



2024 -2025 Biennium Budget Preliminary 1

Requests Submitted by Offices and Departments

Board of County Commissioners Briefing

September 5, 2023

Today's Presentation

- Current State and Economic Conditions
- High Level Look at 2024 – 2025 Revenue and Expenditures
- What's Next in the Process



The County Budget

- **Over 90 separate funds**
- **20 distinct offices and departments**
 - 11 offices headed by independently elected officials
 - 8 departments under the direction of the County Manager on behalf of the Board
 - 1 department led by a joint executive committee
- **Operating Budget**
 - Biennial Budget with distinct appropriations for each year
 - Midterm Adjustment required by RCW 36.40.250
- **Capital Budget includes full project costs, balances to the Capital Facilities Plan and provides flexibility between years**



Economic and Budget Outlook



Outlook at the State Level

Economic and Revenue Forecast Council August Update

- The Washington unemployment rate has declined in each of the past five months from 4.6% in February to 3.6% in July. The jobless rate is now at a historic all-time low.
- Housing construction has slowed in the second quarter of 2023. The slow down was due to drop-in multi-family activity. Single family activity has increased in the second quarter.
- Inflation is cooling but remains high– Seattle CPI in July is 3.6% but is expected to average 2.6% per year in 2024 through 2027; 3.4% 2024, 2.3% 2025, 2.2% 2026, 2.3% 2027.
- State revenue collections are 3.6% higher than forecast in June.
- Statewide retail trade sales tax has decreased 1.6% year over year, with the sector showing the most negative growth; sporting goods, toy and music, building materials, garden equipment, electronics, appliance, furniture and home furnishings.
- The accommodation and food services sectors were up 6.4% year over year.
- According to the June Forecast, REET is anticipated to have a decline of 44.3% in FY 2023, a decline of 17 % in FY 2024, and growth of 16.4% in FY 2025.
- Nationally, consumer confidence is increasing, due to the continued slowdown in inflation and stability in the labor markets.



Outlook for Thurston County

- Unemployment rate in July 2023 was 3.6%
- Population growth in Thurston County is 1% in 2023
- Residential real estate market is very competitive, with the average home in Olympia selling in 11 days at about 1.6% above list price (Redfin)
- Property tax increase limited to one percent growth
- A very preliminary value of new construction from the Assessor is \$909 million, 6% growth from 2022
- Preliminary total assessed value in the County is down 1%
- Sales tax growth is at 2.3% compared to last year
- Cost of doing business outpaces county revenues



Property Tax Assessed Values 2013 to 2023

Historical Overview of All Property Values* (Real, Personal, State Assessed Utilities) and Taxes Levied on Them

Tax Year	Total Assessed Values*	New Construction	Average Tax Rate/\$1,000	Property Taxes Levied
2023	\$59.890 Billion	\$855 Million	9.495	\$568.009 Million
2022	\$47.275 Billion	\$729 Million	11.350	\$535.990 Million
2021	\$40.681 Billion	\$733 Million	12.350	\$501.687 Million
2020	\$38.007 Billion	\$653 Million	12.550	\$475.75 Million
2019	\$35.032 Billion	\$569 Million	11.410	\$399.238 Million
2018	\$32.217 Billion	\$488 Million	13.200	\$425.036 Million
2017	\$30.035 Billion	\$441 Million	12.725	\$381.638 Million
2016	\$27.898 Billion	\$327 Million	12.744	\$355.057 Million
2015	\$26.847 Billion	\$297 Million	12.958	\$347.61 Million
2014	\$25.26 Billion	\$301 Million	13.033	\$329.049 Million
2013	\$23.803 Billion	\$287 Million	13.635	\$324.239 Million

* Shows assessed values after reduction for exemptions.

From Office of the Assessor Statistical Report of 2022 Assessments for Taxes Payable in 2023

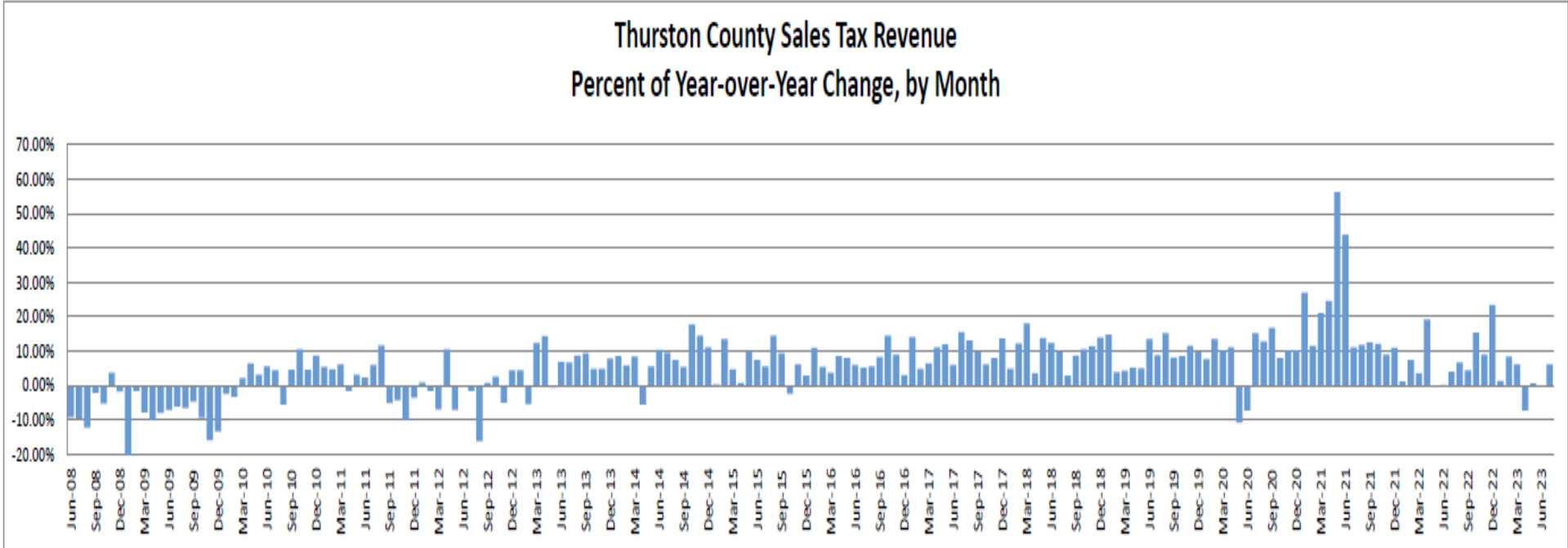


Thurston County Unemployment Data



Sales Tax Revenues 2008 to 2023

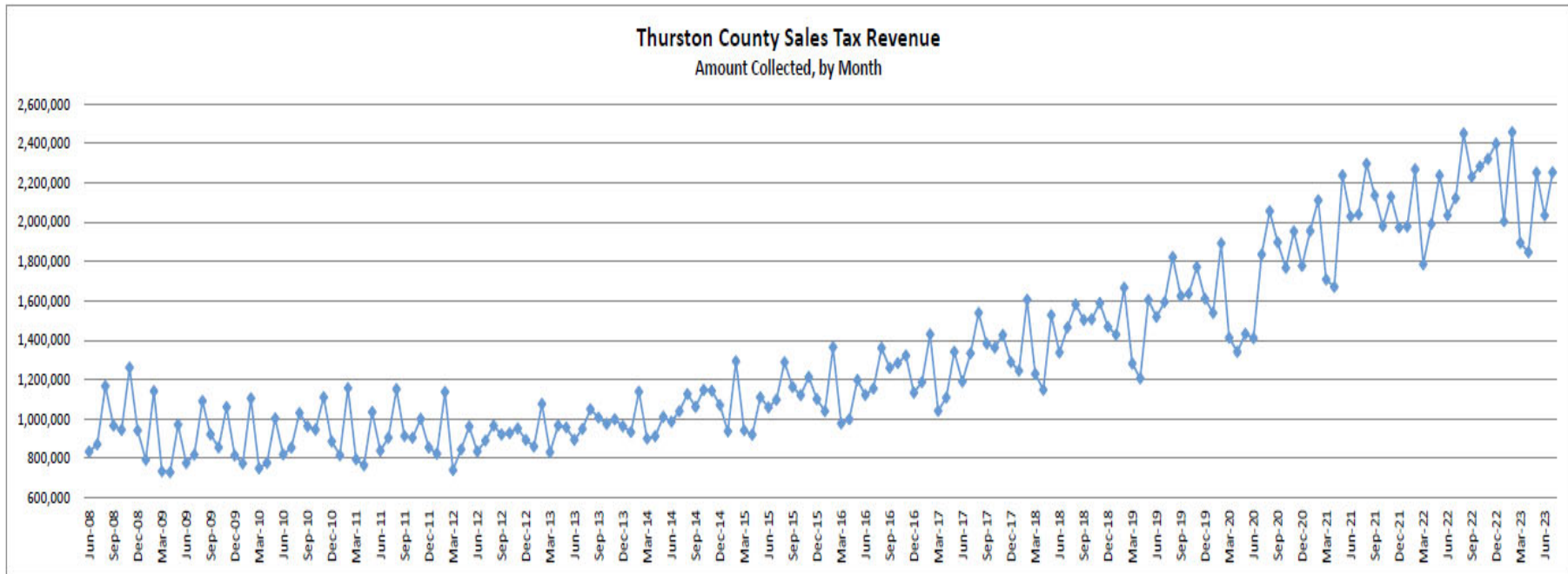
Thurston County Sales Tax Revenue
Percent of Year-over-Year Change, by Month



July sales tax revenue total \$2,254,007.36
 Compared to July 2022, Year-over-Year growth was 6.14%
 July sales tax is earned during the month of May
 Year-over-Year growth for 2023 is approximately 2.3%



County Sales Tax Growth Rates 2008 to 2023



Thurston County Budget Preview



Revenue Overview



Examples of Revenue

➤ Taxes

- Property taxes
- Sales & use tax
- Special revenue taxes such as Treatment Sales Tax

➤ Charges for Services

- Garbage disposal fees at the WARC
- Internal service charges such as Financial Services

➤ Intergovernmental

- COVID funding
- Federal & state grants
- State revenue sharing such as liquor profits

➤ Licenses, Permits, Fines & Forfeitures

- Marriage and vehicle licenses
- Construction Permits
- Court fines such as speeding tickets

➤ Miscellaneous

- Investment interest

➤ Transfers (Other Finance Sources)

- Transfer from Roads Account to Road Construction to account for projects



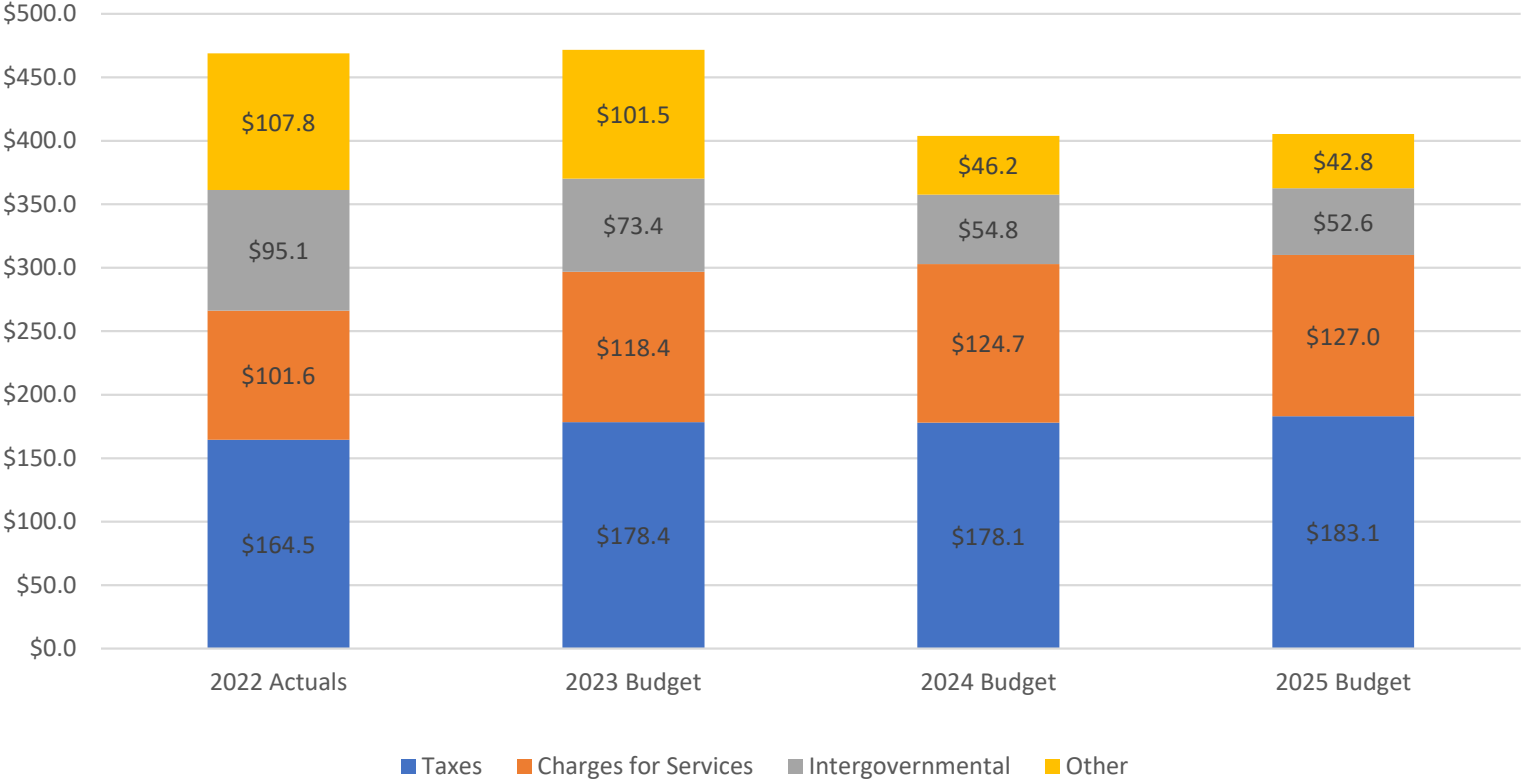
Operating Revenue All Funds

Dollars in Millions

	2022	2023	2024	2025
	Actuals	Budget	Budget	Budget
Taxes	164.5	178.4	178.1	183.1
Charges for Services	101.6	118.4	124.7	127.0
Intergovernmental	95.1	73.4	54.8	52.6
Other	107.8	101.5	46.2	42.8
Total	\$469.0	\$471.7	\$403.9	\$405.5



Operating Revenue All Funds Dollars in Millions



Sources of General Fund Revenue

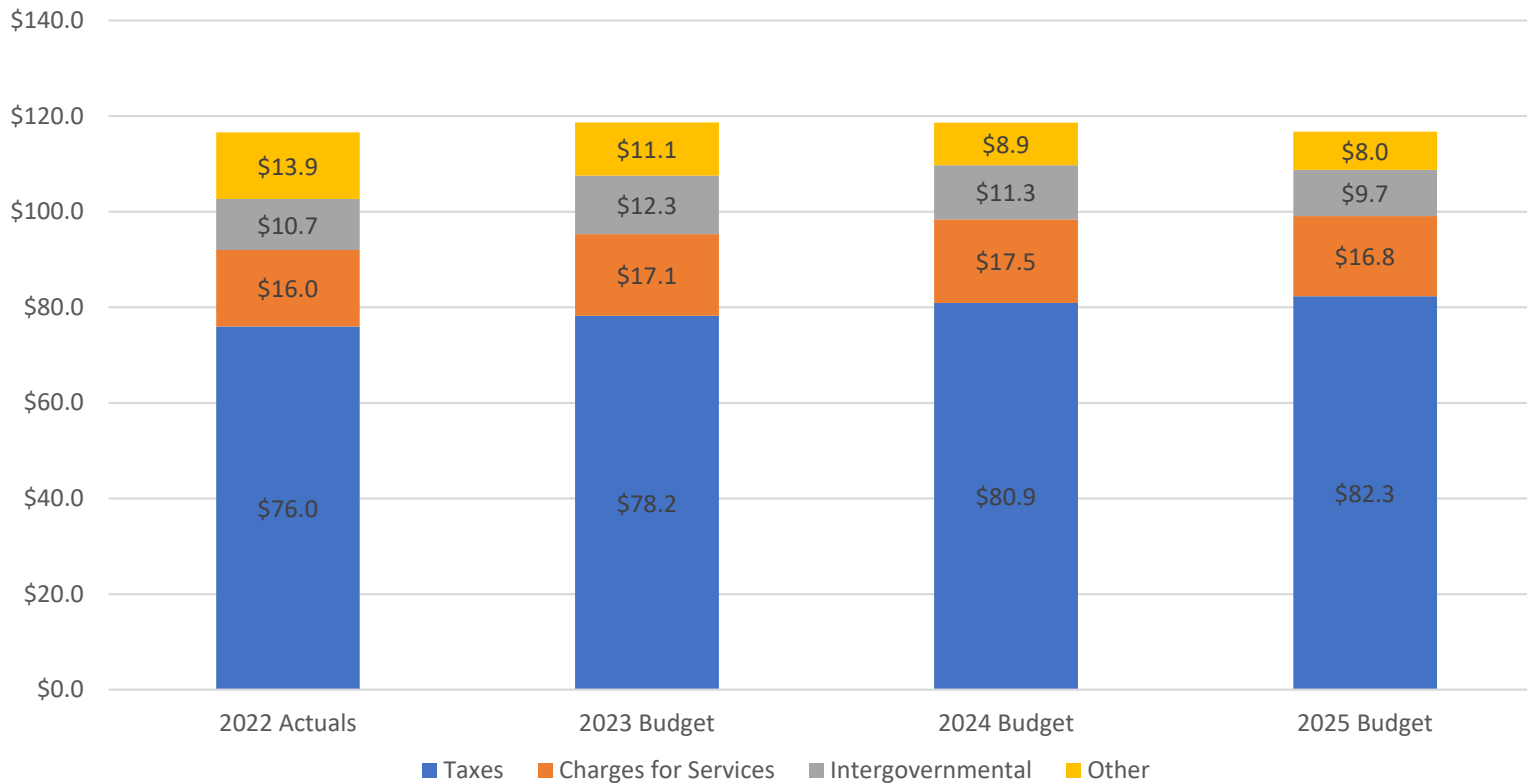
Dollars in Millions

	2022	2023	2024	2025
	Actuals	Budget	Budget	Budget
Taxes	76.0	78.2	80.9	82.3
Charges for Services	16.0	17.1	17.5	16.8
Intergovernmental	10.7	12.3	11.3	9.7
Other	13.9	11.1	8.9	8.0
Total	\$116.6	\$118.7	\$118.6	\$116.8



Sources of General Fund Revenue

Dollars in Millions



General Fund Tax Revenues

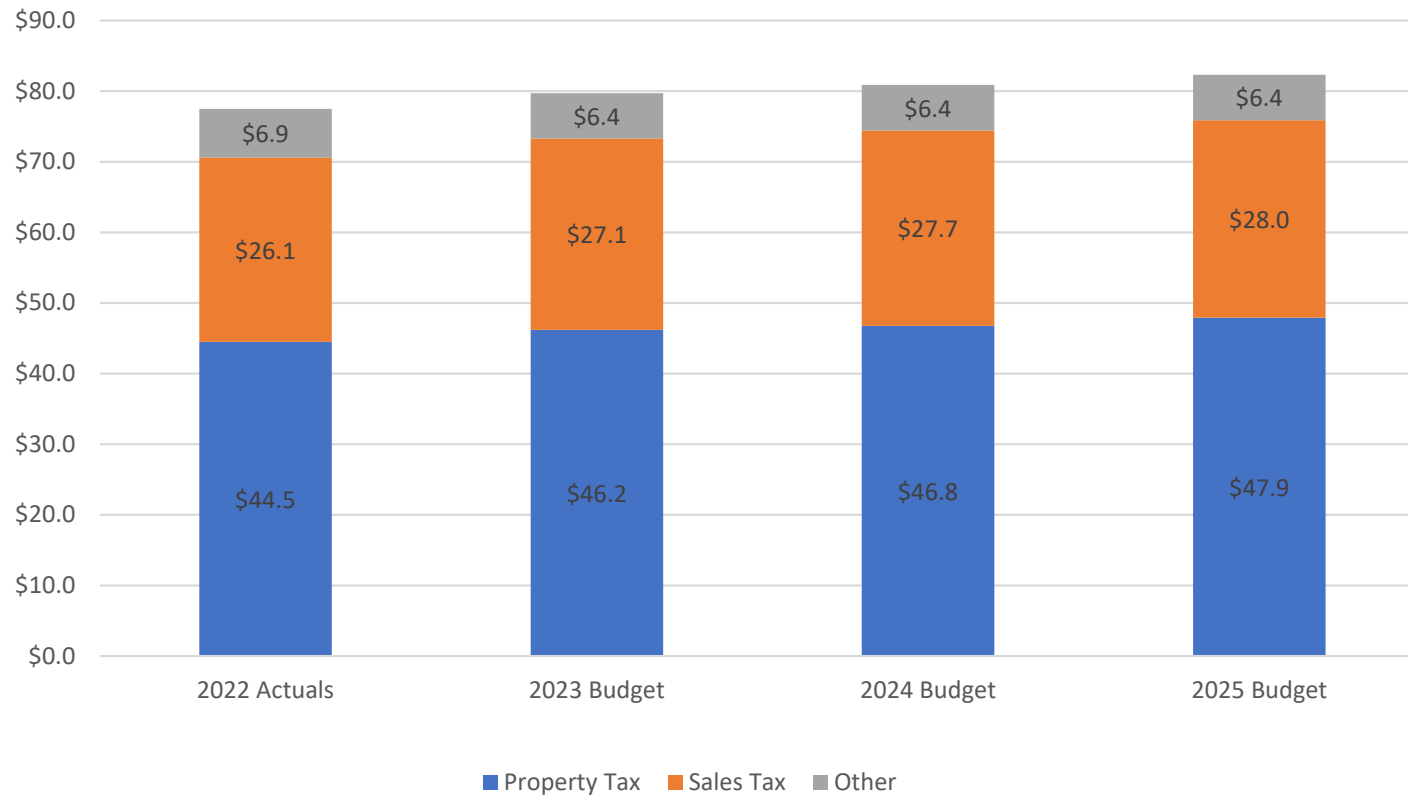
Dollars in Millions

	2022	2023	2024	2025
	Actuals	Budget	Budget	Budget
Property Tax	44.5	46.2	46.8	47.9
Sales Tax	26.1	27.1	27.7	28.0
Other	6.9	6.4	6.4	6.4
Total	\$77.5	\$79.7	\$80.9	\$82.3



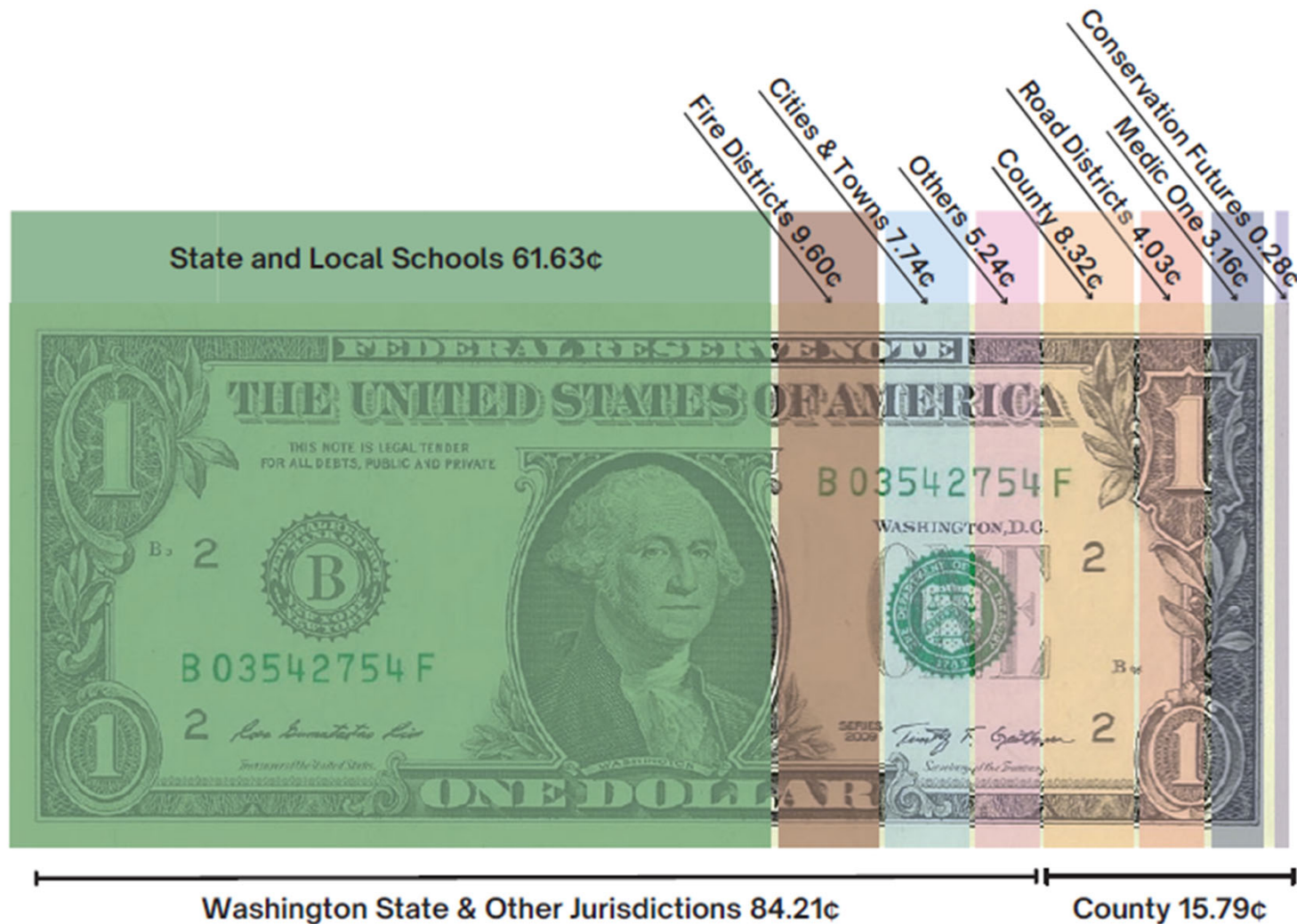
General Fund Tax Revenues

Dollars in Millions



Distribution of 2023 Property Tax

Did you know that only 8¢ of each Property Tax Dollar goes to the Thurston County General Fund



The County portion includes funding to Veterans and Mental Health



Expenditure Overview



Expenditures

Dollars in Millions

	2023	2024	2025
All Funds	Budget	Budget	Budget
Operating	487.8	490.5	473.6
Capital	79.1	85.4	61.5
Total	\$566.9	\$575.9	\$535.1

	2023	2024	2025
General Fund	Budget	Budget	Budget
Operating	131.6	145.7	145.7
Total	\$131.6	\$145.7	\$145.7



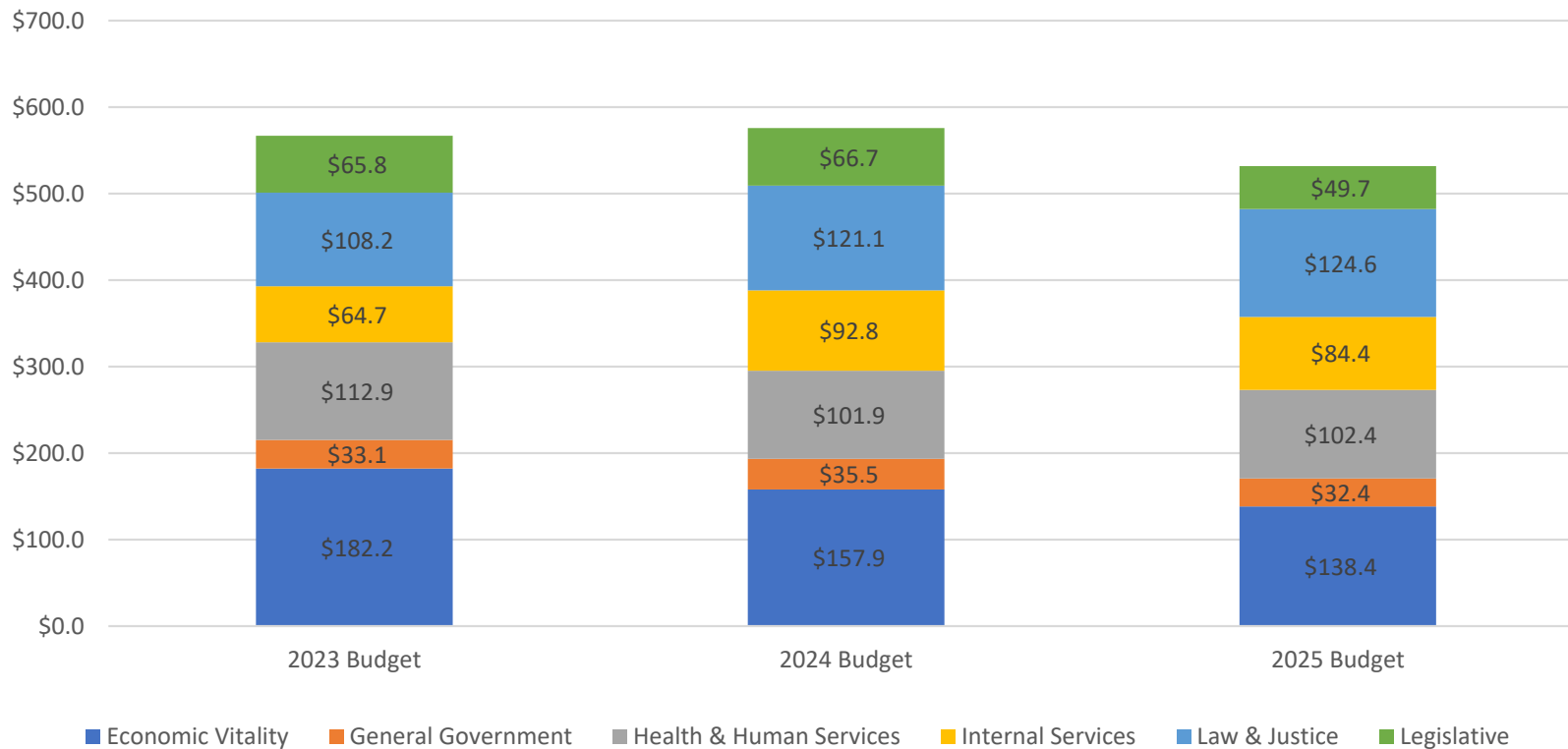
Expenditures All Funds

Dollars In Millions

	2023 Budget	2024 Budget	2025 Budget
Economic Vitality	182.2	157.9	138.4
General Government	33.1	35.5	32.4
Health & Human Services	112.9	101.9	102.4
Internal Services	64.7	92.8	84.4
Law & Justice	108.2	121.1	124.6
Legislative	65.8	66.7	49.7
Total	<u>\$566.9</u>	<u>\$575.9</u>	<u>\$531.9</u>



Expenditures All Funds Dollars in Millions



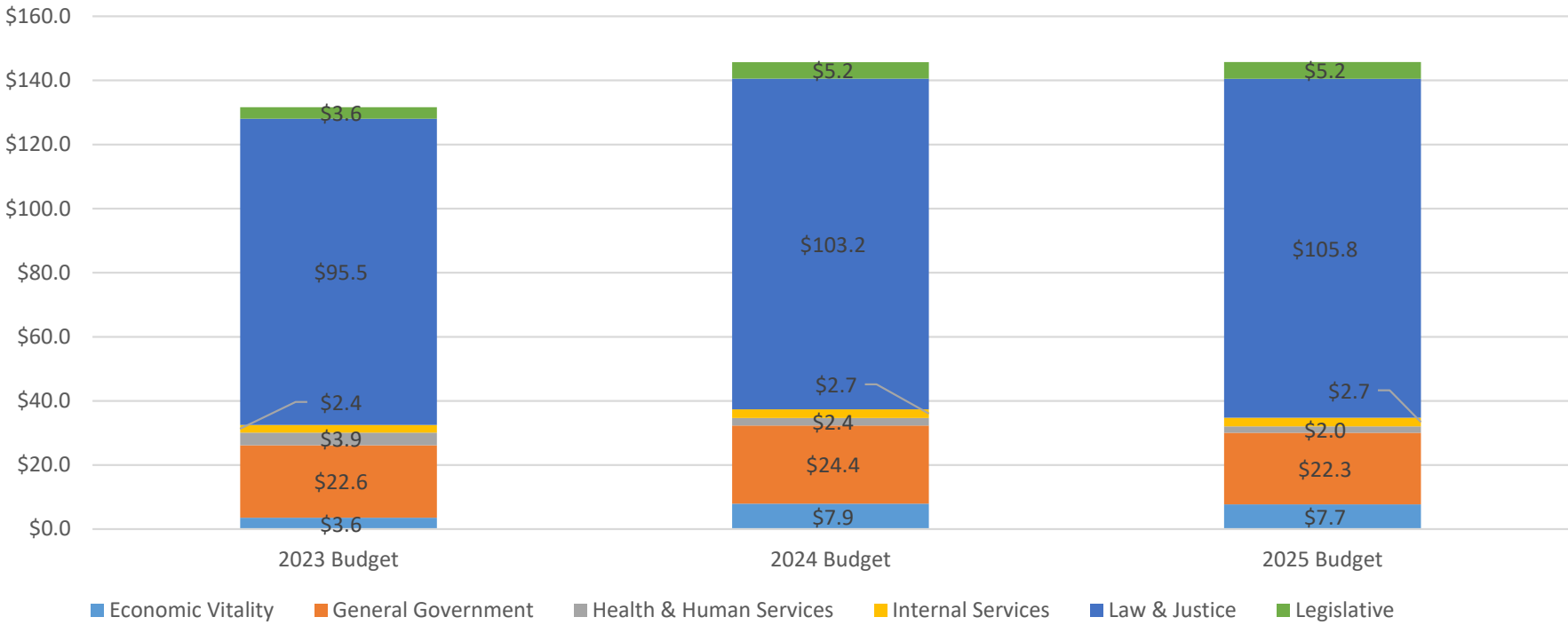
General Fund Expenditures

Dollars in Millions

	2023 Budget	2024 Budget	2025 Budget
Economic Vitality	3.6	7.9	7.7
General Government	22.6	24.4	22.3
Health & Human Services	3.9	2.4	2.0
Internal Services	2.4	2.7	2.7
Law & Justice	95.5	103.2	105.8
Legislative	3.6	5.2	5.2
Total	<u>\$131.6</u>	<u>\$145.7</u>	<u>\$145.7</u>



General Fund Expenditures Dollars in Millions



Significant Items

- Community Services
 - Mental health and chemical dependency services
 - Treatment Sales Tax
 - Public Safety
 - Law enforcement
 - Justice Program
 - Development Services
- Organizational Changes
 - Expansion from Three to Five Commissioners
- Staffing
 - New Positions
 - Reclassifications
 - Classification & Compensation Study Implementation
- Alignment with the Capital Improvement Plan
- Does not include COLA for 2024 and 2025



Capital Improvement Plan

- Comprehensive plan for capital needs

Parks

Solid Waste

Stormwater

Water and Sewer

Transportation

County Buildings

- Includes projects costs for 2024 – 2029
- Includes information on how the county will pay for the projects



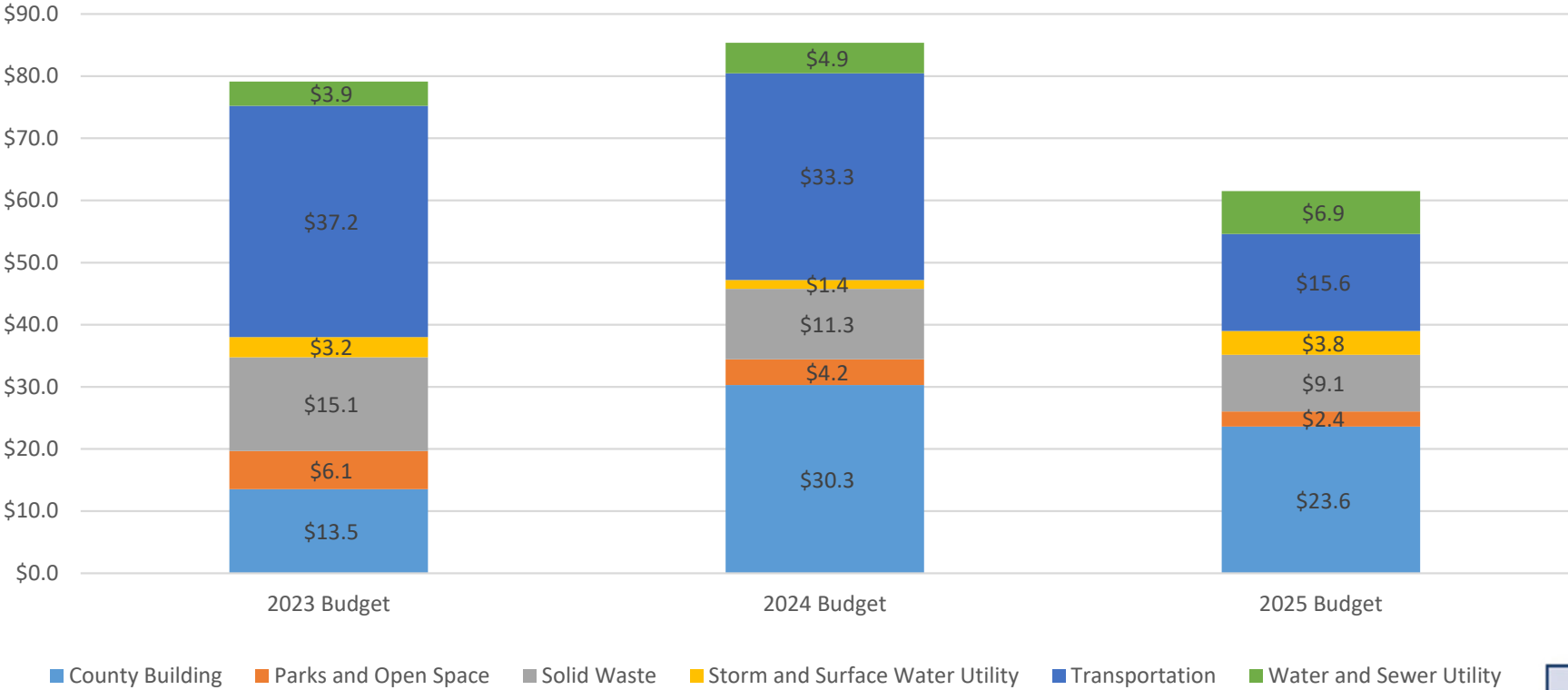
Capital Expenditures

Dollars in Millions

	2023 Budget	2024 Budget	2025 Budget
County Building	13.5	30.3	23.6
Parks and Open Space	6.1	4.2	2.4
Solid Waste	15.1	11.3	9.1
Storm and Surface Water Utility	3.2	1.4	3.8
Transportation	37.2	33.3	15.6
Water and Sewer Utility	3.9	4.9	6.9
Total	<u>\$79.1</u>	<u>\$85.4</u>	<u>\$61.5</u>



Capital Expenditures Dollars in Millions



What to Expect in the Coming Months



Budget Work Sessions and Adoption Schedule

Date	Activity / Action
September 11, 13-14	Budget Overview
October 2 - 13	Board Work Sessions: Budget Presentations
October 23 - 27	Board Work Sessions: Decisions
October 27	Board Preliminary 2 Decisions
November 20	Publish BoCC Preliminary 2 Budget
December 4 - 5	Public Hearings
December 6 - 7	Board Final Deliberations
December 12	Property Tax Levy Certification
December 15	Budget Adoption



Thank you!

For questions, contact:

Nicole Martinez, Budget and Fiscal Manager

360-786-5130

nicole.martinez@co.thurston.wa.us

Robin Campbell, Assistant County Manager

360-790-3063

robin.campbell@co.thurston.wa.us

