditions*. Its aggregated data track a statistically valid sample of municipalities over a 32-year period. For the purpose of this report, the data are used to generalize particular aspects of fiscal health among all cities in the survey sample, regardless of population size.

Following this analysis of fiscal health, an additional NLC research report is considered. That report, *Local Economic Conditions 2017*, adds further insights about specific economic indicators affecting smaller cities.

The final section of the report offers six case studies looking at various service areas relevant to city government, including service consolidation, affordable housing, historic preservation, culture and the arts, and technology, among other topics.



A Look At Fiscal Health: Four Data Points

Coming out of the Great Recession (December 2007—June 2009), city governments of all sizes moved through several years of decreased fiscal health. Beginning in 2013, following an improvement in the housing and real estate markets (which feed local property tax and sales tax revenues), cities began to see a steady improvement in their fiscal balance sheets.

To make some generalizations about city fiscal health, our City Fiscal Conditions

survey examines four specialized data points reported by city finance officers during 2017:

1. Percentage of cities “better able/less able” to meet financial needs
2. Positive and negative factors affecting budgets
3. Actions taken that affect city revenues
4. Actions taken that affect city expenditures.



Percentage of cities “better able/less able” to meet financial needs:

Although the majority of city finance officers are confident in the fiscal position of their cities, a downward trend is beginning to emerge. Sixty-nine percent of them report that their cities have been better able to meet the financial needs of their communities in 2017 than in 2016. Last year, however, 81 percent reported “better able,” and in 2015, the most widespread level of optimism in the history of the survey, 82 percent made the same assertion. This year’s results point to the potential start of a contraction in the municipal sector after optimism about growth hit a peak in 2015.

Positive and negative factors affecting budgets:

When asked about the factors that have the greatest impact on their budgets, city finance officers report that the value of the local tax base (83 percent), health of the local economy (77 percent), population growth (33 percent) and lower oil prices (24 percent) have the most positive influences, whereas infrastructure needs (55 percent), public safety (48 percent), retiree health benefits and pension costs (45 percent each) and employee wages and salaries (44 percent) weigh most negatively on city budgets.

Actions taken that affect city revenues:

The most common action taken to boost city revenues has been to increase fees charged for services. Two in five (42 percent) city finance officers report that their cities have raised fee levels. Approximately one in four (26 percent) cities increased the number of fees that are applied to city services. Twenty-seven percent of cities increased local property tax rates in 2017. Since the mid-1990s, irrespective of economic conditions, the percentage of city finance officers

reporting increases in property taxes in any given year has been reported at about this same level, reflecting state- and voter-imposed restrictions on local property tax authority as well as the political challenges of raising property tax rates.

Actions taken that affect city expenditures:

When asked about expenditure actions taken in 2017, most cities report increased spending on employee wages (86 percent), public safety expenditures (75 percent) and infrastructure (74 percent).

Economic Drivers in Cities Under 50,000

Pairing the macro data of *2017 City Fiscal Conditions* with the related research report, *Local Economic Conditions 2017*, provides an additional layer of data relative to the overall conditions of economic growth or decline. For the cities surveyed in *Local Economic Conditions* that are under 50,000, the top three positive drivers of local economic prosperity are new business starts (38 percent), residential property tax values (38 percent) and general employment growth (24 percent). For the same selection of cities, the top three negative drivers are availability of affordable housing (38 percent), misalignment of worker skills with employer needs (22 percent) and general population declines (22 percent).

Priorities From City Leaders

Each year NLC reviews the messages delivered by city mayors as part of their annual State of the City addresses. During 2017, NLC reviewed 120 such addresses. These presentations represent the most focused efforts by city leaders to lay out a vision for the future, recommend strategies and resources to achieve this vision and mobilize support and enthusiasm from the whole community. Therefore, the priorities described as part of these presentations are a strong indicator of areas for success and perhaps for innovation.

In the four years (2014–2017) that NLC has conducted this research, economic development has been the most discussed topic in mayors' addresses. Mayors often begin their addresses by sharing measures of economic growth, such as jobs created and development projects initiated and

Top Issues Facing Cities Under 50,000

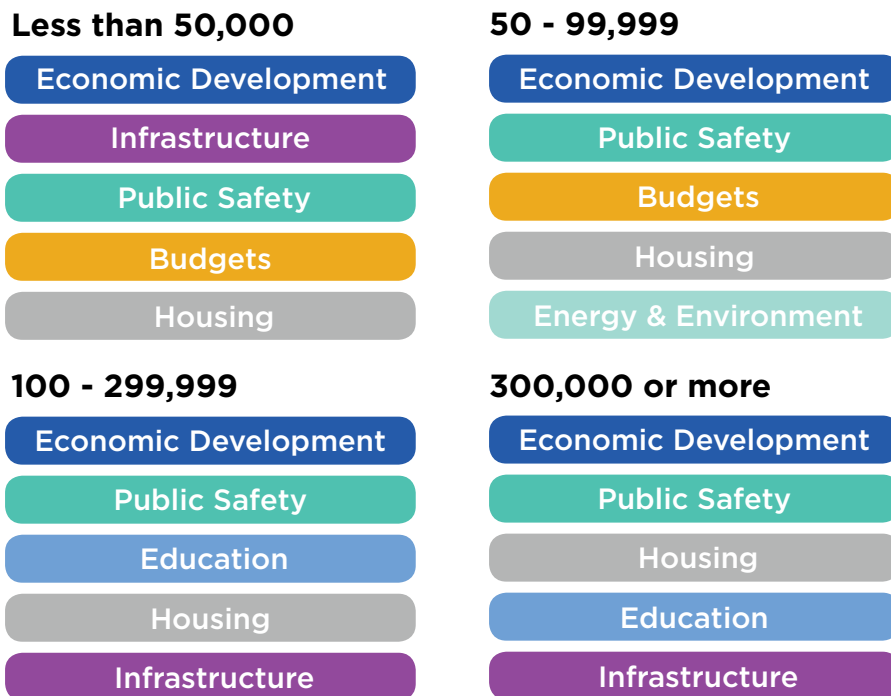
Topic	Cities<50k
Economic Development	52%*
Infrastructure	52%
Public Safety	48%
Budgets	42%
Housing	24%
Energy & Environment	15%
Education	12%
Health	12%
Demographics	3%
Data & Technology	3%

*All percentages address cities under 50,000 that included significant coverage of topic in 2017 State of the City address.



Top State of the City Issues

(w by city population)



completed. Significantly, in 2017, many mayors reported that local wages and employment rates have risen to levels not seen since the Great Recession.

As noted in the diagram, a focus on infrastructure as one of the top two issues facing smaller cities is the outlier when compared to larger cities. Cities under 50,000 speak about infrastructure as the number two issue while cities over 50,000 name public safety issues more often. For smaller cities, it is reasonable to assume that with some measurable improvement in city finances have come better credit ratings and easier borrowing conditions. This, in turn, has made long-deferred investments in the

roads, bridges and related infrastructure a top priority.

In the field of public safety (ranked third among smaller cities), the major areas for focus are officer recruitment and training. Increased revenues and better city finances have allowed cities to hire more police officers or return laid-off officers to full-time staffing levels. By way of contrast, the issue of public safety appears as the second-highest priority for all cities over 50,000.

Case Examples of Small-City Success

Dublin, California Affordable Housing Development

The Arroyo Vista public housing development, the city of Dublin, California's (pop. 59,583) only such venue, was falling into disrepair. The costs to improve or rebuild the 150-unit development could not be borne by the city alone. To meet the goal of transforming this low-density, deteriorating property into a mixed-use and mixed-income complex offering several housing types in a geographically hot housing market, the city engaged with partners from both the private and nonprofit sectors and secured support from the Department of Housing and Urban Development (HUD) to allow for privately owned housing on the part of the redeveloped site.

Who Were the Partners?

In addition to the city of Dublin and the Dublin Housing Authority, the main partners included Eden Housing, one of California's oldest and most successful nonprofit developers, and KB Home, a market-rate home builder.

What Outcomes Were Achieved?

The redevelopment of what is now called Emerald Vista was completed in December 2012. The community contains 180 affordable rental units: 50 for seniors and 130 for families, including units with four bedrooms. Rents for the apartments are targeted to households earning 30–55 percent of area median income (AMI). A services coordinator assists residents

with wellness, and financial partner Wells Fargo provides money management and fraud prevention counseling.

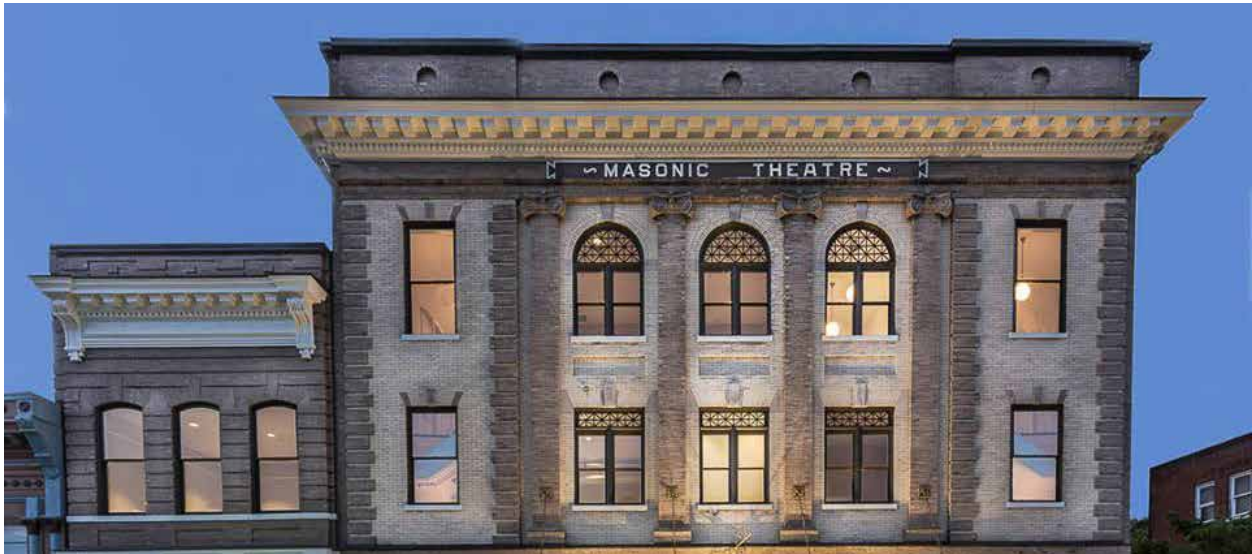
The for-sale homes include 128 townhouses and 70 detached homes on small lots consistent with the surrounding neighborhood. In accordance with the city's inclusionary zoning requirements, 14 of these homes are reserved for moderate-income buyers earning between 60 and 120 percent of AMI under a deed restriction that is effective for 55 years.

How Was the Project Financed?

The city of Dublin owned the land on which Arroyo Vista was built. Working with HUD and KB Homes, it sold a portion of that land to the private developer to increase the number of assisted rental units. Infrastructure development costs were shared by Eden Housing and KB Homes. The total project budget was \$135 million. The city invested \$7.6 million from its housing fund; Eden Housing secured \$24 million in Low-Income Housing Tax Credits; and KB Homes paid \$12 million for the land belonging to the city, \$11 million of which was invested into replacing the original affordable rental units. Tax-exempt bonds and loans from Wells Fargo and the California Community Reinvestment Corporation helped round out the financing.

Other Details

The partners involved Arroyo Vista residents in the planning process. During construction (July 2011 to December 2012), residents were



Masonic Theatre, Clifton Forge, VA. Credit: Chuck Almarez

relocated, given vouchers to secure housing and given first priority for apartments in the new development upon completion.

The complex includes a community room that hosts after-school programs as well as a child care center. The dwellings are accessible to Bay Area Rapid Transit as well as to pedestrian and bicycle trails. Sustainability aspects include solar water heaters and solar photovoltaic for energy production, along with green building materials.

In 2014, this project was given the Jack Kemp Award for Excellence in Affordable Housing by the Urban Land Institute.

Clifton Forge, Virginia Arts and Preservation Projects

The town of Clifton Forge, Virginia (pop. 3,884), is in the western part of the state near West Virginia. The rural Alleghany Highlands features some of the most beautiful forestlands interspersed with lakes and state parks. Thanks to a collaboration among a number of partners, two magnificent

¹ Learn more at: <http://historicmasonictheatre.com>

performance venues have been added as a community and economic development catalyst for the downtown and the region.

Project Specifics: Masonic Theatre Renovation

From its construction in 1905 until a temporary closing in 1987, the Mason Hall and Opera House¹ was the oldest continuously operated theater in the Commonwealth of Virginia. Eventually it came into the possession of the town of Clifton Forge in 2003. The task of restoring the facility was given to the Masonic Theatre Preservation Fund in 2009. The grand reopening was July 2016.

The three-story beaux-arts brick building with its plastered façade is an architectural treasure. In its heyday, the performance hall hosted such legends as political orator William Jennings Bryan and entertainers Roy Rogers, Gene Autry, Tex Ritter, Burl Ives, the Drifters and the world-famous Count Basie Orchestra. The renovation has rehabilitated all four floors of the theater, including the third-floor ballroom, the warming kitchen and studios, the balcony level with offices and conference room, the auditorium with



Masonic Amphitheatre and Park, Clifton Forge, VA. Credit: Chuck Almarez

stage and lobby, and the lower-level dressing rooms, concessions and underground lounge that looks out onto Smith Creek.

Project Specifics: Amphitheater

The earlier project, completed in June 2012, is the Masonic Amphitheatre and Park. It is the result of contributions from 16 architecture students who were part of a design/build LAB team from Virginia Tech under the direction of award-winning architects Keith and Marie Zawistowski. The work to transform a lot occupied by a tire warehouse was completed in six weeks with support from an army of volunteers, local contractors and community foundations.

A significant part of the project's success was the series of agreements to relocate the Wholesale Tire Company (WTC), thus freeing up the existing space for the amphitheater. The Alleghany Highlands Economic Development Corp. organized the transactions to relocate WTC, purchase a new building for WTC's use, and transfer the original warehouse to the theater foundation.

The amphitheater offers programming for all ages, including independent films, movie marathons, concerts, variety shows, dance,

musicals and local performing groups. It also provides space for arts groups, civic organizations, churches and clubs.

How Was the Project Financed

As a community asset, the performance programming runs the gamut from children-focused library programs to music and stage plays to weekend flea markets. An important component of the programming is affordability. Some events are free, and those that aren't cost \$5 or \$10. The most expensive ticket to date has been for folk duo Robin and Linda Williams, which ran \$15.

To rehabilitate this historic theater, a total of \$6.5 million was raised from a combination of historic and new markets tax credits, grants and private donations.

For the new amphitheater, the Alleghany Foundation contributed \$150,000, which became the entire budget for the project.

Papillion-La Vista, Nebraska Consolidated Fire Service

La Vista, Nebraska, a growing suburb of Omaha, had just reached 18,000 in population and decided it needed to replace its volunteer

fire and emergency medical services with a professional department to accommodate increasing needs. The larger neighboring community of Papillion (pop. 19,000) had maintained a professional fire department since the 1990s, but in recent years it had also acknowledged the need for expansion. Rather than maintaining two separate departments, the two cities proposed merging as a means to cut costs. Both the La Vista and Papillion city councils agreed to form one stronger department that would cover both cities, cut costs all around and accommodate the needs of these growing Omaha suburbs.

How Was the Project Executed?

Officials from La Vista, Papillion, and the Rural Papillion Fire Protection District approved the formal merger in the fall of 2013. On April 1, 2014, the La Vista Volunteer Fire Department terminated its services and the newly enlarged Papillion Fire Department began protecting La Vista. With the help of a \$2 million federal grant, Papillion hired 12 new firefighters, four of whom served as volunteers in La Vista. Months before the transition, Papillion firefighters began conducting test missions throughout La Vista to acquaint themselves with the new territory.

The 2014–2015 budget breakdown for the new merged district involved the Rural Papillion Fire District financing the biggest portion at \$2.7 million, while La Vista paid about \$1.6 million and Papillion, \$1.7 million. The cities planned to sell equipment made redundant by the merger and use the revenue to further cut costs and purchase updated equipment. Papillion estimated that the average \$100,000 home would pay \$6 less a year in taxes slated for fire prevention.

Early Results

The new unified fire service has a professional staff of 51 career firefighters working to provide emergency services to the cities of Papillion and La Vista. Papillion’s city council is in charge of the new four-station department. In total, 57 paid employees work across three shifts to protect 60,000 people living within the newly created 68-square-mile special district. The department is also able to guarantee advanced life support at all times. Local residents have grown accustomed to seeing trucks marked “Papillion” and “La Vista” freely cross between the two communities. City officials confirm the new intermunicipal department offers a quality of professional service that neither city could provide alone.



Papillion-La Vista Consolidated Fire Services

Mooresville, North Carolina Technology Infrastructure

The city of Mooresville, North Carolina (pop. 32,711), decided to establish high-speed internet as a basic utility to which all citizens have access. Through a robust technology infrastructure, the city can now better equip its students, citizens and businesses with the tools necessary to compete in a global market. Schools have access to the fastest Internet speeds available, and each student in the district receives a school-issued laptop or tablet. Additionally, the strong data network provides low-cost internet to citizens and businesses, fostering economic development, supporting municipal planning and even enhancing disaster relief.

How Was the Project Executed?

In 2007, the city of Mooresville and its neighboring communities filed to jointly buy a local cable company after it went up for sale. The cost of the company was \$64 million. After a lengthy process, the coalition of cities gained control of the company and its fiber-optic network. That same year, the Mooresville School District began its “21st Century Digital Conversion.”

Having secured access to a high-speed telecommunications network, Mooresville sought advice and help from such industry experts as Apple and Discovery Education. In keeping with the educational goals outlined above, it annually leases MacBook computers and iPads from Apple on three- or four-year contracts. The funding for this equipment and software updates comes through city and school district budgets and is partially offset by reductions in costs for textbooks. Additionally, the district has received grants from such sources as Lowe’s Home Improvement to support equipment costs or

make various upgrades.

The Mooresville School District, which has grown in population size served while withstanding state education funding cuts, has been able to maintain over 5,000 laptops and tablets and support a large information technology staff. The use of one-to-one technology has been an essential factor in managing increasing class sizes, which in some cases have grown up to 50 percent. The city also has partnered with local internet service provider My Connection to offer broadband service at home for as little as \$9.99 a month and to offer the service free to families with children eligible for free or reduced-cost meals.

Results from this Initiative

Since beginning this venture, the city has received acclaim for its actions, including from President Barack Obama, who visited the local middle school in 2013. Students from kindergarten to grade 12 each have their own computers, and every classroom has wireless Internet access. Graduation rates have risen, and the city has seen a dramatic reduction in the performance gap both between black and white students and between wealthy and poor students.

In other areas, Mooresville used its enhanced geographic information service technology to help Niagara Bottling Company find a new home in existing facilities just outside of Mooresville. All city parks and municipal buildings offer public access Wi-Fi to 100Mbps while sports venues webhost live footage of youth sports so that out-of-town parents can watch their children play.

South Salt Lake, Utah Supports for Youth and Families

Promise South Salt Lake² is an initiative

within the increasingly diverse community of South Salt Lake, Utah (pop. 24,000), dedicated to building a citywide system of supports for youth and families. Promise South Salt Lake was incorporated as a city department in 2012 with strong support from elected leaders and directors of the recreation, police, community development and urban livability departments. Working with United Way of Salt Lake and a broad variety of community resources, the program offers highly specialized community and after-school programming with an academic and prevention focus at five school-based and four neighborhood-based locations throughout the city. Promise partnership programs currently serve 2,458 youth and adults. While 96 percent of Promise's funding comes from private grants, five of the community centers are operated in city buildings.

Partnerships Focused on Action and Results

South Salt Lake has been highly effective in establishing strong partnerships, resulting in over \$1.3 million in partner-delivered community services. In an effort to pull in partners and stakeholders that might not naturally support after-school efforts, Promise South Salt Lake developed eight committees to oversee the work of the nine neighborhood centers. The eight committees focus on the areas of jobs and economy, safety, education, arts and community, health, neighborhoods, and housing. Each committee has strategically identified key stakeholders who specialize in that committee's topic area.

Each committee has established a set of overall goals, such as the health committee's goal to decrease the number and percentage of children and adults who are obese. These goals are actualized by a set of objectives—for example, adding fitness and nutritional

activities to South Salt Lake events. From this set of objectives, the committee develops an action plan and timeline complete with benchmark goals and data-driven indicators of success. Committee plans and outcomes are highlighted monthly in the city's newsletter.

Focused on these clear goals and objectives, Promise South Salt Lake must manage a large amount of data to help drive its decision making. Its partnership with United Way of Salt Lake served an integral role in developing Promise's data collection system. Currently, Promise uses Social Solutions' Efforts to Outcomes software, which helps it track youth and family interventions. School district and city attorneys developed a Family Educational Rights and Privacy Act waiver that allows access to student data for even more targeted decision making.

Such data allow members of Promise's committees to effectively address their issue areas by providing after-school supports to parents and families. For example, between 2006 and 2007, data showed that out of 180 students enrolled in a particular neighborhood's after-school programs, only 18 children were repeat participants. This finding was indicative of a greater issue of transiency in the neighborhood, an issue that affects real estate agents, developers, residents, renters and homeowners.

This larger concern brought to the table such organizations as the Community Development Corporation of Utah and multiple banks. Promise proposed to these partners that an ideal approach to the wider issue of community stability would be to establish community centers that provided targeted youth and family supports, such as English classes, citizenship classes, and a family liaison program. By 2013 the data showed a new story: families were remaining

² Learn more at: <http://www.sslneighbors.com>

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in South Salt Lake. Between 2012 and 2013, of the 180 after-school program participants, more than 160 participated the prior year.

Shorewood, Wisconsin Connecting Generations

Beginning in 1999, the Village of Shorewood, Wisconsin (pop. 13,162), established a framework to help serve residents of all ages. The impetus for these actions can be summed up by one resident, Lynn Sager, who upon retirement knew she'd need three things: a friendly and supportive community, volunteer opportunities, and easy access to goods and services. Of those priorities, she explained, "Shorewood has exceeded all my expectation for senior living and enjoyment."

Program Partners

Both the Village of Shorewood and the Shorewood School District have historically taken responsibility for ensuring that Shorewood is an intergenerational community. With guidance from the Milwaukee County Department on Aging, Shorewood joined the county's Intergenerational Council at its point of creation. The subsequent Connecting Caring Communities Partnership, established to develop neighborhood-based programs in seven targeted neighborhoods, including Shorewood, was another example of efforts to nurture intergenerational programming. A 2013 intergenerational symposium drew more than 360 people, including students from 13 area schools, older adult leaders and elected officials and staff working in community agencies such as Shorewood Connects.

Today, the Shorewood Connects Intergenerational Work Group is the "intergenerational glue" that unites village

government, the school district, the Business Improvement District, youth and older adults.

Program Details

It's not uncommon to see an 80-year-old sharing a music stand with a 22-year-old in the University of Wisconsin-Milwaukee's (UWM) Community Orchestra program. Older people also are taking classes with 20-somethings as part of UWM's Osher Institute for Lifelong Learning, which allows older adults to audit classes at no charge. Young and old take fitness classes together and enjoy special community programming provided by the Shorewood Recreation and Community Service Department, which the school district administers. This department also coordinates volunteer opportunities throughout the school district for teens, parents, older adults and other community members.

When the Shorewood School District recently evaluated its facilities, it formed a community advisory committee that included older adult residents. Plans are already in the works to connect the new senior housing development to the Shorewood Schools and Shorewood Senior Resource Center. Lastly, an annual "Neighborhood of the Year" competition is held to identify the many positive things that neighbors are doing on their blocks, with special attention to intergenerational activities and neighborhood service projects.

Conclusion: The Leading Roles For City Officials

When mayors and councilmembers are asked why they run for local office, the most common response is either to help solve a specific problem or to support a good quality of life for community residents. Regardless of the answer given, the common thread that binds local government leaders together is a determination to take action—to make choices about present and future conditions in their hometowns. The elected men and women at the local level come as close as anything to those “virtuous and disinterested” public servants identified by Hamilton, Madison and Jay in *The Federalist Papers*.

The data and the case studies presented in the foregoing sections demonstrate that decision makers at the local level understand the challenges and opportunities in their cities or towns and see the outcomes that can result when uniting in common purpose for the

good of the community. The possibilities are vast. Solutions to issues of affordable housing, services consolidation, historic preservation, technological deployment and programming for all generations are found all across America.

City and town officials like to learn from one another. They speak the same language and understand the context of local government. For leaders in smaller communities, places often without extensive professional staff resources, this peer-to-peer learning is often the only source of fresh and innovative ideas. These leaders share not only their triumphs but also their missteps, which does them immense credit. It is this bond of trust that allows them to put aside whatever differences they may have about the extent and use of government power and arrive at a mutually agreeable solution that enhances the shared lives of the communities they serve.



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