

August 26, 2020

Dear Community Members-

This special report is part of our commitment to providing exclusive, timely data and analysis about the priorities and pain points of local government officials. Like all of the reports we share with you, the goal of this report is to help you rapidly refine your marketing and sales strategies.

Local governments across the country, and of all sizes, have been experiencing rapid shifts in priorities as a result of COVID-19. To better understand how local government work and public service delivery will look different in the future, The Atlas collaborated with ELGL, SeeClickFix by CivicPlus and Route Fifty on the *Local Government Next Normal Survey*.

386 local government officials and staff shared their perspectives on the impacts of COVID-19 on public service delivery. Included in this PDF is the public version of the survey results, in addition to exclusive analysis and data from our team about what the survey results mean for the local government market, and for you.

Our key takeaways include:

1. Small City COVID Impacts Underrepresented in Media but Unique
2. Once-in-a-generation Opportunity for Tech Adoption
3. Revenue Loss Disastrous for Built Infrastructure and Community Programs
4. Workplace Modernization Happening in Fits and Starts

Our team of local government experts is conducting deep-dives of the survey data with our company partners. Book your meeting [here](#) if you're interested in learning more.

Wishing you peace, health and continued success-

Elle, Ellory & The Atlas Team
The Atlas
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EXCLUSIVE ANALYSIS

Please circulate to your team only!

SMALL CITY COVID IMPACTS UNDERREPRESENTED IN MEDIA BUT UNIQUE

This survey uniquely captured the perceptions of local government leaders from small and midsize communities - a group that is underrepresented in public discussions, but very representative of most communities across the country. While many of the data points were consistent regardless of the population size served, there were some clear points of divergence.

- ➔ 90% of respondents from <100K reported that the pandemic had neutrally or negatively impacted **employee morale**
- ➔ 67% of respondents from <100K expect budget cuts to impact **capital projects**, where as only 46% of respondents from >100K reported that.
- ➔ 53% of respondents from <100K reported their organization would be investing in **online payment solutions** in next 12 months (compare to 32% for >100K)
- ➔ Small cities expect residents to want more **frequent & proactive communication** (65%) and **increased transparency** (59%). Respondents from cities with >100K expect residents to demand a renewed focus on equity & affordability.
- ➔ Local government officials from smaller cities expect more of a continued focus over the next 12 months on **small business support** and **community engagement** than bigger cities.
- ➔ Counter to a lot of reporting, respondents signaled that interest in prioritizing **complete streets** (including bike lanes and outdoor dining) is actually fairly low: 24% responded that it was a priority 6 months ago, 10% responded that it was a priority now, and 17% responded that it would be a priority 1 year from now.

"While it would be nice to buy thousands of dollars in technology, we don't have the money for it. It would be nice to re-envision our business models and the like, but who's going to accomplish that? I don't know about all really small/rural communities, but we're just trying to survive this."

-Respondent with Management job title (<50K, OR)

ONCE-IN-A-GENERATION OPPORTUNITY FOR TECH ADOPTION

76% SAY THEIR CITIES WILL ADOPT MORE SOFTWARE TO STREAMLINE PUBLIC SERVICES MOVING FORWARD

- ➔ 95% of respondents shared that their city used **software to maintain service levels** during the pandemic, especially for community engagement (75%), payment (58%), forms (56%), and permitting (54%).
- ➔ Software and technology projects that respondents expect to **move forward in next 12 months**:
 - 48% said online revenue capture and payment
 - 46% said enabling WFH (less expected by leadership, 33%!)
 - 45% said community engagement
- ➔ Respondents **do not expect spending** on software and tech to support:
 - Policing (8%, more expected by leadership, 13%)
 - Traffic/Congestion (6%, less expected by leadership & assets, both 3%)
 - Complete streets (4%)
 - Climate change (4%)
- ➔ 80% of respondents believe that the **shift from paper to digital processes will be permanent** and bolstered, with ~80% believing that software that promises savings (e.g. staff time) have become more attractive since March. This effect is strongest when asking leadership!

"Pushed digital transformation efforts to the forefront."

- Respondent from IT & Innovation (<50K, WI)

"Better understanding of how tech can improve efficiency."

- Respondent from IT & Innovation (<50K, NH)

"Local governments will continue to find new ways to reach their residents, especially those who never walk into City Hall."

- Respondent from Finance (<50K, CO)

REVENUE LOSS DISASTROUS FOR BUILT INFRASTRUCTURE & COMMUNITY PROGRAMS

Anticipated revenues shortfalls spell disaster for deferred maintenance and already failing infrastructure assets, as well as for community programs.

- ➔ 61% of respondents named **capital projects** as the budget item that will be most impacted by revenue shortfalls.
- ➔ **Facilities maintenance** drops from being in the top 3 priorities for 52% of respondents 6 months ago to only 28% identifying it as a top 3 priority a year from now.
- ➔ In the next 12 months, only 15% responded that investments in software and technology would be made to support **asset management** and facilities maintenance.
- ➔ 30% (second highest) said that **Public Works** was being significantly impacted by furloughs, RIFs, or layoffs in their local government.
- ➔ 36% of respondents thought that **community programs** would be significantly impacted by revenue shortfalls.
- ➔ 58% of respondents said **Parks & Recreation** teams were being significantly impacted by furloughs, RIFs, or layoffs in their local government

"We have asked departments to prioritize the first items back if revenues do better, and the first items back out if revenues worsen."

- Respondent from Finance (<50K, CO)

"Economic pressure and lack of funds will slow cities from doing what they know needs to be done in many cases."

- Respondent with Management job title (<50K, CA)

*"Municipal governments have been hit very hard financially. While the CARES Act addresses some of the additional expense due to the pandemic, nothing has been done to assist with the **drastic loss of revenue.**"*

- Respondent from Finance (<50K, OH)

WORKPLACE MODERNIZATION HAPPENING IN FITS AND STARTS

COVID-19 shutdowns have increased silos and killed morale, but opened the door for a more modern workplace, new leaders and expanded use of data-driven decision making.

- ➔ 70% of respondents said that closed offices have not helped break down silos. In fact many added commentary that **“the silos are taller than ever.”**
- ➔ 91% of respondents said that **morale** for local government employees is down.
For local governments serving >100K population, 60% of respondents said that this time has helped **uncover new leaders** and 58% said it has led to more **data-driven decision making**. The effect is not quite as positive in smaller local government organizations (46% uncovered new leaders, 49% increased data driven decision making).
- ➔ 44% of respondents said that enabling **work from home** was a top priority right now, with 20% identifying it as a top priority 1 year from now.
- ➔ 46% expect their local governments to invest in software and technology that enables a **remote workforce** in the next 12 months.

"Internally, we are more open to flexible work but by and large we are just struggling to maintain existing levels of service."

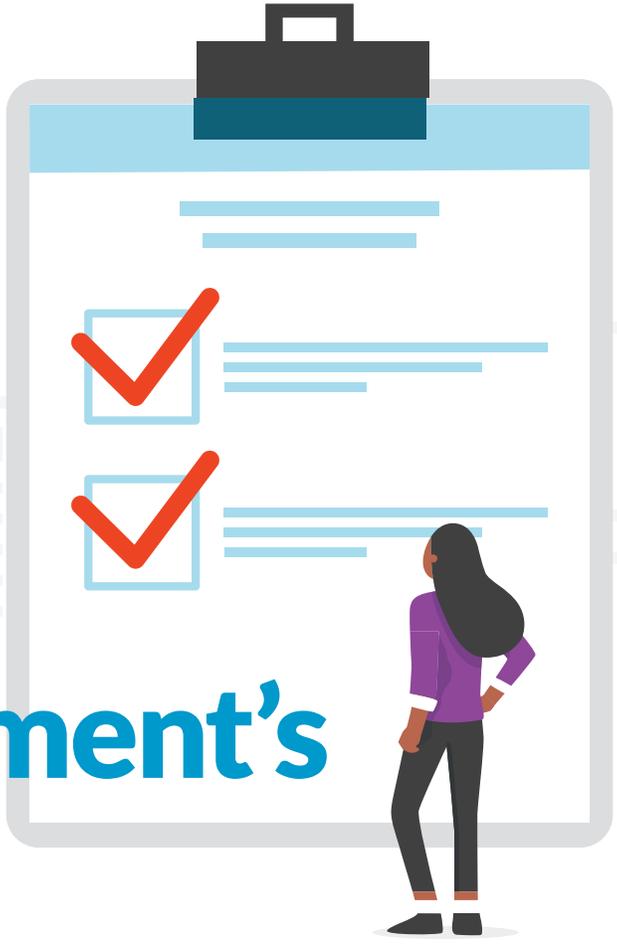
- Respondent from Planning (<50K, CO)

*"Local governments remain typically **reactionary** based and cannot be proactive due to budget, staff capacity and management buy-in."*

- Respondent from Planning (<50K, WI)

"The removal of data silos requires employees to work together, it is a challenging task in an environment that is changing quickly, already demands a lot, may require new learning, and has a culture of 'it's always been done this way.'"

- Respondent from Public Works department (<50K, NH)



Local Government's Next Normal

Local governments across the United States, and of all sizes, have been experiencing rapid shifts in priorities and work as a result of COVID-19. This survey was designed to better understand how local government work and public service delivery will look different in the future.

There were 386 local government officials and staff who shared their perspective on the impacts of COVID-19 on public service delivery. While 76 percent of respondents represented municipalities, insights were also provided by county employees, state officials, utility executives, tribal nation representatives, and special district staff.

Uniquely, this survey captured the perceptions of local government leaders from small and midsize communities - a group that is underrepresented in public discussions, but very representative of most communities across the country.

Population Breakdown of Respondents

50%

<50K

18%

50-100K

22%

100-500K

5%

500K-1M

3%

1-2M

2%

>2M



32%

West

13%

Southwest

22%

Midwest

19%

Southeast

14%

Northeast

Importantly, insights were provided by individuals from a wide range of roles within local government. Respondents included mayors, city managers, planners, fire chiefs, communications directors, and chief innovation officers. To better understand the data, in some places this report groups individuals into functional roles:

Respondent Breakdown

- **28% External:** This group includes individuals who regularly engage with residents through their work in Communications, Economic Development, Emergency Response, Library, Parks & Recreation, Police, Fire-Rescue, and Courts.
- **25% Leadership:** This group includes individuals who are responsible for overall local government management, including City Managers, Town Administrators along with Elected and Appointed Officials.
- **21% Internal:** This group includes individuals who are responsible for making sure the local government itself runs smoothly through their work in Finance, Human Resources, IT & Innovation, Performance Departments.
- **15% Assets:** This group includes individuals who manage and maintain city assets through their work in Environmental Services & Waste, Public Works, Transportation & Water Departments.
- **12% Development:** This group includes individuals who are responsible for what the city will look like in the future through their work in Development and Planning.

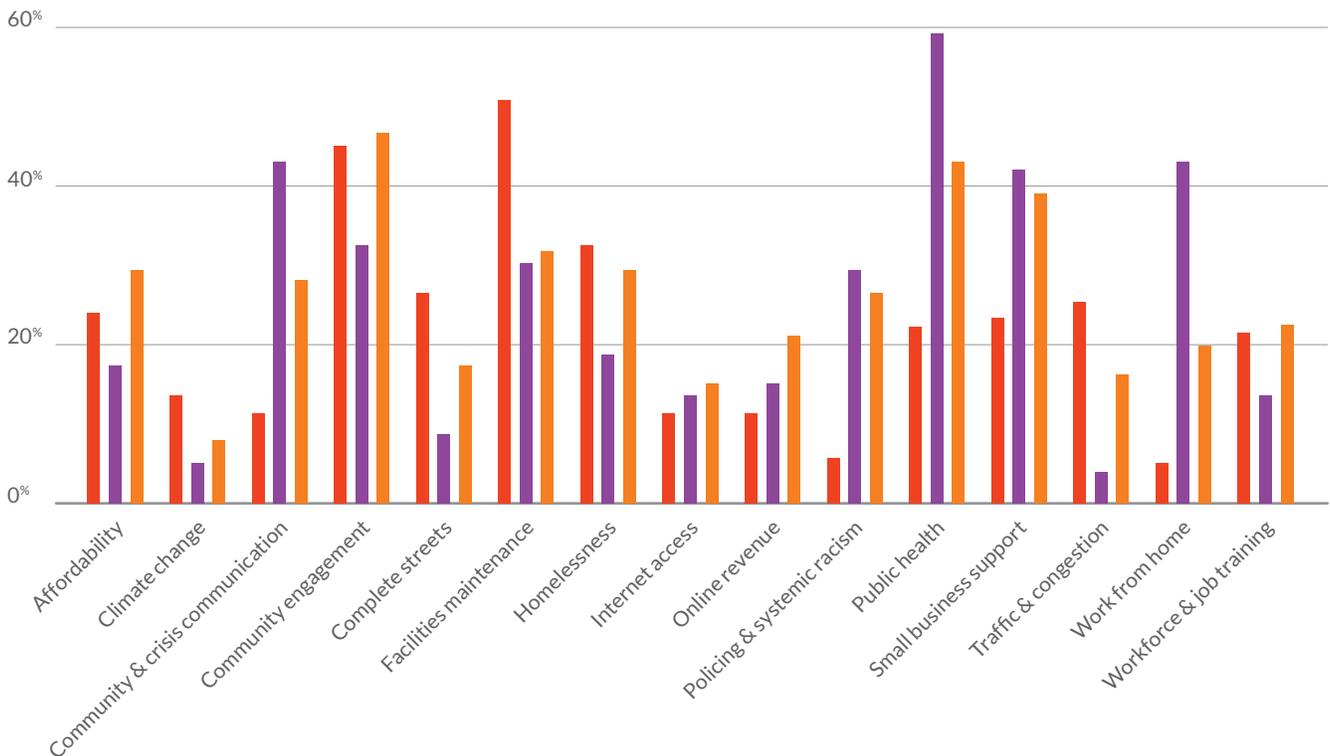
This survey and report are the result of a collaborative effort between ELGL, The Atlas, SeeClickFix by CivicPlus and Route Fifty.

Shifting Priorities

Rapid evolution of priorities reflect an immediate response by local government to address COVID-19 and social justice protests. Across the board, respondents signaled expectations that local government work and public service delivery have been permanently changed.

Impressions of the top 3-5 issues your local government was/is/will be focused on

■ ...6 months ago?
 ■ ...now?
 ■ ...one year from now?



Local Government's Next Normal Survey Findings

Things that seem to be highest priority for local governments right now and into the future?

Community and crisis communications, policing and systemic racism, public health, small business support, and enabling work from home.

	COMMUNITY & CRISIS COMMS	COMMUNITY ENGAGEMENT	POLICING & SYSTEMIC RACISM	PUBLIC HEALTH	SMALL BUSINESS SUPPORT	WORK FROM HOME
...6 months ago?	13%	44%	8%	22%	25%	7%
...now?	43%	30%	31%	60%	42%	43%
...one year from now?	26%	45%	27%	44%	39%	20%

Things that are likely to see less focus by local governments because of the pandemic? Climate change, facilities maintenance, traffic and congestion, and homelessness.

	AFFORDABILITY	CLIMATE CHANGE	COMPLETE STREETS	FACILITIES MAINTENANCE	HOMELESSNESS	INTERNET ACCESS	ONLINE REVENUE	TRAFFIC & CONGESTION	WORKFORCE & JOB TRAINING
...6 months ago?	24%	14%	23%	49%	32%	12%	13%	27%	22%
...now?	18%	4%	10%	26%	18%	14%	17%	6%	14%
...one year from now?	28%	9%	17%	28%	28%	16%	20%	16%	23%

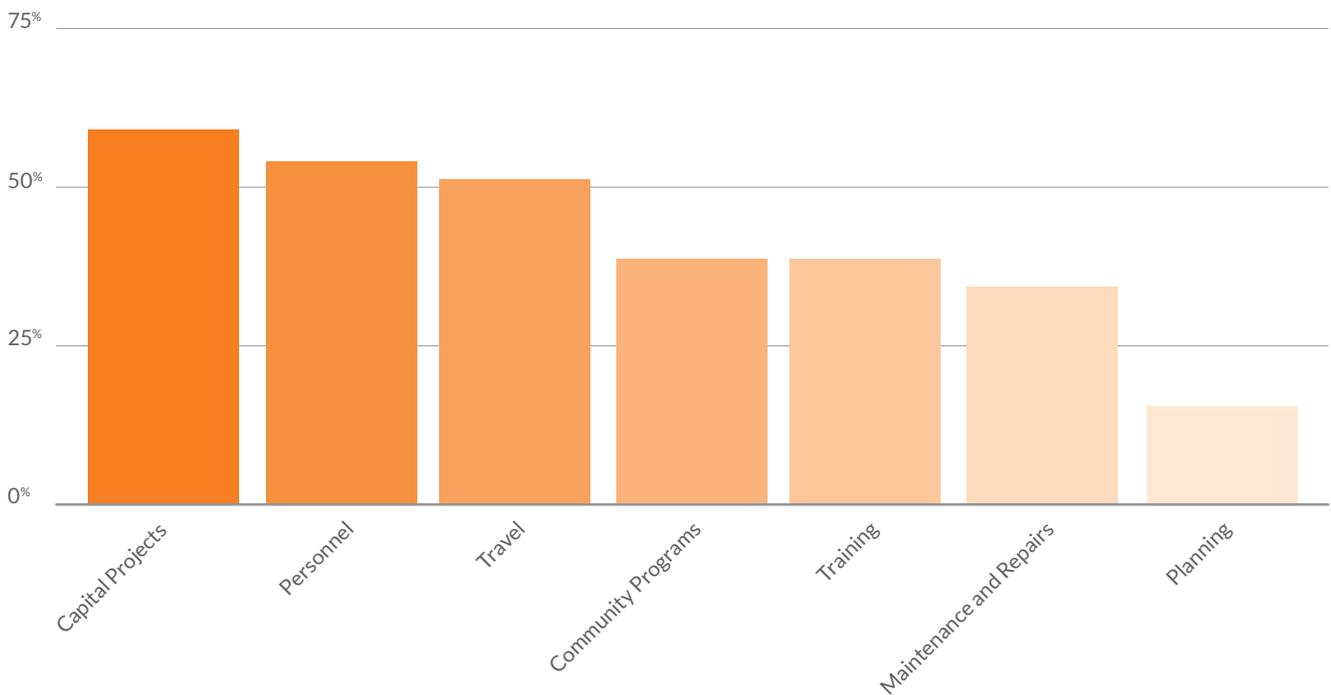
Budget Concerns

Local governments of all sizes are concerned about revenue shortfalls and budget impacts.

94%

94% of respondents believe that their local government budget will be significantly impacted by revenue shortfalls caused by COVID-19 economic impacts.

Top Budget Categories Impacted by Revenue Shortfall



Interestingly, individuals who fall into the leadership group were more concerned about capital project spending being impacted than others (70 percent identified in top three) and less concerned about community programs being cut (only 29 percent identified in top three).

Managing People

Survey findings show that there's a significant impact on local government employees and how they view their jobs and their roles in their organizations. These findings, paired with findings that local governments are seeking technology solutions, indicate that human resources, community engagement, and payroll and benefits should be included in the discussion about what technology can do to assuage the concerns raised about employee leadership development, benefits, and retirements, and morale.

>100K	YES	NO	<100K	YES	NO
Uncovered new leaders?	60%	40%	Uncovered new leaders?	46%	54%
Increased retirements?	50%	50%	Increased retirements?	30%	70%
Improved morale?	18%	79%	Improved morale?	9%	90%

A majority of respondents in larger communities indicate that “new leaders” have been uncovered during the pandemic. A large percentage of respondents (70 percent) in larger communities say that planned retirements may be put on hold, likely due to concerns about the effects of COVID on the economy and retirement portfolios.

Responses from both large and small communities indicate that employees aren't doing well: morale has been significantly impacted due to concerns about COVID, constantly changing headlines and news, and new and revised working scenarios.

Silver Linings

While closed offices have exacerbated some existing challenges in local government, respondents report that they have also opened the door for new leaders and expanded use of data-driven decision making especially in mid-size and larger local government organizations.

>100K	YES	NO	<100K	YES	NO
Broken down department silos?	43%	57%	Broken down department silos?	31%	68%
Increased data-driven decision making?	58%	42%	Increased data-driven decision making?	49%	51%

Software and technology adoption has increased in the last few months and will continue to accelerate.

95%

More than 95 percent of respondents shared that their city used software to maintain service levels during the pandemic.

Types of software/tech used by local government during pandemic.

75%

Community engagement & communications

58%

Payment & revenue capture

56%

Forms

54%

Permitting

44%

Citizen request management

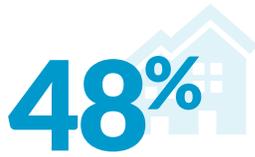
17%

Asset management

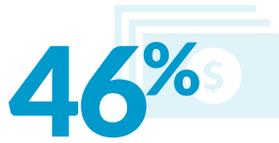
76%

Seventy-six percent say their cities will adopt more software to streamline public services moving forward. Respondents expect projects that move forward in the next twelve months will be focused on enabling work from home and flexible schedules, online revenue capture and payment, and community engagement and communications.

Anticipated future software/tech projects



Work from home & flexible schedules



Online revenue & payment capture



Community engagement



Public service workflow



Community & crisis communications



Internet access & digital divide



Public health & wellness



Workforce & job training



Small business support



Affordability of services



Data privacy



Facilities maintenance & modifications



Policing & systemic racism



Homelessness & affordable housing



Climate change & GHG emissions



Traffic & congestion



Complete streets

80%

Approximately 80 percent of respondents believe that the shift from paper to digital processes will be permanent and bolstered as a result of this global pandemic, with 80 percent believing that software that promises savings (e.g. staff time) has become more attractive since March. That sentiment is strongest when asking leadership.

When asked, “What do you hope will be a positive thing for local governments that comes out of this pandemic?” respondents had varied responses but many were optimistic.

“Piloting new ideas that previously were not widely supported by decision makers, such as on-street parklets. We’ll be able to gather more information about whether this is an idea to pursue after the pandemic.” - Community Development Director small midwestern city

“Better communication and collaboration with other nearby local governments.” - Community Development Director small midwestern city

“A desire to explore newer tech and take more risks.” Director of IT Innovation, a small northeastern city

“Focus on equity and vulnerable populations.” Director of Communications, midsize southeastern county

“Oh, and Zoom meetings—let’s keep those! And meetings that could have been an email are now emails, so also a good productivity shift.” - Director of Operations, a mid-size western city

Conclusion

Like much of the world, it's clear that local government and public service delivery will look a lot different because of COVID-19. While there are still many challenges ahead as local government organizations adjust to the next normal, there are early signs that local governments will come out of this stronger, smarter, and more sustainable.

Continue the Conversation

Share your takeaways from this report. What surprised you? What's consistent with what you're seeing in your organization? Tag us on Twitter and let's continue the conversation!

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