

# Clark County

Budget and Economic Outlook  
Board of Clark County Commissioners  
Work Session  
January 21, 2015

# Today's Roadmap

- Overview of General Fund 2013-2014 budget
- General Fund actual performance ("soft" close)
- General Fund projections (final close)
- National and local economic outlook

# Work Session Summary

- 2013-14 General Fund budget planned to use \$12.6 million from unassigned reserves.
- Current forecast expects to use \$2 million.
- Reserves are projected to reach 56 days beginning of 2015 (recommended level is 52 days).
- The global, national and local economies continue positive growth trend; significant risks remain.

# 2013-2014 General Fund Spending Plan (final budget in millions)

➤ **Planned expenses** **\$318.5**

❑ 2013-2014 revenues \$301.2

❑ Reserves – dedicated funds \$4.7

❑ Reserves – unassigned \$12.6

➤ **Planned resources** **\$318.5**

# 2013-2014 General Fund Projections (millions)

➤ **Projected expenses** \$305.5

❑ 2013-2014 revenues \$298.8

❑ Reserves – dedicated funds \$4.7

❑ Reserves – unassigned \$2.0

➤ **Projected resources** \$305.5

2013-2014 General Fund  
Current status for unassigned reserves  
(millions)

January 2013	+\$24.5
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Projected 2013-2014 use	-\$2.0
	<hr/>
January 2015	+\$22.5 (56 days)*

*\*The recommended amount of reserves is 52 days. The actual amount recommended can vary from year to year, depending on the daily cost of operations. The 2015 daily cost of operations is 0.4 million, therefore 22.5 million = 56 days.*

# Global and national economic outlook

- The US economy continues modest growth, although not all indicators are positive:
  - Consumer and business confidence improved.
  - Employment is growing / unemployment is declining.
  - GDP grew @ 5% annualized rate in the third quarter.
  - Wage growth is lagging.
  - Housing market has slowed (e.g. residential construction, home sales).
  
- Outside the US, growth is sluggish or stalled.
  - World GDP growth is slower than during pre-recession.
  - Growth is fragile and uneven among countries.

# Clark County Economy

➤ Clark County added 7,000 jobs in the past 12 months, with a strong annual growth rate of 4.9%.

(US = 2%, WA State = 2.7%, Portland Metro = 2.6%)

➤ October 2014 county unemployment rate was 7.5%.

(US = 5.5%, WA State = 5.8%, Portland Metro = 6.1%)

➤ Most job gains occurred in trade, transportation and utilities (+1,800 jobs: 6.8%); professional and business services (+1,000 jobs: 6%); construction (+700 jobs: 7.1%); and education and health services (+1,200 jobs: 5%).

# Clark County Economy

- Housing inventory was on the low end at 3.4 months of supply in December 2014.
  
- Median home sold for \$245,600 in December 2014, up 8.5% for the year.
  
- Countywide residential building permits issued through November 2014, compared with the same months in 2013:
  - Single family: 1,450, compared with 1,539 (6% decline)
  - Multi-family: 820, compared with 1049 (21% decline, but still double the historical 10-year average)
  
- Countywide taxable retail sales rose 9.5% in the third quarter of 2014, compared with the third quarter of 2013.
  - Construction related sales were up 9%
  - Vehicles sales were up 13%

# Risks remain

*“The global economy is running on a single engine ... the American one.” (World Bank chief economist Kaushik Basu)*

- While a sense of crisis dissipated, significant risks remain.
- Global recovery outside the US is still weak.
- Major concerns remain about Japan, the euro zone, and emerging economies like Brazil and Russia.
- Geopolitical tensions (Russia and Ukraine, Iraq and Syria) negatively affect financial and economic markets.
- Uncertainty regarding US federal fiscal policy remains a drag for the economy.

# Conclusions

- The General Fund is projected to start the 2015-16 biennium with 56 days of reserves, above the recommended level of 52 days.
- Current economic conditions and expected trends for modest growth are consistent with county forecast for revenues and expenses.
- While economic growth trends remain positive, significant risks remain.