



THURSTON COUNTY

W A S H I N G T O N

SINCE 1852

2021 Budget: Preliminary I

Requests Submitted by Offices and Departments

September 1, 2020

TODAY'S PRESENTATION

- **Current State and Economic Conditions**
- **High Level Look at 2021 Revenue & Expenditures**
- **What's Next in the Process**

THE COUNTY BUDGET

- **Over 80 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**
 - Phase 2 of Direct Appropriations
- **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

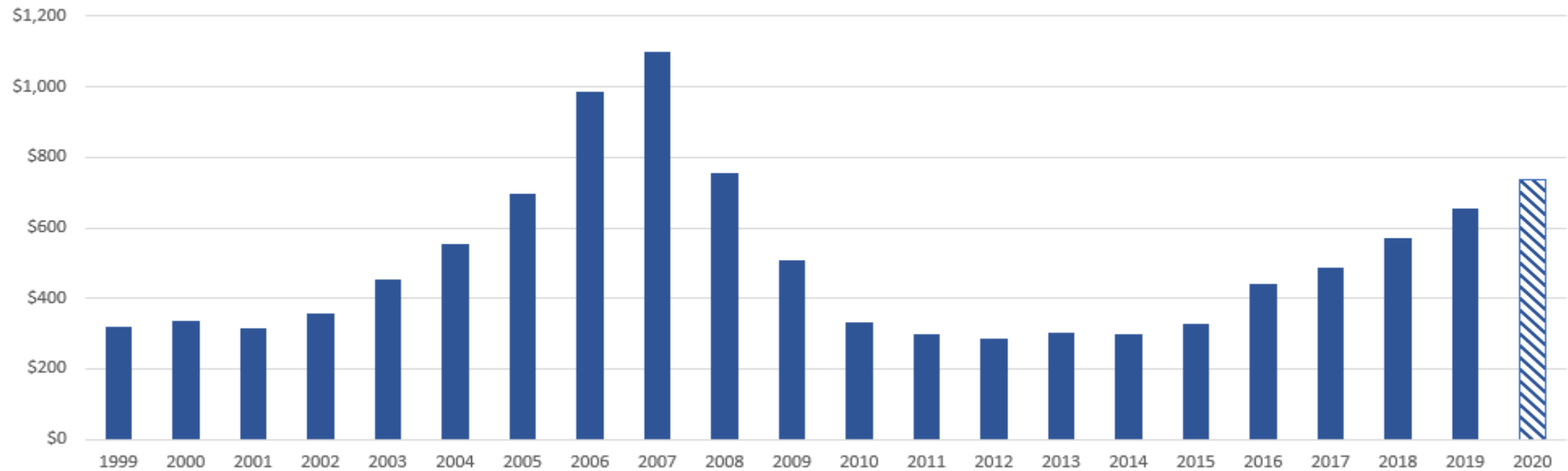
- The Economic and Revenue Forecast Council August update:
 - Some retail trade revenues are stronger than expected, up 12.5% year over year (autos, non-store retailers, electronics & appliances, building materials and garden supplies)
 - Non-retail trade down 13% year over year
 - Accommodation and food services revenue down 43.8%
 - REET collections are higher than the forecast, cumulatively up \$60.4 million or 52.5%
 - Liquor taxes are higher than the forecast, cumulatively up \$9.6 million or 19.7% higher than forecast
 - Property tax collections are lower than forecast, cumulatively down \$3.4 million or -1.8%
- The State of Washington anticipates a \$4.3 billion deficit in their 2021-23 Biennium
 - Currently implemented furloughs and mandated savings

OUTLOOK FOR THURSTON COUNTY

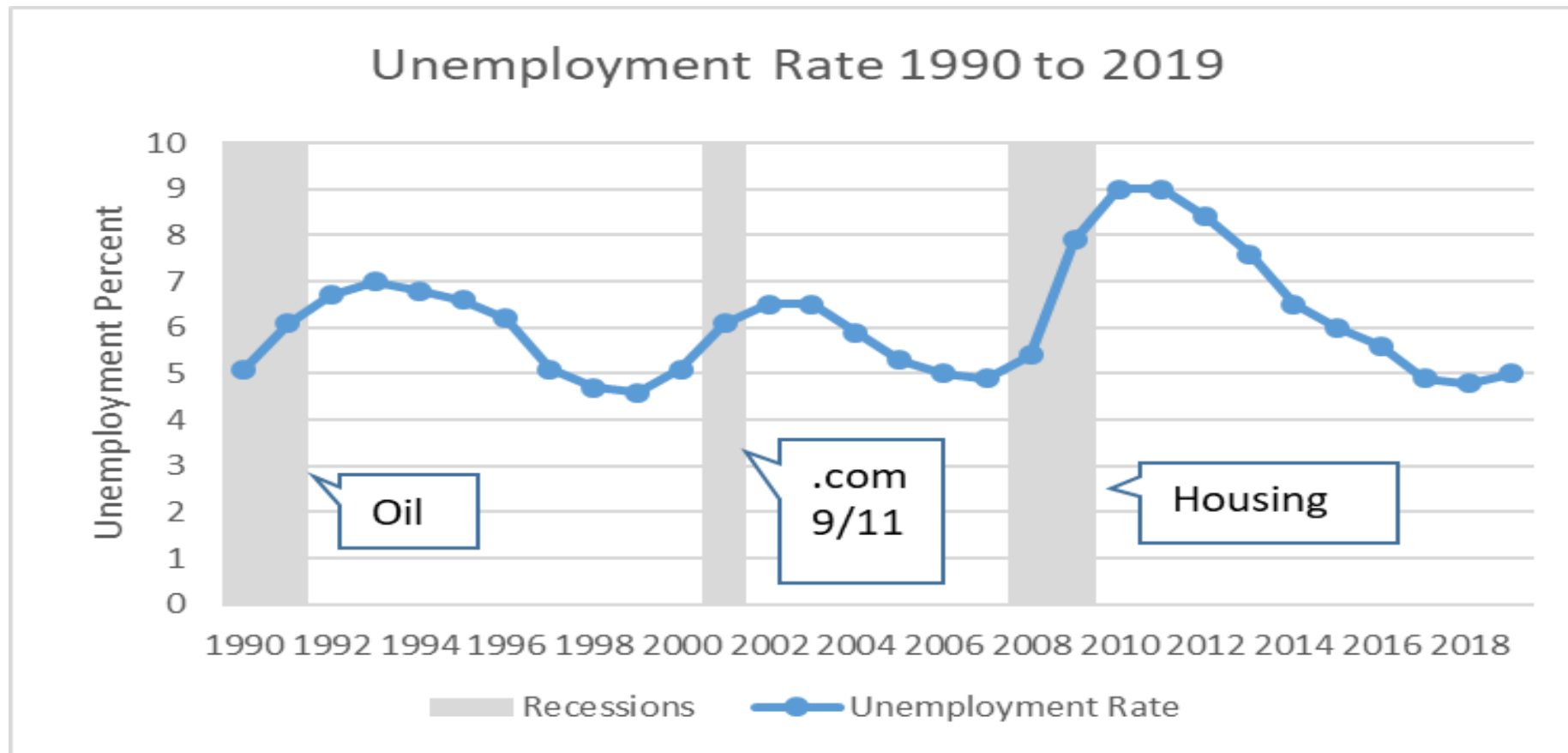
- Property tax increase limited to one percent growth
- The Assessor estimates county-wide new construction this year at \$738.4 million, growth of 13%. Of that amount \$222.8 million is in the unincorporated area; this represents a 2% decrease in the UGAs and rural Thurston County.
- Residential real estate market remains strong, commercial market more at risk
- Through August, sales tax revenue is 6.6% above last year, and 0.6% above this year's Pre-COVID forecast
- Unemployment rate has dropped from a high of 15.9% in April to 9% in June
- Population growth in incorporated Thurston County is 2.8%, unincorporated areas .9%
- Population growth drives the need for expanded services
- State budget crunch may affect county revenues
- Cost of doing business outpaces revenues

COUNTY NEW CONSTRUCTION VALUES 1999 TO 2020

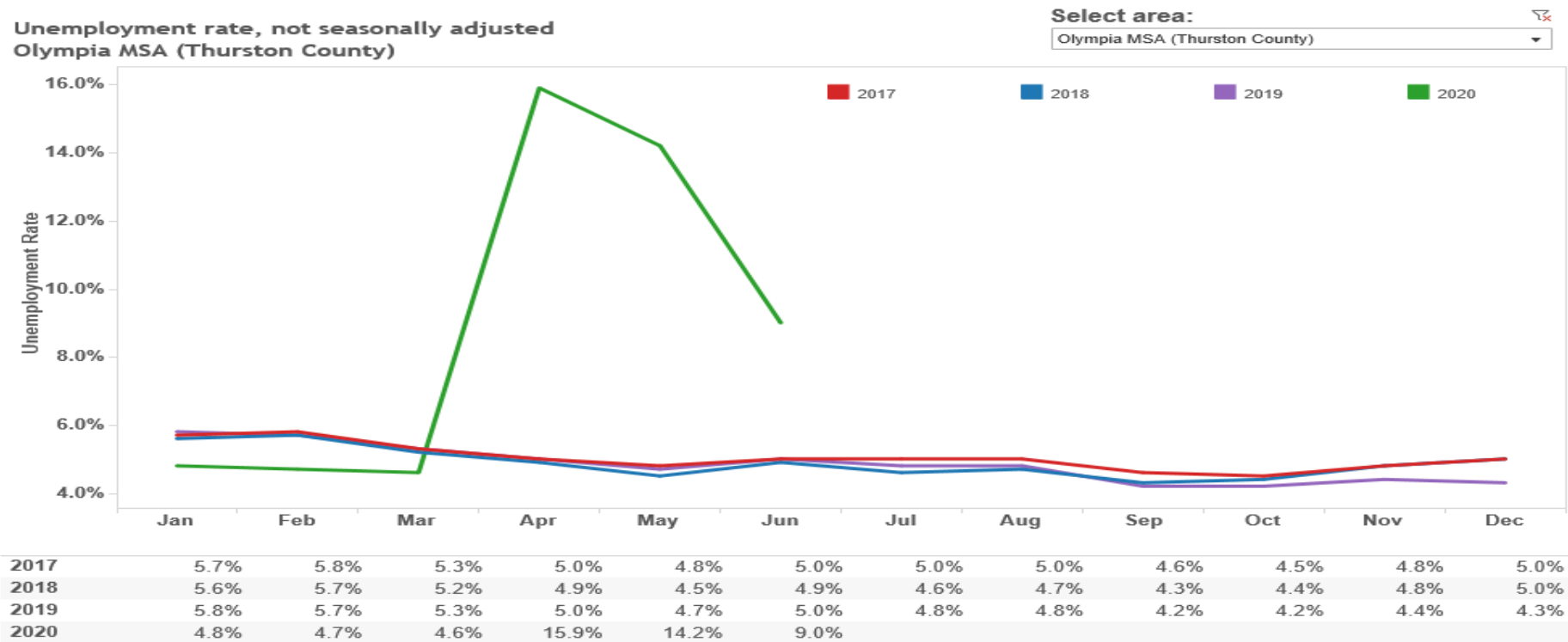
Thurston County New Construction Values
dollars in millions



HISTORICAL THURSTON COUNTY UNEMPLOYMENT DATA



COUNTY MONTHLY UNEMPLOYMENT RATE 2017 TO 2020



Employment and unemployment, not seasonally adjusted
Olympia MSA (Thurston County)

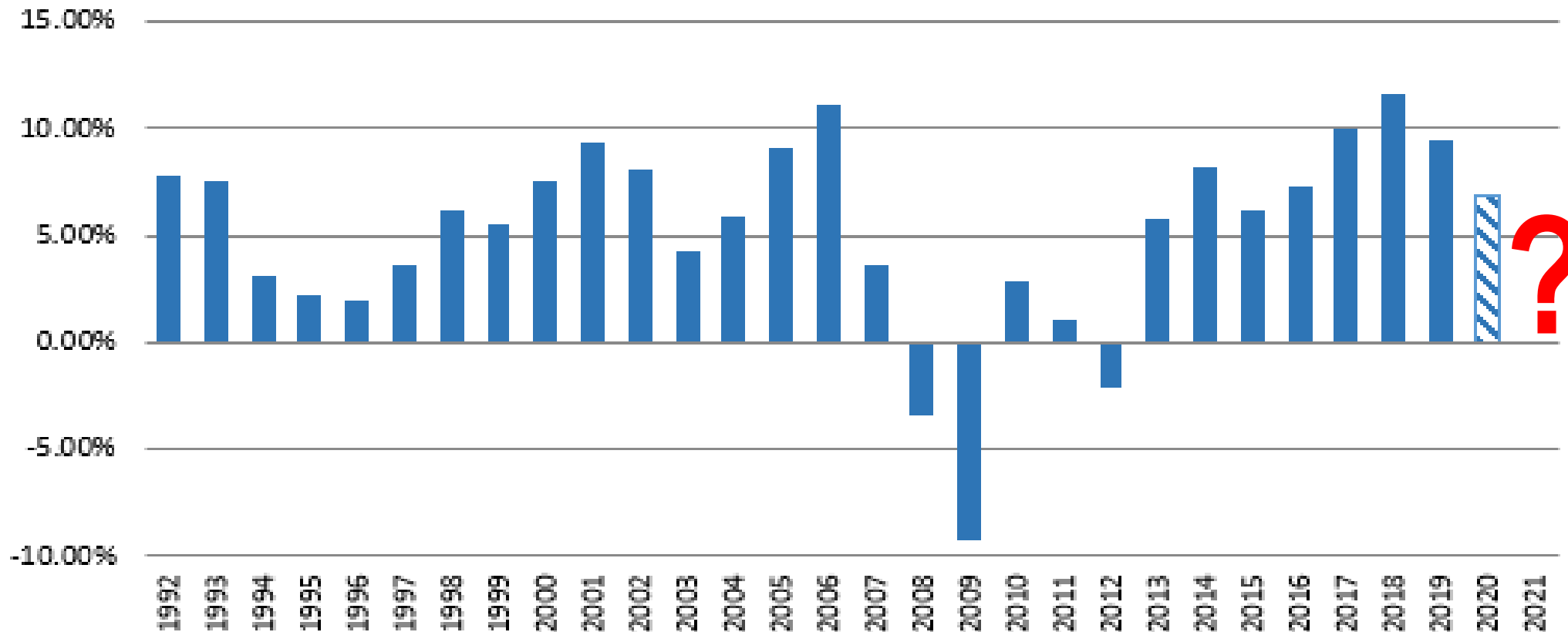
	2020		2019		2018		2017	
	June	May	June	May	June	May	June	May
Civilian Labor Force	142,545	148,781	141,189	141,359	136,648	137,030	133,129	133,010
Employment	129,694	127,594	134,142	134,649	129,900	130,817	126,497	126,590
Unemployment	12,851	21,187	7,047	6,710	6,748	6,213	6,632	6,420
Unemployment Rate	9.0%	14.2%	5.0%	4.7%	4.9%	4.5%	5.0%	4.8%

SALES TAX – THE BIG UNKNOWN

- Sales tax is about 18% of county General Fund revenue
- Although April – June revenue was down, even when adjusted for delayed payments July and August were up compared to last year.
- This is mainly due to strong retail sales
- Like the county, the Washington State Economic and Revenue Forecast Council reports sales tax revenue in the last two months that is substantially higher than their June 2020 forecast.
 - “It remains to be seen whether the increased retail activity is sustainable or just the result of a temporary release of pent-up demand.” *ERFC Update, August 17, 2020*

COUNTY SALES TAX GROWTH RATES 1992 TO 2020

Thurston County Sales Tax Revenue
Percent of Annual Year-over-Year Change





THURSTON COUNTY BUDGET PREVIEW



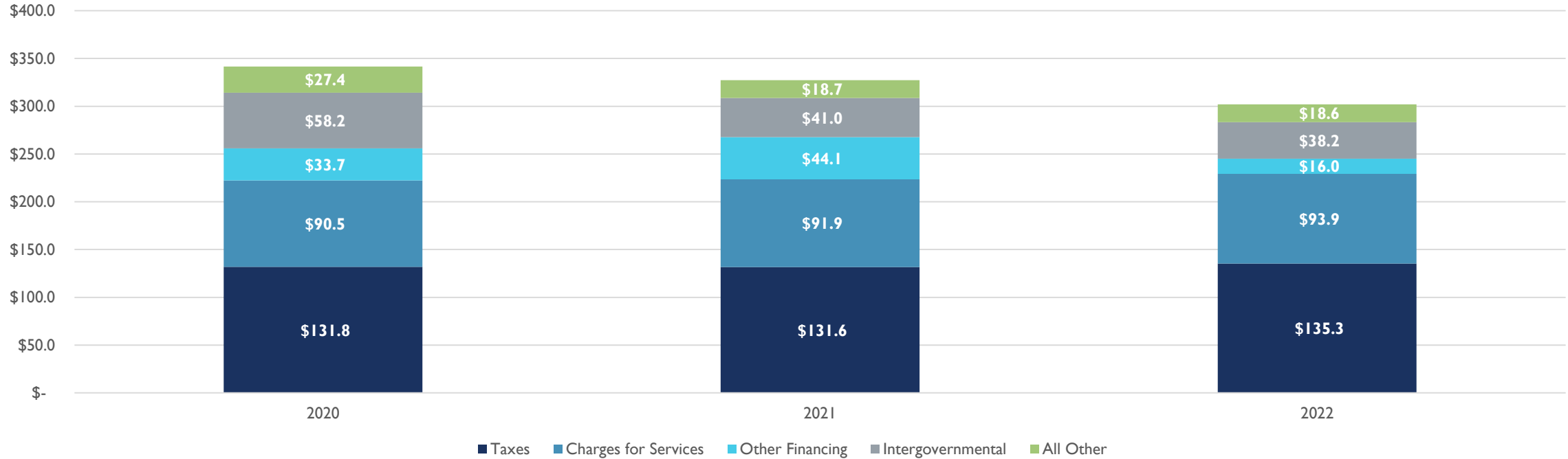
REVENUE OVERVIEW

SOURCES OF OPERATING REVENUE – ALL FUNDS IN MILLIONS

	2020	2021	2022
Taxes	\$ 131.8	\$ 131.6	\$ 135.3
Charges for Services	\$ 90.5	\$ 91.9	\$ 93.9
Other Financing	\$ 33.7	\$ 44.1	\$ 16.0
Intergovernmental	\$ 58.2	\$ 41.0	\$ 38.2
All Other	\$ 27.4	\$ 18.7	\$ 18.6
Total	\$ 341.6	\$ 327.3	\$ 302.0

SOURCES OF OPERATING REVENUE - ALL FUNDS

Revenue All Funds, in Millions



EXAMPLES OF REVENUE

- **Taxes**

- Property Tax
- 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 Revenues**

- Federal and State grants for services such as roads and housing
- State revenue sharing, such as Liquor Profits

- **Licenses and Permits; Fines and Forfeits**

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

- **Miscellaneous Revenue**

- Investment Interest

- **Transfers (Other Finance Sources)**

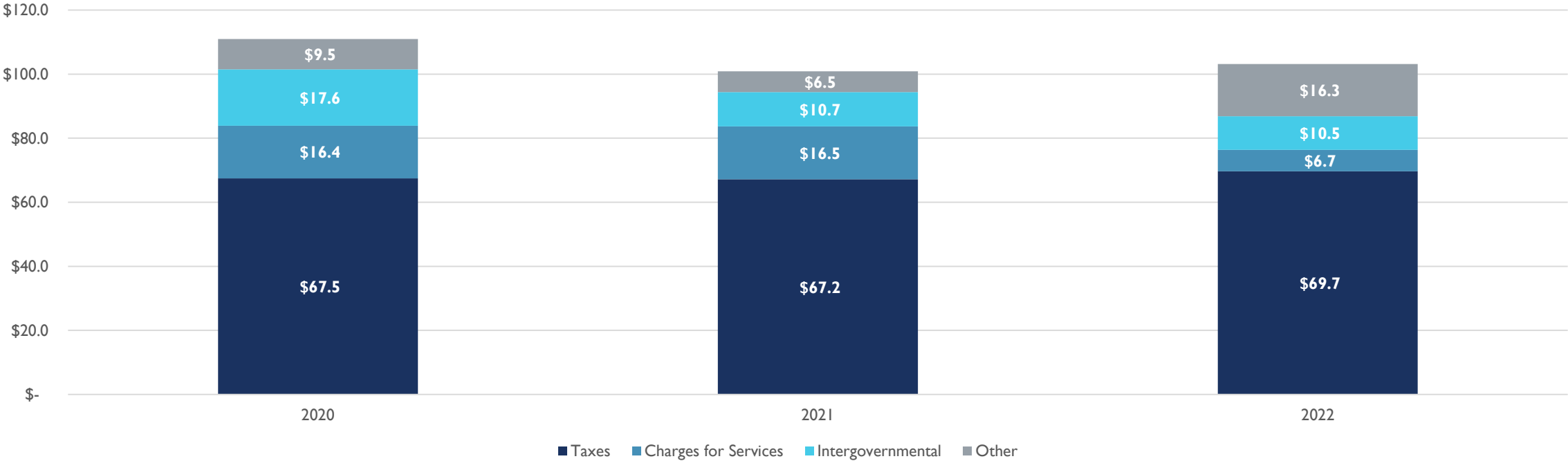
- Transfer from Roads Account to Road Construction to account for projects

SOURCES OF GENERAL FUND REVENUE IN MILLIONS

	2020	2021	2022
Taxes	\$ 67.5	\$ 67.2	\$ 69.7
Charges for Services	\$ 16.4	\$ 16.5	\$ 6.7
Intergovernmental	\$ 17.6	\$ 10.7	\$ 10.5
Other	\$ 9.5	\$ 6.5	\$ 16.3
Total	\$ 111.0	\$ 100.9	\$ 103.2

SOURCES OF GENERAL FUND REVENUE

General Fund Revenue, in Millions

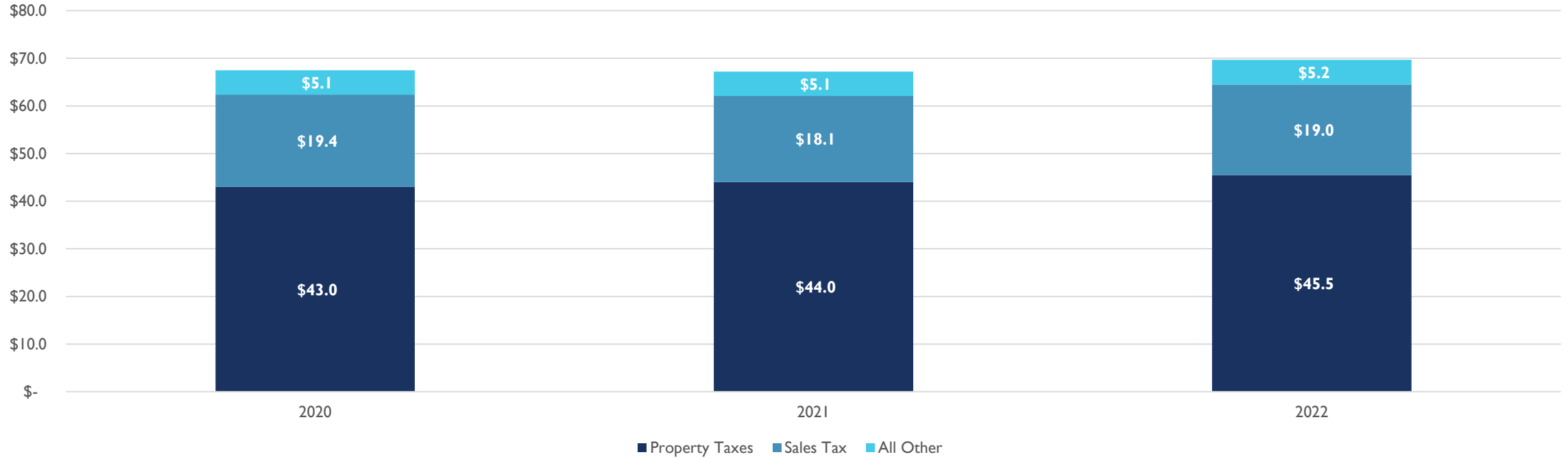


GENERAL FUND TAX REVENUES IN MILLIONS

	2020	2021	2022
Property Taxes	\$ 43.0	\$ 44.0	\$ 45.5
Sales Tax	\$ 19.4	\$ 18.1	\$ 19.0
All Other	\$ 5.1	\$ 5.1	\$ 5.2
Total	\$ 67.5	\$ 67.2	\$ 69.7

GENERAL FUND TAX REVENUES

General Fund Tax Revenues, in Millions



DISTRIBUTION OF PROPERTY TAX





EXPENDITURE OVERVIEW

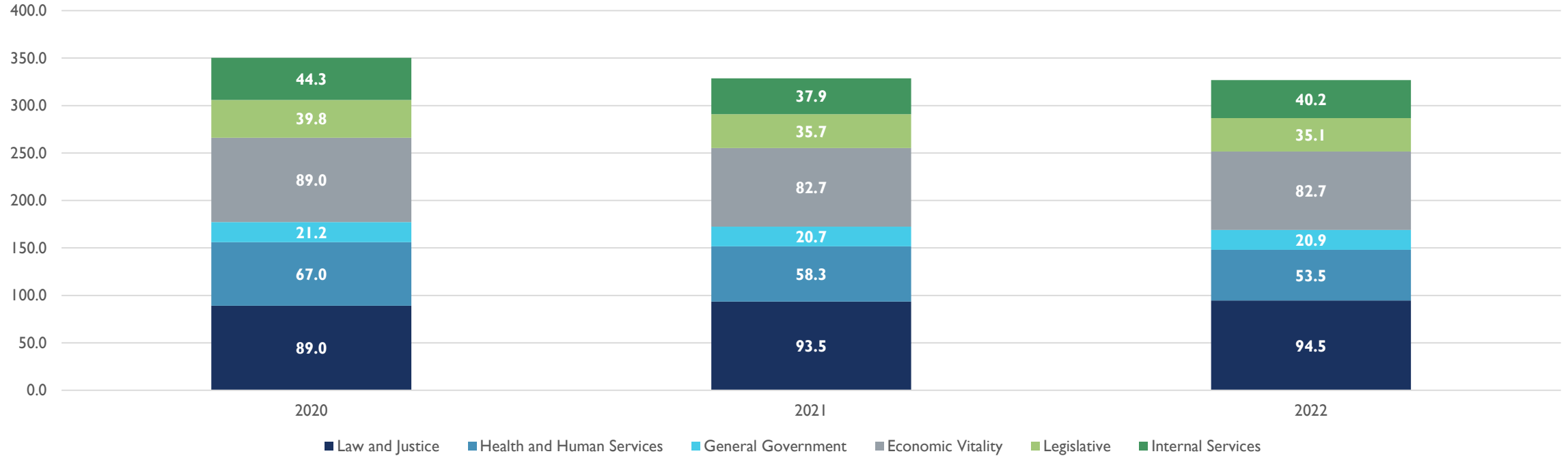
PROPOSED EXPENDITURES, IN MILLIONS

All Funds	2020	2021	2022
Operating	\$ 350.3	\$ 328.8	\$ 326.9
Capital	\$ 52.1	\$ 44.4	\$ 46.0
Total	\$ 402.4	\$ 373.2	\$ 372.9

General Fund	2020	2021	2022
Operating	\$ 113.3	\$ 111.6	\$ 112.4

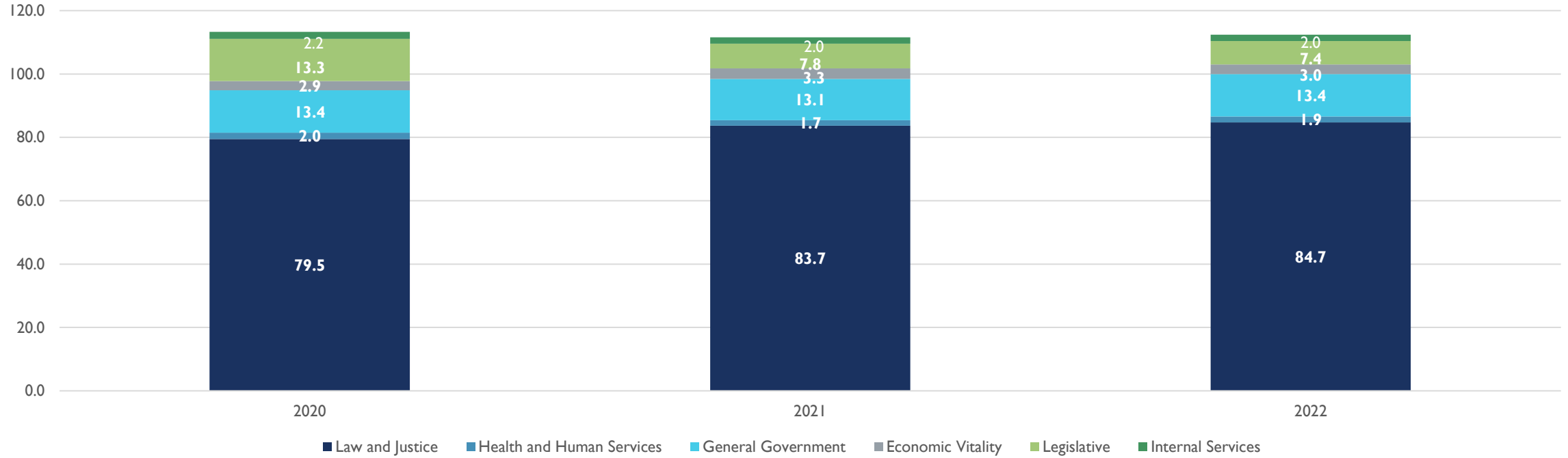
PROPOSED EXPENDITURES ALL FUNDS

Expenditures, in Millions



PROPOSED GENERAL FUND EXPENDITURES

General Fund Expenditures, in Millions



EXPENDITURES – OTHER

- **Debt Payments**
 - Budget assumes GO Bond Issues for Courthouse Infrastructure Improvements and replacement of the financial and human resources systems with an Enterprise Resource Planning (ERP) system
- **Preliminary I does not include funding for a COLA**

CAPITAL IMPROVEMENT PLAN

- Comprehensive plan for capital needs

Parks

Solid Waste

Stormwater

Water and Sewer

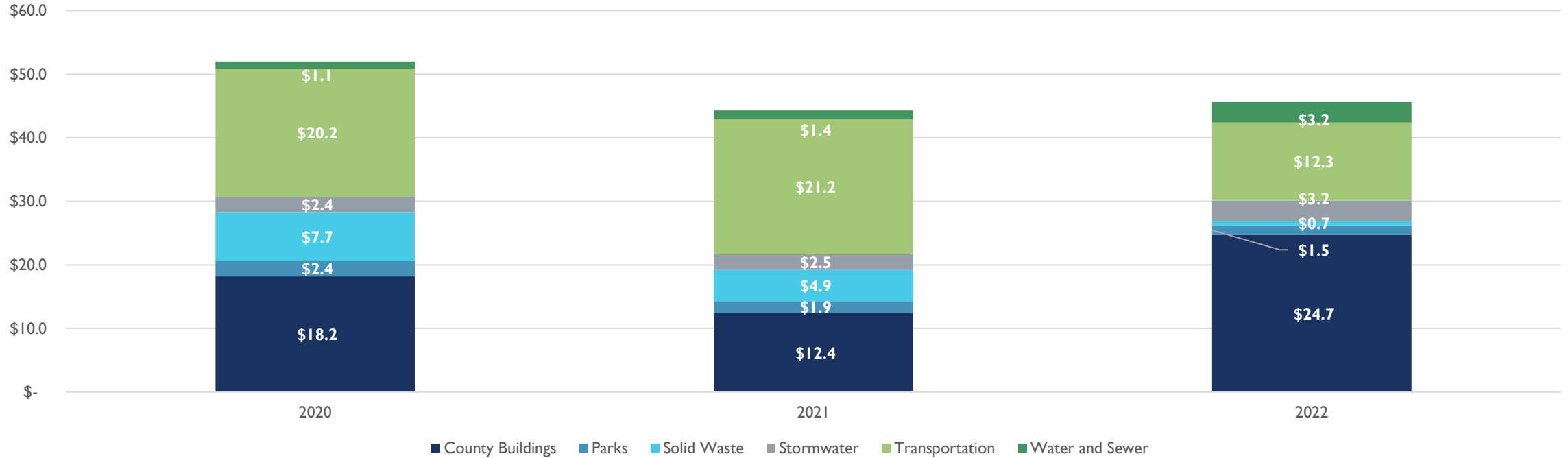
Transportation

County Buildings

- Includes project projects for 2021 – 2026
- Addresses financing the plan

CAPITAL IMPROVEMENT PLAN PROPOSED EXPENDITURES

Capital Expenditures, in Millions





WHAT TO EXPECT IN THE COMING MONTHS

BUDGET WORK SESSIONS AND ADOPTION SCHEDULE

Date	Activity/Action
September 2-4	Board Budget Review
October 5-16	Budget Presentations to Board
November 5-13	Board Work Sessions
November 13	Board Preliminary Decisions
November 23	Publish BoCC Preliminary Budget
December 7-8	Public Hearings
December 9-10	Board Final Deliberations
December 18	Budget Adoption



FOR MORE INFORMATION:

- Ramiro Chavez, County Manager
360-786-5540
- Robin Campbell, Assistant County Manager
360-790-3063