

# Thurston County Financing

Outlook and Implications  
for the County's General Fund



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# Introduction

- ▶ League's study group on County government reported that County General Fund financing is not sustainable (June 2010)
- ▶ This is a structural issue related to counties in WA State, not specific to Thurston County
- ▶ The recent economic conditions have exacerbated this structural problem
- ▶ State government, as the County's primary employer, will create disproportionate layoffs in Thurston County, further exacerbating this County's finances (sales tax, in particular)



# Introduction

- ▶ County finances have already required services to be cut back to levels of 20 years ago.
- ▶ There are serious implications for this (e.g., recent complaints about lack of service from County Sheriff)
- ▶ There are options for the Thurston County public
- ▶ The purpose of this discussion is to lay out the issues, describe some options, and have a general discussion about what the public can/should do

# Background:

## Counties are different from Cities

- ▶ More mandated functions

but

- ▶ Fewer revenue options



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# Background (from WA Assoc. of Counties)

## Mandatory/Discretionary Functions of Counties and Cities

Program	City	County
Administrative Support	D	D
Adult Detention Felons		M
Adult Detention Pretrial & Misdemeanor	M	M
Air Pollution	M	M
Airport	D	D
Animal Control	D	D
Arts	D	D
Assessor		M
Attorney (City/County Cases)	M	M
Auditor		M
Boundary Review Boards		M (D in small counties)
Budget	M	M
Building/Fire Code	M	M
Capital Facility Planning	M	M
Cemetery	D	
Community Development	D	D
Cooperative Extension		D
County Fair		D
Courts	M	M
Developmental Disabilities		M
Elections		M
Electric Energy	D	
Emergency Medical Services	D	D
Employment and Training	D	D
Executive	M	M
Finance/Treasurer	M	M
Fire Suppression	D	
Historic Preservation	D	D
Hospital	D	D
Involuntary Treatment		M
Juvenile Detention and Courts		M

Program	City	County
Land Use Controls (GMA)	M	M
Legislative Council	M	M
Library	D	D
Licensing	D	M
Medical Examiner		M
Mental Health		M
Parks and Recreation	D	D
Planning (GMA)	M	M
Public Defense	M	M
Public Health		M
Public Safety (Crimes)	M	M
Public Transportation	D	D
Roads	M	M
Sewage Collection/Treatment	D	D
Solid Waste Collection	D	
Solid Waste Disposal	D	D
Surface Water	M	M
Traffic Enforcement	M	M
Veteran's Programs	D	M
Water Supply	D	D
Workmen's Compensation	M	M
Youth Services	D	D

**M=Mandatory D=Discretionary**

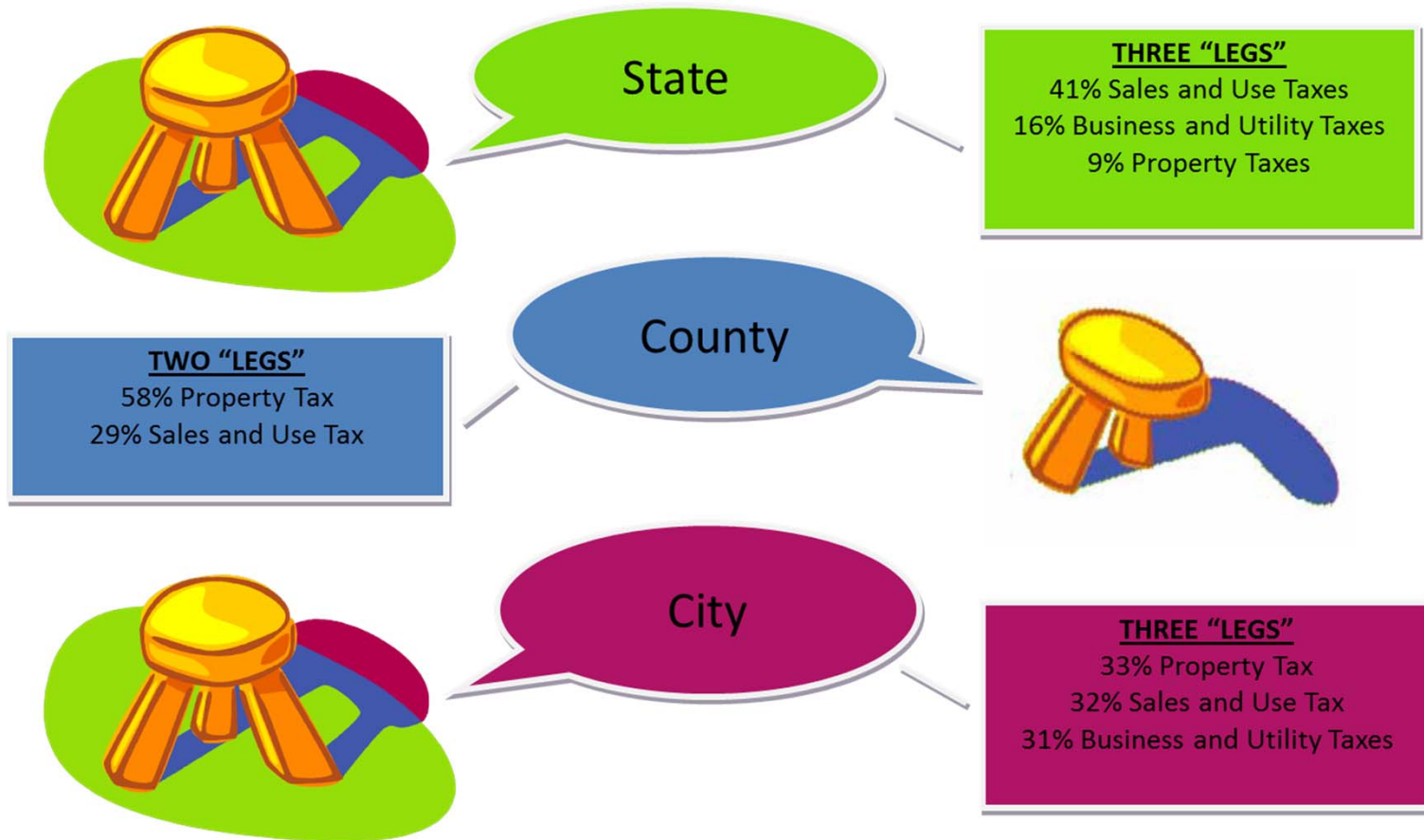
A blank space indicates that the jurisdiction does not have authority to perform the activity or it is not a significant activity for that class of jurisdiction.



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# Background *(from former WA State CTED)*

## General Fund Tax Revenue Comparison



# Background

## County Major Local Funding Sources

### County Wide

- Up to \$1.80 Property Tax Levy
- Sales Tax (15% of City Tax)
- 0.1% Sales Tax  
Correctional Facilities
- 0.1% Sales Tax  
Criminal Justice Assistance  
( shared with cities)
- Up to 0.3% with voter approval  
(Shared with cities with 1/3 dedicated to  
Criminal Justice)

### Unincorporated

- Up to \$2.25 County Road Tax Levy
- Up to 1% Sales Tax



# Background

Cities also have:

- ▶ B&O taxes
- ▶ Utility taxes

available to them, which Counties cannot use.

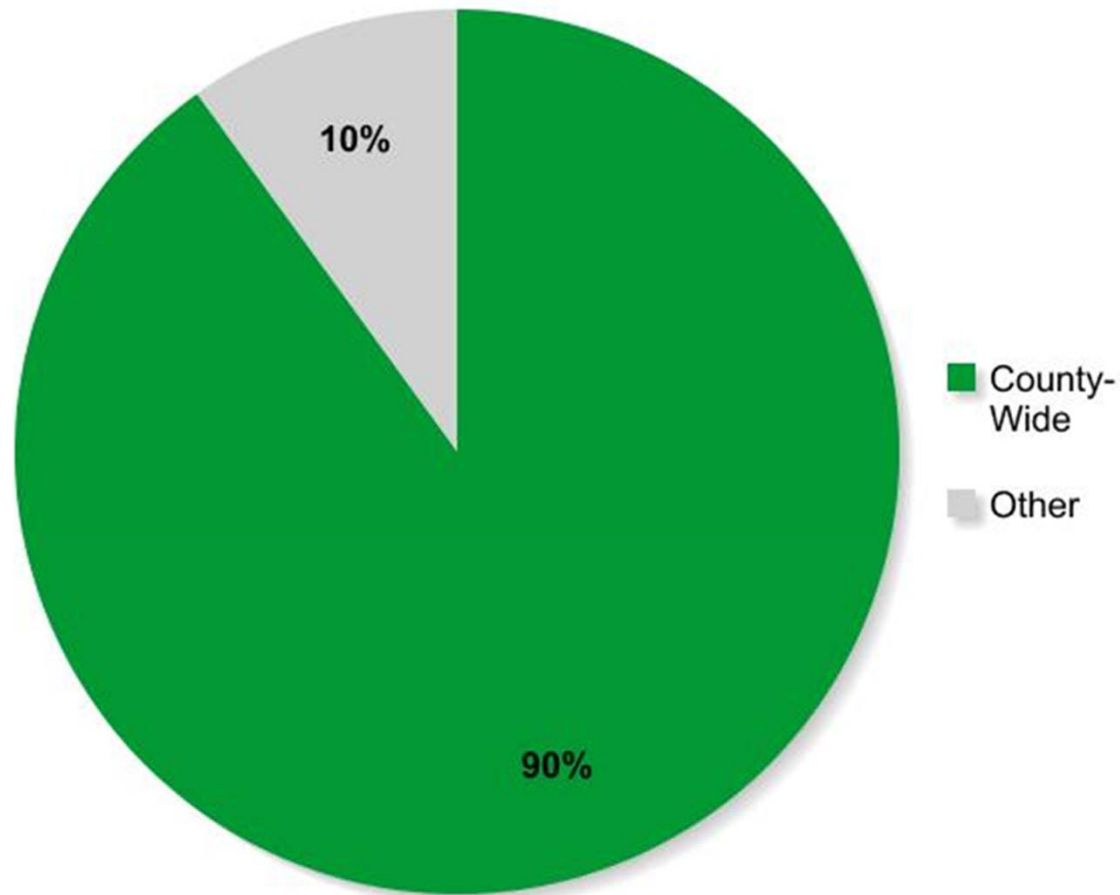
- ▶ Most cities (incl. Olympia, Tumwater and Lacey) charge the full 6% on all utilities
- ▶ The utility tax could make a difference in the County General Fund of about \$3 million annually.



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# Background

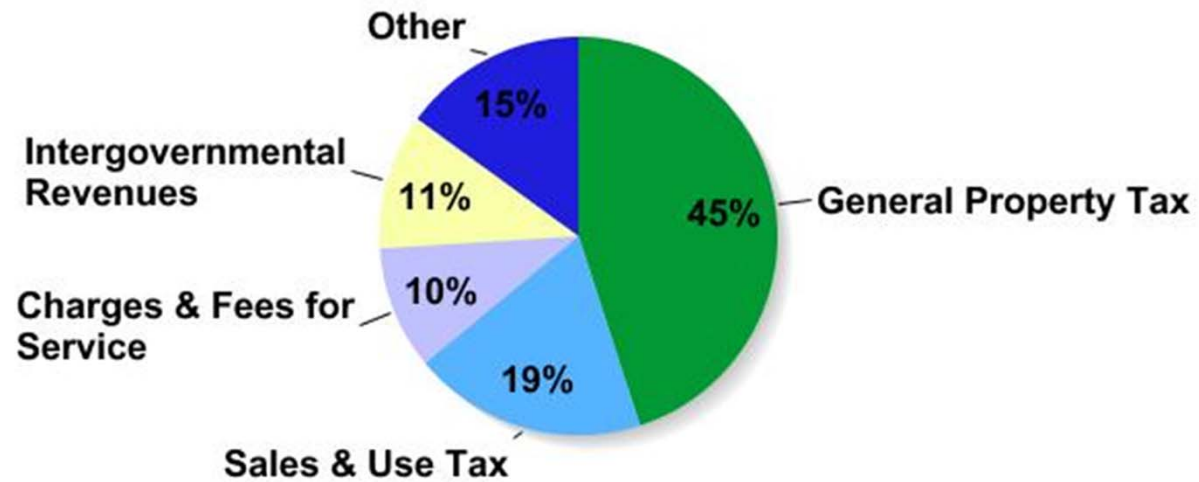
## County Wide Services as Percentage of General Fund



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# Background

## Revenue - General Fund



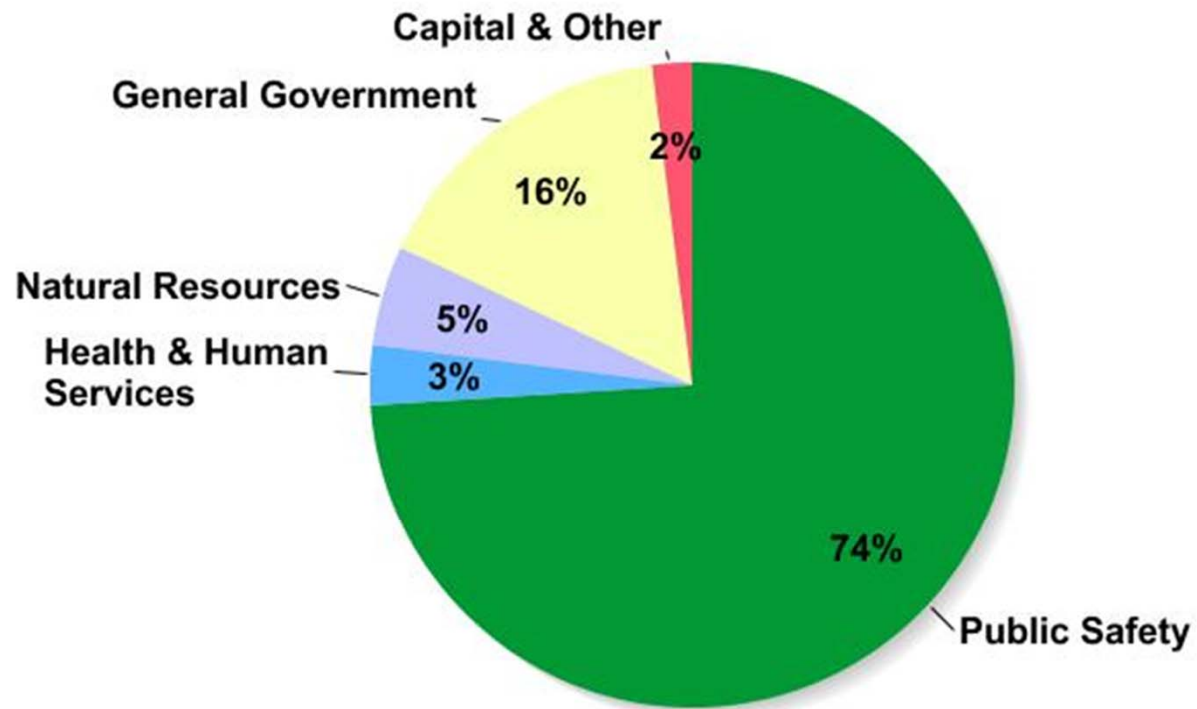
State Auditor's Office LGFRS - 2009



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# Background

## Expenditures - General Fund



State Auditor's Office LGFRS - 2009



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# The Problem

- ▶ Limits on County general funding (to primarily property tax and sales tax)

and

- ▶ Limits on growth of both of those two major sources of revenue (property tax can grow no more than 1% annually (plus new construction))
- ▶ Create a structural financing problem that counties cannot sustain;

and

- ▶ This is exacerbated by the continued economic downturn



# The Problem

## Economic forecast for Thurston County:

- ▶ Slow growth
- ▶ State government will lay off more people as 2011 progresses, especially the last half of the year
- ▶ The Thurston County job market ended the year with a 7.6 % unemployment rate and an under-employment rate of over 17% in 12/2010
- ▶ Joint Base Lewis-McCord troop levels continue to be the economic bright spot and may produce modest sales tax growth in Thurston County of about 2% in 2011.



# The Problem

Economic forecast for Thurston County, cont'd:

- ▶ New construction has continued to decline but may increase slightly (residential sector) in 2011

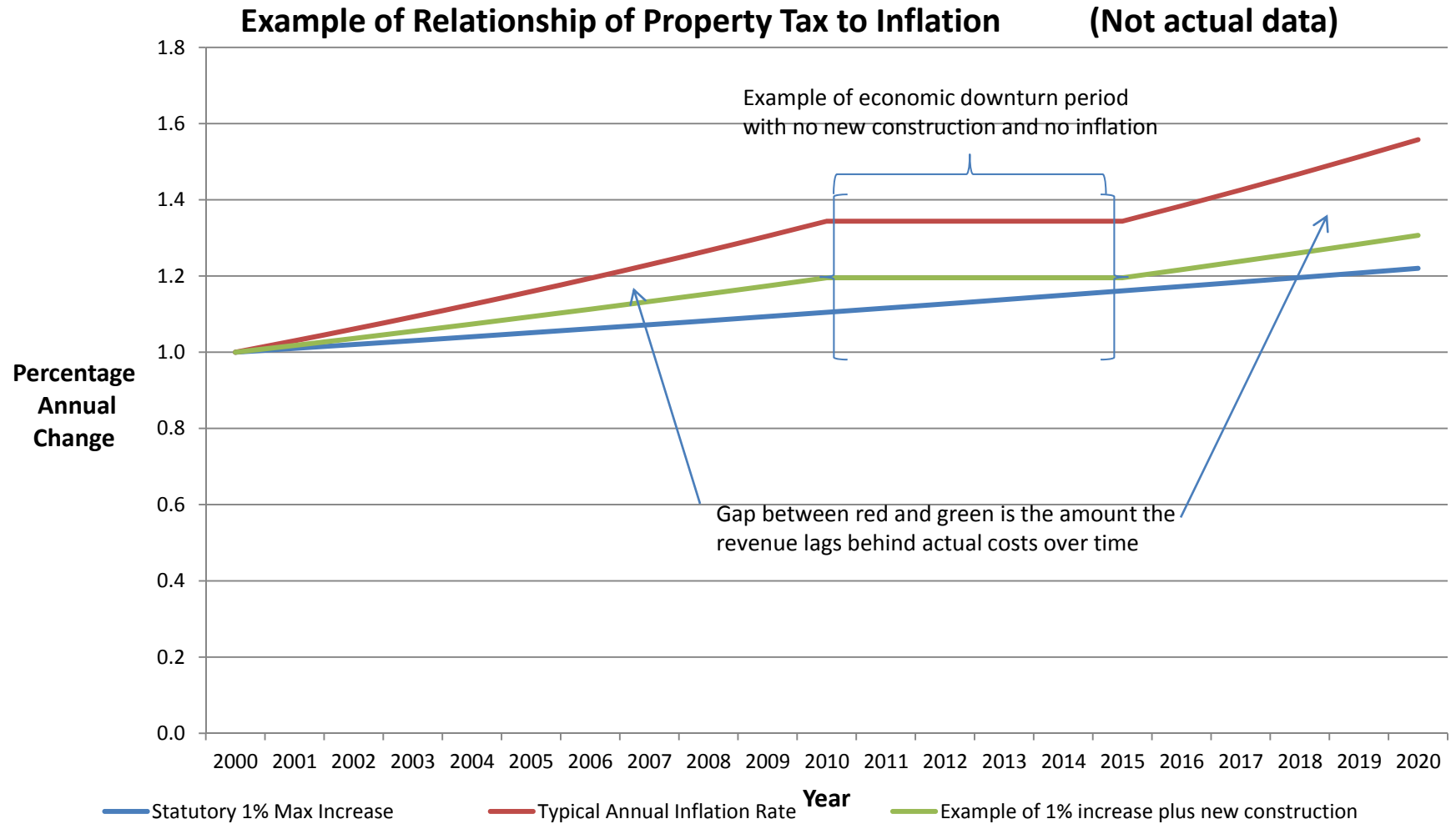
## Thurston County New Construction Value

2007	\$1.1 billion	
2008	\$754 million	-31.5%
2009	\$509 million	-32.5%
2010	\$334 million	-34.4%



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# The Problem



# The Problem

- ▶ With nominal growth in property tax, there is no opportunity to improve service levels, especially during periods of inflation, but even in periods of relatively low – or no – inflation.
- ▶ At present, some Thurston County offices are operating with staffing levels as low as those of many years ago.



# The Problem

FTE Comparison, General-Fund Offices		
	1992	2011
Assessor	37.25	28.75
Auditor	15.00	15.00
Auditor - Elections	9.00	9.00
Auditor - FinServs	12.00	16.00
Commissioners/Budget/Co. Mgr.	13.17	13.25
WSU Extension	3.50	1.55
Human Resources	10.36	12.00
Emergency Services		7.00
Planning		10.00
Treasurer	13.00	8.90

← Previously paid for with other funds



# The Problem

While population increases and changes to statutory requirements have forced many counties, including Thurston, to increase their staffing for law, safety & justice,

- ▶ *General Fund support for public health and parks has been eliminated at Thurston County.*
- ▶ And, even at these increased staffing levels, Sheriff staffing is inadequate for the population now being served.

FTE Comparison - Law, Safety & Justice General Fund		
	1992	2011
Assigned Counsel	4.60	21.00
Civil Service	0.58	1.00
Clerk	24.00	32.00
Coroner	4.00	6.00
District Court	22.00	25.00
Juvenile Court	35.00	61.00
Prosecuting Attorney	40.83	62.90
Sheriff	148.00	105.50
Sheriff - Corrections	included	100.00
Superior Court	22.53	40.65
<b>Law &amp; Justice Total</b>	<b>301.54</b>	<b>455.05</b>



# The Problem

These low levels of service are compounded by need to utilize new jail – but no funds

- ▶ Old jail is a liability
- ▶ Funding for constructing new jail but
- ▶ Economic downturn left no funding to operate it



# Options

The WA State Association of Counties has asked the Legislature to:

- ▶ Diversify the County Revenue Base, specifically the Utility Tax for unincorporated areas
- ▶ Maintain Essential State Financial Assistance
- ▶ Maintain Human Services & Public Health Funding
- ▶ Control the Costs of Providing Services



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# Options

## Other choices available for Thurston County:

- ▶ No change; status quo retains low levels of service
- ▶ Expedite annexations of unincorporated areas by cities to reduce some (not all) county costs for those areas
- ▶ Charter county to change form of government (and allow more taxes)
- ▶ Interjurisdictional agreements to consolidate services
- ▶ Other?



# Discussion

*What do you think the citizens of Thurston County should do?*



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