



February 2026

Fiscal Sustainability in Snohomish County

A Path Forward

About This Report

This report was prepared to support long-term fiscal planning and decision-making in Snohomish County. It reflects the work of the Snohomish County Fiscal Sustainability Task Force convened by the County Executive to examine fiscal conditions, explore potential strategies, and provide advisory input to County leadership.

The report was prepared by LISC Puget Sound, in collaboration with Snohomish County staff, drawing on Task Force briefing materials, presentations, and facilitated discussions. The analysis and observations presented here benefited from substantial contributions by Task Force members, County staff, and subject-matter experts who participated in meetings and shared information to support informed discussion.

This report is advisory in nature. The strategies and observations summarized herein are intended to inform, but not predetermine, future decisions by the Snohomish County Executive and County Council.

Acknowledgments

We would like to thank the members of the Snohomish County Fiscal Sustainability Task Force for their time, insight, and engagement throughout the process. They brought diverse perspectives and expertise to complex fiscal discussions and contributed meaningfully to the development of this advisory report.

We also want to acknowledge the significant support and contributions of Snohomish County staff, including those from the Executive Office, Finance, Budget, and departmental leadership. They provided data, analysis, and contextual expertise essential to the Task Force's work.

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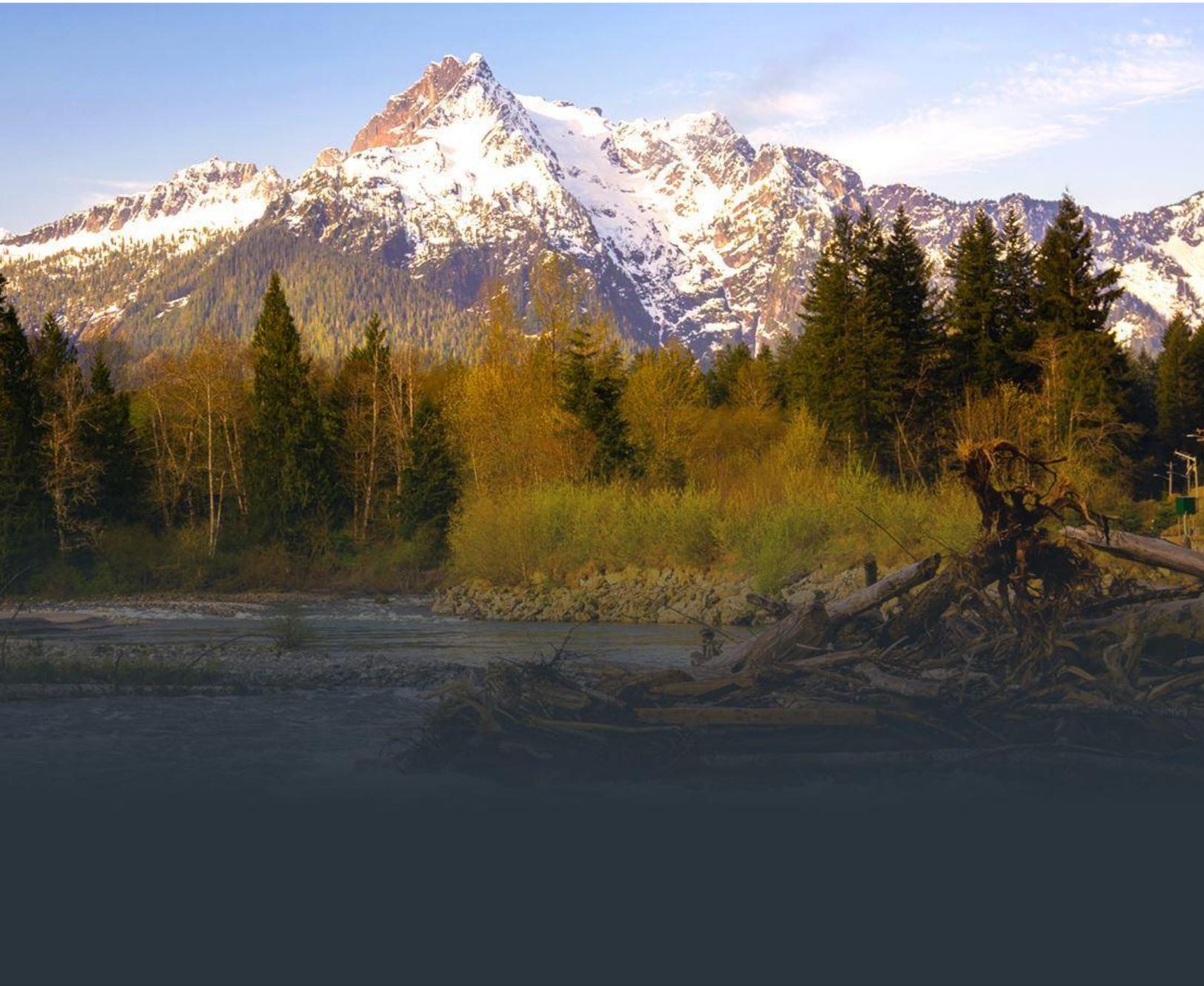


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Executive Summary

Snohomish County, like many counties across Washington State, faces long-term fiscal pressures driven by a growing mismatch between constrained revenue growth and rising service costs. These pressures are structural in nature and are shaped by state-imposed revenue limitations, increasing demand for mandated services, and cost drivers such as personnel, benefits, and infrastructure, which tend to grow faster than available revenues.

While the County has successfully managed recent budgets and maintained service continuity, these underlying dynamics continue to narrow fiscal flexibility over time. Without deliberate action, the gap between ongoing revenues and the cost of providing services is expected to widen, limiting the County’s ability to maintain service levels, respond to emerging needs, or invest strategically in the future.

Fiscal Stabilization Needs (As of January 2026)

Type of Gap	What it Represents	Estimated Need
Immediate Stabilization Need	The one-time gap the County must close in 2027 to maintain current service levels, avoid immediate cuts and preserve minimum liquidity.	\$2 million + overspend 2025-2026
Ongoing Structural Revenue Need	The recurring revenue required each year to realign in long-term revenue and expenditure growth and prevent deficits from widening over time.	\$27+ million per year to get to liquidity + rebuilding reserves

The Fiscal Sustainability Task Force

The County Executive convened the Fiscal Sustainability Task Force in 2025 to build a shared understanding of long-term fiscal pressures and explore potential strategies. Members represented labor, business, housing, education, law and justice, and community organizations. The Task Force’s charge was advisory. Members worked to:

- Understand long-term revenue and cost dynamics
- Explore a range of near, medium, and long-term strategies
- Identify areas of alignment, uncertainty, and tradeoffs
- Inform, but not predetermine, decisions by County leadership

Strategies Examined by the Task Force

The Task Force examined a range of fiscal strategies across different time horizons to understand what actions are available to the County now, and what steps may require additional groundwork before producing results. The strategies below reflect tools within current County authority as well as options that would shape fiscal sustainability over a longer period, recognizing that no single action is sufficient on its own and that meaningful progress will require a combination of approaches.

Near-term Actions

2027 to 2028

These strategies vary in impact and complexity, and many need to be paired with other actions to make meaningful progress.

Tools available within current County authority include:

Recommended - Prioritize

- Annual 1 percent property tax levy increase
- Use of banked levy capacity
- Transportation Benefit District vehicle license fee

Recommended

- Fund balance target policy

Conditionally Recommend

- Public Safety Enhancement Sales Tax of 0.1 percent
- Strategic vacancy management

Requires Work

- Workforce and expense reductions
- Overtime and scheduling reforms

Medium-term Actions

Impacts after 2028

These strategies require groundwork now, with benefits that arrive in later years:

Recommended

- Aligning fees with the actual cost of service
- Indexing fees to inflation
- Voter approved revenue options such as levy lid lifts or issue-specific levies



Key Insights From the Task Force

Several themes appeared consistently throughout the process:

- No single approach is sufficient. The County will need a combination of revenue actions and cost management.
- Timing matters. Acting early expands the County’s options and reduces the likelihood of disruptive decisions.
- Voters need more knowledge and better understanding. Clear purpose, transparency, and community engagement increase the chance of success.
- Cost containment has consequences. Holding positions vacant or reducing workforce and expenses can slow spending, yet may affect service levels, equity, and workforce capacity if not carefully managed.

Implications for County Leadership

Decisions made during the 2027–2028 biennium will shape Snohomish County’s financial path for years to come. Thoughtful early action can help stabilize essential services, maintain workforce capacity, rebuild reserves, prepare for potential voter-approved strategies, and position the organization for long-term structural improvements. The Task Force provides a shared foundation for understanding the issues and the choices ahead, while recognizing that County leaders will ultimately need to weigh tradeoffs and select a path forward.

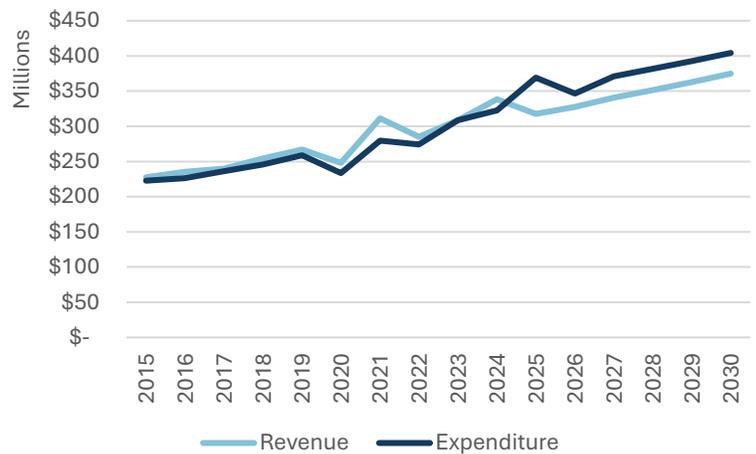
Understanding Snohomish County's Fiscal Challenge

Understanding Snohomish County's fiscal challenge requires examining both how major revenue sources behave and how the costs of providing public services evolve over time. The County operates within a fiscal environment where ongoing revenue growth is constrained and cost of delivering mandated and essential services is rising. Over time, this imbalance reduces flexibility in budget decisions and places increasing pressure on all funds, but especially the County's General Fund.

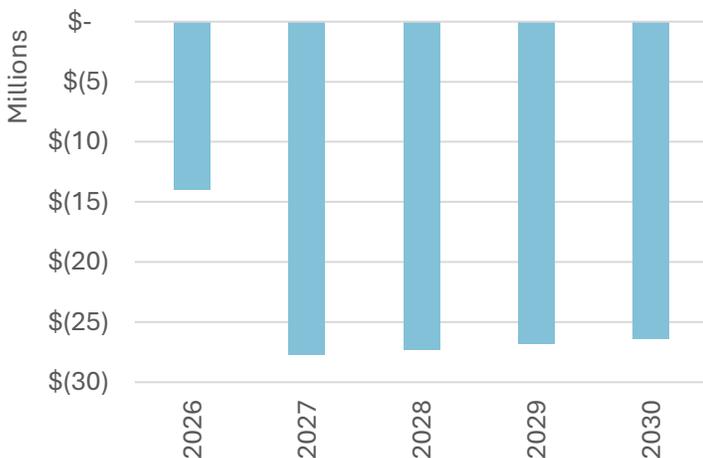
These conditions reflect features of Washington State's local government finance system rather than short-term economic cycles or isolated budget decisions. As temporary funding sources have ended and long-term cost trends continue, the effects of these structural constraints have become more visible.

While both grow, **expenditures begin to outpace revenues** in the mid-2020s and continue to diverge, resulting in a widening structural gap in the 2027–2028 biennium and beyond.

Snohomish County General Fund Revenue vs. Expenditure 2027-2028 Preliminary Pro Forma



Snohomish County General Fund Structural Deficit 2027 Preliminary Pro Forma



Beginning in the 2027–2028 biennium, the County is projected to face **recurring structural deficits of roughly \$27 million per year.**

A Structural Revenue Environment

The County relies on a mix of revenue sources to fund ongoing operations, each with distinct characteristics and limitations that shape long-term fiscal capacity.

Property tax is the County's most stable and predictable revenue source. Under Washington State law, regular property tax revenue is generally limited to one percent annual growth, plus the value of new construction. While this structure provides stability and predictability, it does not allow revenues to keep pace with inflation, population growth, or rising service demands, particularly for labor-intensive services. Over time, this constraint creates a widening gap between revenues and expenditures.

Sales tax revenues offer greater growth potential during periods of economic expansion but are significantly more volatile. Sales tax collections rise during strong economic conditions and decline during downturns, making them sensitive to broader economic cycles. While sales tax can generate meaningful revenue in good years, its volatility limits its suitability for funding ongoing, fixed costs, especially during periods when service demands may increase. Sales tax is considered a regressive tax since low-income households pay a larger percentage of their income towards this tax as compared to high-income households.

Charges for services represent a significant share of total County revenues and are generated through fees associated with specific programs, activities, or regulatory functions. These revenues are generally designed to recover the cost of providing a particular service. While charges for services can provide predictability within individual programs, they are typically restricted in use and cannot be redirected to support unrelated services or broader County operations. As a result, fee revenues play an important role in cost recovery but offer limited flexibility to address systemwide fiscal gaps.

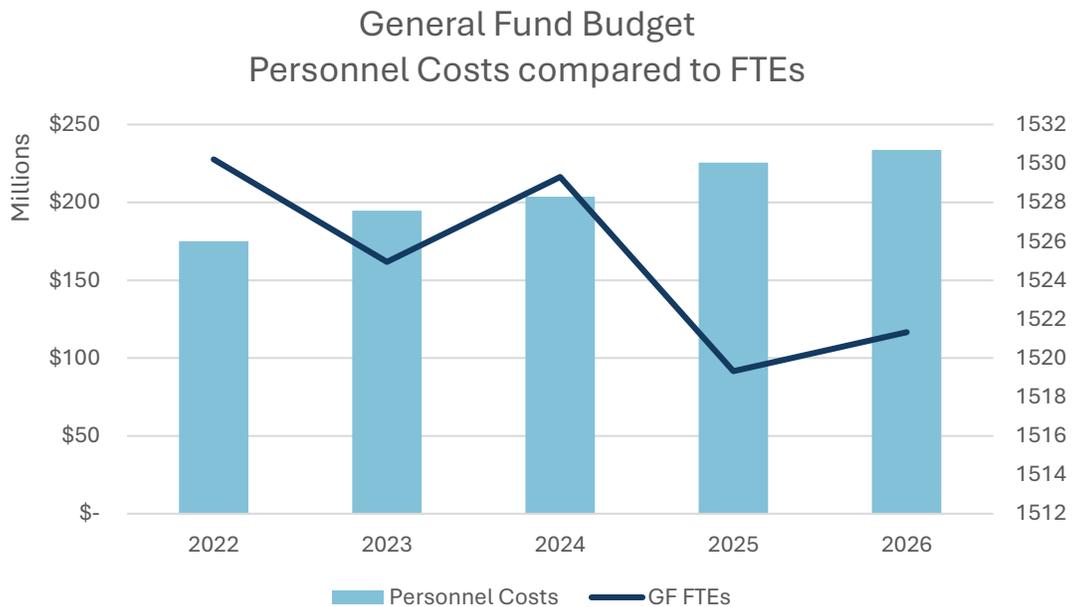
Grant revenues, including both operating and capital grants, provide critical support for specific programs, services, and infrastructure investments. These funds often enable the County to expand capacity or undertake projects that would otherwise be unaffordable. However, grant funding is typically time-limited, restricted to specific purposes, and dependent on external funding decisions. While grants can supplement County resources, they do not provide a stable ongoing source of revenue for core operations. Reliance on grants therefore requires careful planning to avoid creating funding gaps when grant terms end.

Real Estate Excise Tax (REET) revenues are among the most volatile revenue sources available to the County. REET collections fluctuate with real estate market activity and are subject to statutory restrictions on allowable uses. While REET can generate substantial revenue during periods of market growth, it cannot be relied upon to support ongoing operations and is best suited for one-time or capital investments.

Taken together, these revenue characteristics create a structural challenge: the County’s most reliable revenue source grows slowly, while more flexible sources are either volatile or restricted in use. This imbalance limits long-term planning and increases reliance on short-term or one-time solutions during periods of fiscal stress.

Rising Costs and Service Demands

At the same time that revenue growth is constrained, the cost of delivering public services continues to rise. Personnel and benefit costs, including wages, health care, and retirement obligations, represent a significant and growing share of County expenditures and affect nearly all areas of County operations. These costs tend to grow faster than general inflation.

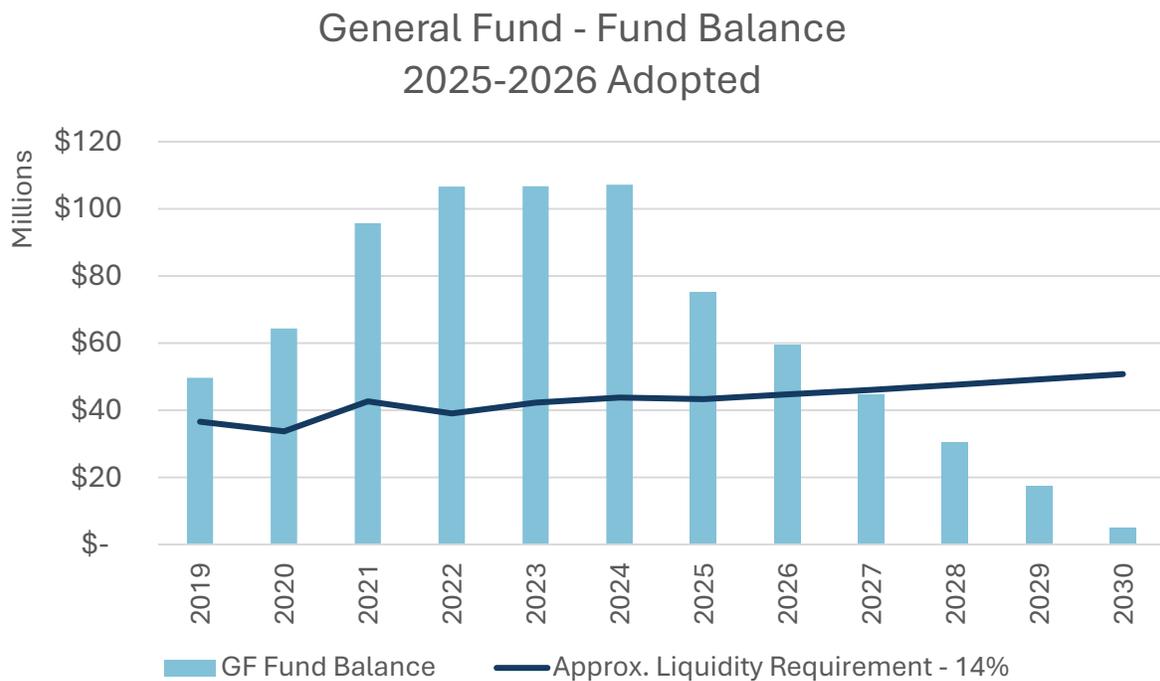


The General Fund is heavily concentrated in law and justice functions, which account for a substantial share of ongoing expenditures. These services are shaped by statutory requirements, collective bargaining agreements, and public safety expectations, leaving limited room for short-term adjustments. Infrastructure maintenance, technology needs, and facility operations also place increasing pressure on the budget, particularly when maintenance is deferred over time.

Demand for some County services continues to grow as the population increases and community needs evolve. Many of these services are mandated or essential, reducing the County’s ability to scale back spending without affecting service levels or compliance with legal requirements.

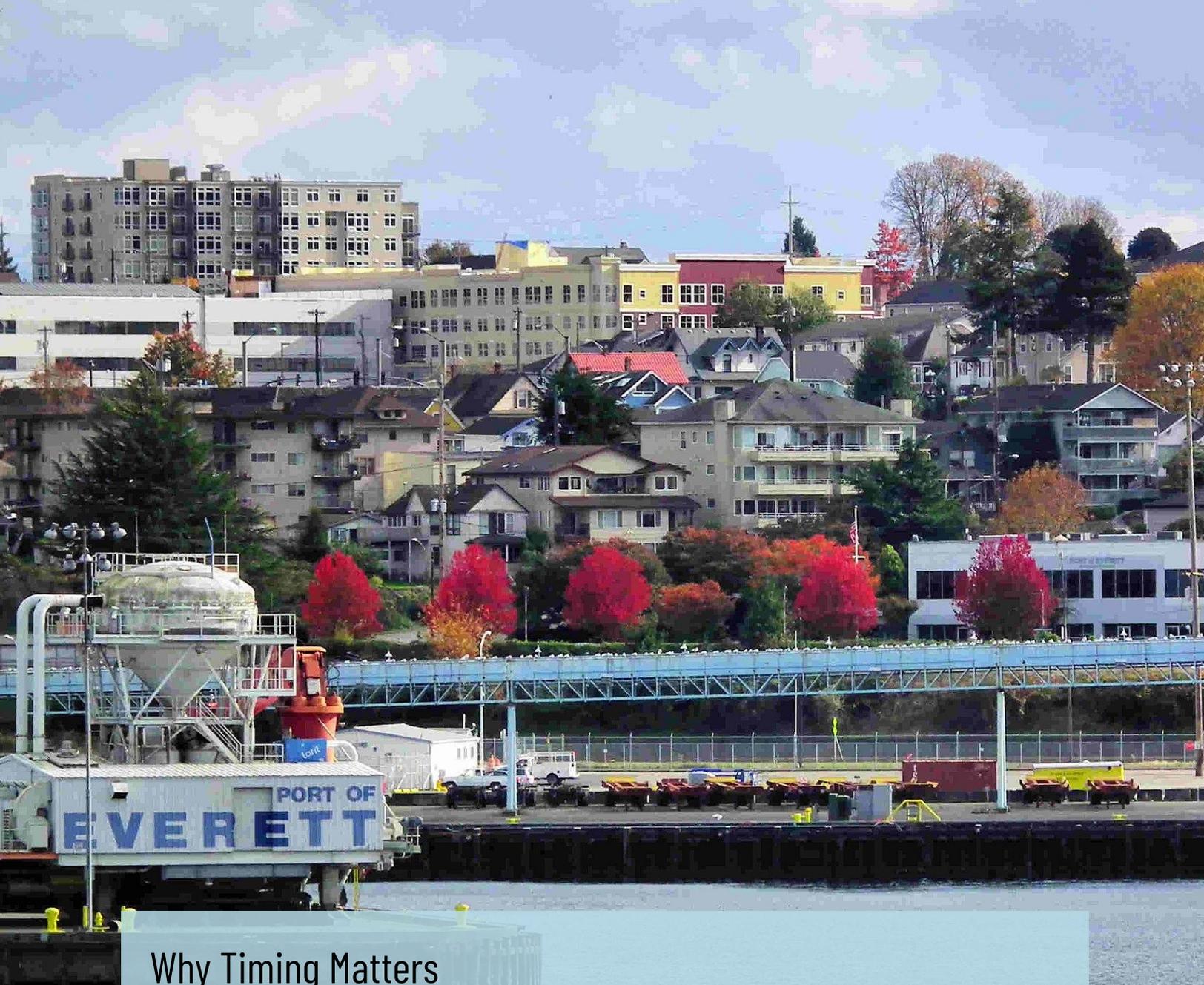
Actions Already Taken to Manage Fiscal Pressures

In recent years, Snohomish County has taken steps to balance fiscal pressures and maintain service continuity within existing constraints. One-time federal relief funds were used to support recovery efforts and make targeted investments that have long-term benefits to the community. Where possible, these one-time resources also bridged one-time budget gaps that reduced demands on the County's General Fund. That being said, these one-time funds were not intended to support ongoing services and have largely been expended.



The County has also relied on fund balance and reserves to manage volatility and avoid abrupt service disruptions, consistent with best practices that treat reserves as a temporary stabilizing tool rather than a long-term solution. In parallel, departments have implemented cost-containment measures, including vacancy management, delayed hiring, and reductions in discretionary spending, and have actively pursued grants to supplement local resources.

However, as one-time resources sunset and cost pressures persist, these measures alone are insufficient to address the County's underlying structural fiscal gap.



Why Timing Matters

The combination of constrained revenue growth, rising costs, and the end of one-time funding means that fiscal pressures are likely to intensify if left unaddressed. Decisions made in the upcoming biennial budget will shape the County's financial trajectory for years to come.

Acting earlier allows for a wider range of options, more gradual adjustments, and clearer communication about tradeoffs. Delaying action can narrow choices, increase the likelihood of more abrupt service reductions, and make it harder to align investments with community priorities.



Role of the Fiscal Sustainability Task Force

The Fiscal Sustainability Task Force was convened in 2025 by the Snohomish County Executive to provide advisory input on the County’s long-term fiscal outlook and to support informed decision-making by the Executive and County Council. The Task Force was not charged with making policy decisions or advancing specific budget actions. Instead, its role was to examine fiscal conditions, explore potential strategies, and surface key considerations, tradeoffs, and areas of alignment.

Task Force members represented a range of perspectives and expertise, including local government, labor, business, nonprofit, and community interests. Members were asked to engage with complex fiscal information and to approach the work with an understanding that no single strategy could resolve the County’s structural challenges on its own.

The Task Force met over multiple sessions between November 2025 and January 2026. Early meetings focused on building a shared understanding of Snohomish County’s fiscal structure, revenue constraints, expenditure trends, and fund limitations. Subsequent sessions examined service delivery pressures and cost drivers, followed by discussion of potential strategies and their implications.

Throughout the process, members reviewed briefing materials, engaged with County staff presentations, and participated in facilitated discussions designed to encourage candid dialogue and critical questioning. The Task Force did not seek unanimity or conduct formal votes. Instead, the process emphasized identifying areas of alignment, conditional support, and divergence, reflecting the reality that fiscal sustainability involves difficult choices and reasonable differences of perspective.

The observations and strategies presented in this report reflect the collective advisory input of the Task Force and are intended to inform, rather than predetermine, future decisions by the Executive and County Council.

Strategy Framework: How Options Were Evaluated

The Fiscal Sustainability Task Force considered a broad range of potential strategies to address Snohomish County's long-term fiscal challenges. These strategies varied in scale, timing, legal authority, and potential impact. Rather than seeking to identify a single solution, the Task Force focused on understanding how different tools might contribute to fiscal sustainability under varying conditions.

To support consistent and transparent discussion, strategies were examined using a shared evaluation framework. This framework helped distinguish between strategies that could be considered in the near term, those that would require additional groundwork or external conditions, and those largely dependent on state-level action.

Key considerations included:

- **Legal and governance authority:** Whether a strategy could be implemented through County action, would require voter approval, or depends on changes to state law.
- **Timing and implementation readiness:** The extent to which a strategy could realistically be implemented in the near term versus over a longer horizon.
- **Fiscal contribution and sustainability:** Whether a strategy could meaningfully support ongoing operations or address structural gaps, as distinct from one-time or temporary relief.
- **Operational and administrative complexity:** The level of staff capacity, coordination, or system changes required to implement and sustain the strategy.
- **Community and political considerations:** Potential equity impacts, public response, and alignment with community expectations and service priorities.

The framework served as a common reference point to support informed discussion, surface areas of agreement and concern, and clarify the conditions under which different options might be viable. As a result, strategies are presented in this report based on their relative readiness and key considerations, rather than as a prescriptive list.

Near-Term Fiscal Sustainability Strategies

The strategies summarized in this section reflect the Fiscal Sustainability Task Force’s exploration of potential actions that could be considered within the County’s existing authority and that are relevant to the upcoming 2027–2028 biennial budget cycle. The Task Force was charged with supporting practical, actionable discussion rather than long-range forecasting or legislative advocacy.

The Task Force reviewed a broad set of potential fiscal sustainability strategies spanning revenue, expenditure management, and budget process considerations. These strategies vary in scope, complexity, and potential impact. Some could be considered independently, while others would need to be sequenced or paired with complementary actions.

Each strategy in the sections that follow is presented using a consistent format that describes what the strategy is, why it matters, and key considerations for decision-makers. These considerations include implementation complexity, equity impacts, potential tradeoffs, and areas where additional information may be needed.



Near-Term Actions (Actionable in the 2027–2028 Budget Cycle)

Strategy	Status of Recommendation for Consideration by County Council and Executive	Estimated Amount	Implementation Notes
Continue Limiting Annual Property Tax Revenues at 1% Growth (below inflation) to Support Ongoing County Operations	Recommend Prioritized	\$1 million	2026 Onward
Use of Banked Property Tax Levy Capacity with Phased Implementation Starting 2027	Recommend Prioritized	\$4 million	Incremental phasing starting in 2027
Transportation Benefit District (TBD)- Vehicle License Fee to Stabilize the Roads Fund	Recommend Prioritized	\$6 million (Roads Fund)	2026 Onward
Fund Balance Target Policy to Reduce Fiscal Risk and Improve Budget Discipline	Ready to Recommend	NA	2026
0.1% Public Safety Enhancement Sales Tax (PSEST) to Support Public Safety and Justice Services	Conditionally Recommended	\$20 million	2027
Strategic Vacancy Management as a Cost Containment Tool	Conditionally Recommended	\$4.5 million	2026
Workforce and Expense Reductions	Requires Additional Work	Variable	
Overtime and Scheduling Reform to Reduce Premium Pay Pressures	Requires Additional Work	\$500,000--\$5 million	

Continue Limiting Annual Property Tax Revenues at 1% Growth

Supporting Ongoing County Operations

Recommend | Prioritized

Near-Term (2027-2028)

<p>What is the Annual 1% Revenue Increase?</p>	<p>Under Washington State law, Snohomish County is prevented from having property tax revenues keep up with inflation, unless voters approve additional levies, or revenues are added by new construction, or annual inflation is less than 1%. Historically, this annual reduction in what property taxes can pay for has been decided by County Council as part of the budget process without voter approval.</p>
<p>Rationale</p>	<p>Property tax is the County’s most stable and predictable general-purpose revenue source. Task Force members generally viewed the annual levy increase as an appropriate baseline action for supporting ongoing costs, while recognizing that the increase does not keep up with the rising costs of services or inflation.</p>
<p>Additional Considerations</p>	<p>While the household-level impact of the annual levy increase is modest, Task Force members raised concerns about cumulative affordability impacts over time and emphasized the importance of transparent communication about tradeoffs and service outcomes.</p>
<p>Assumptions & Revenue Projections</p>	<p>A full 1 percent annual levy increase generates approximately \$1 million per year, ongoing. Revenue begins accruing in the fiscal year following Council adoption and is not subject to significant economic volatility; however, it does not keep pace with inflation.</p>
<p>Next Steps</p>	<p>Council decision on adopting as part of the biennial budget process. Task Force input emphasized situating this decision within a broader fiscal framework that includes fund balance targets, workforce planning, and long-term fiscal sustainability goals.</p>
<p><i>Unanswered Questions</i></p>	<ul style="list-style-type: none"> • How should annual levy decisions be coordinated with other near-term actions to ensure progress toward fiscal sustainability?

Use of Banked Property Tax Levy Capacity

Supporting Ongoing County Operations

Recommend | Prioritized

Near-Term (2027-2028)

What is Banked Levy Capacity?	When the County does not take the full 1 percent allowable property tax levy increase in a given year, the unused portion may be “banked” and applied in a future year. Use of banked levy capacity permanently increases the levy base and is adopted by County Council without voter approval.
Rationale	Banked levy capacity is a near-term option capable of generating a material increase in ongoing general fund revenue. Task Force members generally recognized its potential to improve fiscal stability but viewed it as a more consequential decision than the annual levy increase due to its larger effect on the levy base.
Additional Considerations	Task Force members were broadly supportive of this strategy, particularly given the less regressive nature of the tax as compared to other options. Members recognized that using all banked capacity would reduce future flexibility and could have cumulative affordability impacts. They stressed the importance of clear guardrails to ensure the tool is used to address structural imbalance rather than defer difficult decisions. Phasing is critical to deployment, with recommended phasing to begin in 2027.
Assumptions & Revenue Projections	Full use of available banked levy capacity is estimated to generate approximately \$4 million per year, ongoing. Revenue would accrue in the fiscal year following Council adoption and is highly stable. Phased use would reduce near-term revenue but spread impacts over multiple years.
Next Steps	Council decision on whether to deploy banked levy capacity, including whether to use it in full or phase it over time. Task Force members emphasized the need to pair any use of banked capacity with explicit policy objectives, such as fund balance stabilization, workforce planning, and state-level advocacy for less regressive revenue options.
<i>Unanswered Questions</i>	<ul style="list-style-type: none">• How should the County communicate the permanent nature of this decision and its long-term implications to the public?• What policy levers could be used to mitigate impacts on low- and fixed-income residents whose property values have increased significantly?

Transportation Benefit District

Vehicle License Fee to Stabilize Roads Fund

Recommend | Prioritized

Near-Term (2027-2028)

<p>What is Transportation Benefit District?</p>	<p>A Transportation Benefit District (TBD) is a quasi-municipal entity that may be established by County Council to fund transportation improvements. For unincorporated Snohomish County, Council may form a TBD and impose a vehicle license fee of up to \$20 per vehicle per year without voter approval. Revenues are restricted and must be used for transportation purposes.</p>
<p>Rationale</p>	<p>The Roads Fund faces a structural revenue challenge that is separate from, but adjacent to, the general fund. Task Force members generally viewed the TBD vehicle fee as a pragmatic tool to stabilize road maintenance and preservation, particularly given declining gas tax revenues and limited alternatives for unincorporated areas.</p>
<p>Additional Considerations</p>	<p>Task Force input emphasized that the TBD is a use-specific tool, not a solution to the County’s broader general fund imbalance. Members noted that while the fee is modest on a per-vehicle basis, it is highly visible and requires clear communication about benefits, geographic scope, and how revenues will improve and maintain road conditions. Several emphasized the importance of sequencing the TBD alongside broader fiscal actions rather than presenting it as a substitute for general fund solutions.</p>
<p>Assumptions & Revenue Projections</p>	<p>A \$20 annual vehicle license fee applied to vehicles registered in unincorporated Snohomish County is estimated to generate approximately \$6 million per year, ongoing. Revenues are stable but restricted to transportation maintenance, preservation, and related capital needs.</p>
<p>Next Steps</p>	<p>Council consideration of whether to establish a TBD for unincorporated areas, including adoption of the vehicle license fee and definition of eligible uses. Task Force members emphasized the value of pairing this action with transparent reporting on road conditions, maintenance backlogs, and use of funds.</p>
<p><i>Unanswered Questions</i></p>	<ul style="list-style-type: none"> • How should the County communicate the geographic limitations and benefits of the TBD to residents? • How will TBD revenues be coordinated with existing transportation funding sources?

Fund Balance Target Policy

Reduce Risk & Improve Budget Discipline

Recommend

Near-Term (2027-2028)

What are Fund Balance Targets?	Fund balance targets establish a minimum level of reserves the County seeks to maintain to manage cash flow, respond to emergencies, and absorb economic shocks. Targets are typically expressed as a percentage of annual expenditures and are adopted through Council and Executive budget policy.
Rationale	Clear fund balance targets provide a guardrail against over-reliance on one-time resources and help signal fiscal health to credit markets and the public. Task Force members generally viewed explicit targets as a necessary foundation for responsible fiscal decision-making, particularly given projected fund balance depletion in the next biennium.
Additional Considerations	Task Force input emphasized that fund balance targets are only meaningful if paired with enforcement and transparency. Members raised concerns that targets can be weakened or ignored during budget stress unless clearly tied to rules that govern when reserves may be drawn down and how they must be restored.
Assumptions & Revenue Projections	Fund balance targets do not generate direct revenue or savings but reduce fiscal risk over time by constraining budget decisions. A commonly cited minimum threshold discussed by Task Force members was approximately 14 percent of annual expenditures, recognizing that levels below this may create liquidity risks.
Next Steps	Council and Executive adoption or reaffirmation of a general fund balance policy, including a defined target range and conditions for use. Task Force members emphasized the value of clearly articulating how reserve levels will influence future revenue and expenditure decisions.
<i>Unanswered Questions</i>	<ul style="list-style-type: none">• What minimum and target ranges are appropriate given the County’s risk profile?• Under what conditions may reserves be drawn down, and over what timeframe must they be replenished?

0.1% Public Safety Enhancement Sales Tax

Support Criminal Justice Services

Conditionally Recommended

Near-Term (2027-2028)

What is the Public Safety Enhancement Sales Tax (PSEST)?	Starting in 2025, Washington law authorizes counties to impose a local option sales tax of up to 0.1 percent (one-tenth of one percent) for criminal justice and public safety purposes. The tax may be adopted by County Council without voter approval through June 2028, subject to statutory use restrictions.
Rationale	The PSEST is one of the few near-term tools available that can generate meaningful, ongoing revenue at a commensurate scale with the County’s largest cost drivers. Task Force members frequently identified public safety and law and justice as the core structural pressure in the general fund, making a justice-restricted revenue source a logical option to consider. This must be balanced against the reality that sales tax is a regressive, volatile revenue source.
Additional Considerations	Seven of eight task force members found the measure promising or ready to recommend. Members noted that while the revenue potential is significant, the tax adds to cost-burdened households and is politically visible. Several emphasized that advancing PSEST would require clear linkage to public safety and criminal justice outcomes, expenditure alignment, and accountability measures to maintain credibility and public trust.
Assumptions & Revenue Projections	A 0.1 percent sales tax is estimated to generate approximately \$20 million or more per year, ongoing, depending on economic conditions. Revenue fluctuates with consumer spending and economic cycles and may be less predictable than property tax revenues.
Next Steps	Council consideration of whether to adopt the PSEST as part of a broader fiscal sustainability strategy. Task Force members emphasized the importance of pairing any adoption with clear policy direction on eligible uses, coordination with public safety partners, and transparency regarding how revenues would stabilize existing commitments rather than expand service levels.
<i>Unanswered Questions</i>	<ul style="list-style-type: none">• What accountability or performance measures should accompany its use?• How would the County manage revenue volatility during economic downturns?

Strategic Vacancy Management

Reducing Staffing Costs through Elimination of Funded Vacant Positions

Conditionally Recommended

Near-Term (2027-2028)

What is Strategic Vacancy Management?	Strategic vacancy management refers to the intentional, executive-directed decision to temporarily hold selected funded positions vacant.. Vacancies are reviewed on a case-by-case basis based on service priorities, operational risk, and workload impacts, with ongoing monitoring to determine whether and when positions should be filled.
Rationale	Personnel costs are the County’s largest and fastest-growing expenditure. Strategic vacancy management provides a near-term mechanism to moderate cost growth while preserving flexibility and avoiding across-the-board workforce reductions. Task Force members generally viewed this approach as more targeted and manageable than reductions in force, particularly when aligned with clear service priorities and active oversight.
Additional Considerations	Task Force discussions emphasized that vacancy management is not cost-neutral. Prolonged or widespread vacancies can increase workload, overtime usage, and burnout for remaining staff, and may affect service quality if not actively managed. Members stressed the importance of being explicit about expected service impacts and tradeoffs, rather than treating vacancies as invisible or risk-free savings.
Assumptions & Revenue Projections	<p>Strategic vacancy management is estimated to generate approximately \$1–5 million per year in ongoing savings, depending on the number, duration, and type of positions held vacant.</p> <p>One fully loaded FTE is estimated to cost approximately \$180,000 annually, meaning:</p> <ul style="list-style-type: none">• ~\$1 million ≈ 6 FTEs held vacant• ~\$5 million ≈ 28 FTEs held vacant <p>Actual savings will vary based on position type, vacancy duration, and the extent to which overtime or temporary staffing offsets vacancy savings.</p>
Next Steps	Establish Executive and Council-informed guidance for vacancy review and approval, with criteria tied to service priorities, workload impacts, and operational risk. Implement regular reporting on vacancies, overtime usage, and service impacts. Coordinate vacancy decisions with labor partners and longer-term workforce planning efforts.
<i>Unanswered Questions</i>	<ul style="list-style-type: none">• Which services can sustain temporary vacancies without unacceptable service or equity impacts?• How long can positions remain vacant before risks outweigh fiscal benefits?• How will vacancy management be coordinated with labor agreements, recruitment challenges, and long-term workforce sustainability?

Workforce and Expense Reductions

Reducing Expenditures Through Staffing And Service-Level Changes

Requires Additional Work

Near-Term (2027-2028)

What is Workforce and Expense Reductions?	Workforce and expense reductions refer to deliberate actions to reduce County expenditures through a combination of vacant position eliminations, reductions in force, and cuts to non-personnel expenses such as overtime, consultants, travel, and discretionary operating costs. Unlike vacancy management, these actions result in permanent staffing or service-level changes.
Rationale	Personnel and operating costs make up the majority of the County’s general fund expenditures. Workforce and expense reductions can generate significant savings and may be necessary if revenue growth does not keep pace with rising service costs. Task Force discussions acknowledged that while these actions can meaningfully reduce expenditures, they carry higher operational, workforce, and community impacts than other cost-containment strategies.
Additional Considerations	Task Force members emphasized that workforce and expense reductions are among the most disruptive tools available to the County. Potential impacts include reduced service capacity, longer response times, increased pressure on remaining staff, and challenges to recruitment and retention. Members noted that reductions must be intentional, clearly tied to service priorities, and transparently communicated to avoid unintended or inequitable impacts across communities and departments.
Assumptions & Revenue Projections	Workforce and expense reductions generate variable ongoing savings, depending on the scale of reductions and mix of personnel and non-personnel actions. Savings assumptions reflect: Elimination of funded positions, reductions in overtime pay, and cuts to discretionary operating and contracted services. Actual fiscal impacts will depend on implementation timing, labor agreements, service-level decisions, and the extent to which reductions shift costs elsewhere in the system.
Next Steps	Define clear service priorities to guide decisions about where reductions can occur. Conduct service-level and equity impact assessments prior to implementation. Engage labor partners early to understand contractual and workforce implications. Align reduction strategies with longer-term workforce planning and organizational sustainability goals
<i>Unanswered Questions</i>	<ul style="list-style-type: none">• Which services or functions could absorb reductions with the least impact to public outcomes?• How will reductions affect service access, equity, and response times across communities?

*Unanswered
Questions*

- What is the appropriate balance between personnel reductions and non-personnel cost savings?
- How can short-term savings be weighed against longer-term workforce and service risks?



Overtime & Scheduling Reform

Reducing Premium Pay Pressures

Requires Additional Work

Near-Term (2027-2028)

What is Overtime and Scheduling Reform?	Overtime and scheduling reform refers to changes in staffing patterns, shift design, scheduling practices, and overtime authorization processes intended to reduce reliance on overtime pay while maintaining required service levels. These actions are typically implemented through executive and departmental management, within the constraints of labor agreements and operational requirements.
Rationale	Overtime costs can grow rapidly when driven by vacancies, rigid schedules, or operational inefficiencies. Task Force members generally viewed overtime and scheduling reform as a necessary complement to vacancy management, noting that without attention to scheduling practices, vacancy-related savings can be offset by increased overtime expenditures.
Additional Considerations	Task Force input emphasized that overtime is often a symptom rather than a standalone problem. Members noted that public safety, corrections, and 24/7 operations have limited flexibility, and that poorly designed reforms could exacerbate fatigue, morale challenges, or service risks. Several stressed the importance of distinguishing between structural overtime drivers and episodic or emergency-related overtime.
Assumptions & Revenue Projections	Overtime and scheduling reforms are estimated to generate approximately \$500,000 to \$5 million per year in ongoing savings, depending on department scope, contract constraints, and operational changes. Savings may vary year to year and are sensitive to staffing levels, call volumes, and service demands.
Next Steps	Conduct targeted analysis of overtime drivers in high-cost departments, particularly where vacancies and scheduling practices intersect. Task Force members emphasized the value of piloting reforms, engaging labor early, and pairing changes with monitoring of service outcomes and staff wellbeing.
<i>Unanswered Questions</i>	<ul style="list-style-type: none"> • Which overtime drivers are structural versus situational? • What changes are feasible within existing labor agreements? • How will the County balance cost containment with safety, service reliability, and workforce sustainability?

Medium-Term Fiscal Sustainability Strategies

The strategies summarized in this section reflect the Fiscal Sustainability Task Force’s consideration of actions that require additional lead time, sequencing, or external authorization and whose fiscal impacts would be realized beyond the 2027–2028 biennial budget cycle. While these strategies are not positioned to address near-term budget gaps, the Task Force emphasized that early groundwork during the upcoming biennium is essential to enable informed decision-making and successful implementation in future cycles.

Within this category, the Task Force identified certain strategies, particularly fee and charge alignment and voter-approved revenue tools, that carry meaningful revenue implications and received more detailed analysis and documentation. Other medium-term strategies are summarized briefly to capture key themes, risks, and dependencies raised during Task Force discussions.

Together, these strategies highlight the importance of intentional sequencing and advance planning. While no single medium-term action resolves the County’s structural fiscal challenges on its own, these approaches represent critical building blocks for longer-term stability and reduce the risk of compounding fiscal pressures if pursued thoughtfully.

Medium-Term Actions (Initiated During 2027–2028; Impact in Future Biennia)

Strategy	Status of Recommendation for Consideration by County Council and Executive	Estimated Amount	Implementation Notes
Fee Policy Alignment: Cost Recovery & Indexing	Recommend	\$2-5 million	Establish fee policy framework; conduct fee study; implement fee increases in 2029
Voter-Approved Revenue Tools	Recommend	\$1-25 million	Lay groundwork beginning in 2026

Fee Cost Recovery and Indexing

Aligning Service Fees with Actual Costs While Protecting Access and Affordability

Recommend

Medium Term (2029+)

What is Fee Cost Recovery and Indexing?	<p>Cost Recovery: Periodic updates to set fees based on the true cost of providing a service (staff time, overhead, administration) while taking into account policy-driven subsidies where appropriate.</p> <p>Fee Indexing: Automatic, inflation-based adjustments (e.g., CPI) to maintain the purchasing power of fees between comprehensive fee reviews.</p>
Rationale	<p>Aligning fees with service costs helps improve fiscal sustainability by reducing reliance on the General Fund to subsidize fee-supported activities. Task Force members generally viewed cost recovery as a reasonable principle when services primarily benefit identifiable users rather than the general public. Fee indexing was seen as a common-sense maintenance tool that preserves the real value of fees over time and helps avoid larger, less predictable increases after prolonged periods without updates.</p>
Additional Considerations	<p>Task Force input emphasized that fee updates should be approached carefully and guided by clear policy guardrails. Members raised concerns about affordability, access, and unintended impacts, particularly for services tied to housing, small businesses, or vulnerable populations. Several noted the importance of intentional subsidies, exemptions, or phased implementation rather than across-the-board increases. Transparency was also identified as critical so users understand that increases reflect cost and inflation, not service expansion.</p>
Assumptions & Revenue Projections	<p>Countywide fee updates to achieve fuller cost recovery are estimated to generate approximately \$2–5 million per year, ongoing, depending on service demand, elasticity, and the scope of fees updated. Inflation-based indexing of eligible fees is estimated to generate revenue in the range of less than \$500,000 a year up to \$2 million per year, with revenue accruing gradually over time. Actual impacts depend on legal constraints, policy design, and timing of Council adoption.</p>
Next Steps	<p>Conduct or update a countywide fee study to identify gaps between current fees and actual service costs. Develop a cost recovery policy framework that clearly defines when full recovery, partial subsidy, or no recovery is appropriate. Establish a standardized fee indexing policy identifying eligible fee categories, exemption criteria, the inflation index to be used, and conditions under which indexing could be paused.</p>

*Unanswered
Questions*

- Which services are appropriate for full cost recovery versus partial or full subsidy?
- How should equity, affordability, and economic development considerations be incorporated into fee decisions?
- Which fees are appropriate for automatic indexing versus discretionary updates?
- How frequently should comprehensive fee reviews occur to prevent large step increases?
- What public reporting or communication should accompany fee changes?



Voter-Approved Revenue Tools

Voter-Endorsed Funding for Clearly Defined Public Priorities

Recommend

Medium Term (2029+)

<p>What are Voter-Approved Revenue Tools?</p>	<p>Voter-approved revenue tools include options such as a property tax levy lid lift, Metropolitan Parks District (MPD), issue-specific levies, and road levy increases. These tools require voter authorization and are designed to fund defined purposes over a specified period, often providing more durable and publicly endorsed revenue than councilmanic options alone.</p>
<p>Rationale</p>	<p>Voter-approved revenue tools are widely viewed as a necessary component of Snohomish County’s long-term fiscal sustainability strategy. While these tools are not suited for immediate budget stabilization, they offer a pathway to durable investment in priority services when paired with clear purpose, strong accountability, and public trust. Task Force discussions emphasized that long-term fiscal balance is unlikely to be achieved through councilmanic actions alone.</p>
<p>Additional Considerations</p>	<p>Task Force members highly endorsed this approach and emphasized that voter-approved tools require significant lead time for policy development, stakeholder alignment, and public education. Members noted the importance of clear issue definition, equity considerations, and transparency about tradeoffs to build credibility and voter confidence. Poorly timed or insufficiently defined proposals were viewed as increasing the risk of voter rejection and eroding public trust.</p>
<p>Assumptions & Revenue Projections</p>	<p>Voter-approved revenue tools can generate meaningful recurring revenue, often in the low- to mid-tens of millions of dollars annually, depending on the tax structure, rate, and voter-approved scope. Actual fiscal impact varies based on economic conditions, ballot design, and timing. Revenue is typically realized in a future biennium following voter approval and implementation.</p>
<p>Next Steps</p>	<p>Begin early groundwork during the 2027–2028 biennium, including public education, issue framing, and stakeholder engagement. Clarify priority use cases (e.g., public safety, roads, parks, or other defined services). Coordinate timing with existing or anticipated ballot measures to avoid voter fatigue. Develop equity and affordability considerations alongside fiscal projections.</p>
<p><i>Unanswered Questions</i></p>	<ul style="list-style-type: none"> • Which issue areas are most appropriate for voter consideration, given current service pressures and community priorities? • How should voter-approved tools be sequenced relative to councilmanic actions and other fiscal strategies? • What accountability and reporting mechanisms are necessary to maintain public trust over time?

Longer-Term Fiscal Sustainability Considerations

In addition to near- and medium-term actions, the Task Force discussed a range of longer-term fiscal sustainability considerations. These extend beyond the scope of immediate budget decisions or the County's sole authority, often involving state-level policy changes, structural reforms, or shifts in service delivery models that would require sustained advocacy, coordination, and political alignment over multiple years.

Given the Task Force's charge and timeframe, these longer-term considerations are not presented as actionable recommendations. Instead, they are summarized to document key issues raised, highlight areas of shared concern, and preserve institutional knowledge that may inform future planning efforts. In several cases, members emphasized that progress on near- and medium-term strategies could help position the County more effectively for these longer-range discussions.

The inclusion of these considerations reflects the Task Force's recognition that fiscal sustainability is not solely a biennial budgeting exercise, but an ongoing challenge shaped by structural constraints and policy choices over time. Capturing these themes provides context for future leaders and underscores the importance of aligning short-term decisions with longer-term fiscal realities.



Actions Within Local Authority

Strategies available to the County through Executive, Council, or voter action

Strategy	Task Force Considerations and Recommendations	
<p>Budget Process</p> <p>Priority-based budgeting; one-time vs. ongoing discipline</p>	<p>Recommend</p>	<ul style="list-style-type: none"> Improves fiscal discipline and transparency Clarifies use of one-time vs. ongoing resources Strengthens planning and prioritization Reduces long-term fiscal risk but does not close the gap on its own
<p>Unincorporated Area Revenue Options</p> <p>Commercial parking tax; school-zone speed cameras</p>	<p>Requires Additional Work</p>	<ul style="list-style-type: none"> Limited, targeted revenue potential Best suited for place-based or behavior-driven outcomes Requires careful attention to equity, legality, and public acceptance Supplemental tool, not a primary structural solution
<p>Long-Range Organizational Alignment</p> <p>Digital modernization and innovation; shared services models, AI</p>	<p>Requires Additional Work</p>	<ul style="list-style-type: none"> Supports future efficiency and service quality Includes digital modernization, shared services, and automation Not a source of near-term fiscal relief Requires realistic expectations and workforce-centered implementation
<p>Governance & Public Alignment</p> <p>Fiscal Health Advisory Committee; transparency dashboards; public communications</p>	<p>Requires Additional Work</p>	<ul style="list-style-type: none"> Builds transparency and public trust Improves readiness for future fiscal decisions Does not directly address the fiscal gap Most effective when clearly scoped and focused on public education
<p>Service Delivery Reforms</p> <p>Roads or other service-level changes; law and justice response model collaboration</p>	<p>Requires Additional Work</p>	<ul style="list-style-type: none"> Potential to address long-term cost drivers Requires additional analysis and clearer definition Must account for workforce capacity, equity, and service access Not appropriate as short-term cost-cutting measures

State-Level and Structural Strategies

Strategies requiring changes to Washington State law or policy

In addition to actions within local authority, the Task Force discussed several state-level and structural strategies that shape Snohomish County’s long-term fiscal outlook. These strategies require changes to state law or statewide funding frameworks and are beyond the County’s sole control.

While the Task Force did not develop formal recommendations in these areas, members provided input on relative priorities, constraints, and considerations to inform future advocacy and planning. This input reflects both the importance of state-level reform and the practical challenges of advancing such changes in the near term.

State-Level Strategy Area	Relative Priority	Key Themes, Constraints, and Considerations
Property Tax System Reform	Highest overall priority	Viewed as foundational to addressing long-term structural imbalance. Strong interest in correcting inflationary erosion caused by statutory limits. Members raised significant concerns about widespread public misunderstanding of the property tax system, political resistance to perceived tax increases, and the need for sustained public education and legislative action.
Transportation & Roads Funding Reform	High priority	Seen as a clear example of a revenue problem rather than a spending problem, with growing infrastructure needs outpacing available funding. Advancement depends on state authorization and must be considered alongside local voter fatigue and existing transportation levies.
Courts, Elections & Public Safety Unfunded Mandates	Moderate to high priority	Recognition that state-mandated responsibilities drive local costs without corresponding state funding. Members noted the long-term sustainability risk and limited local control, as well as the complexity of state–local fiscal relationships.
Human Services & Behavioral Health Financing	Moderate priority	Acknowledged need for better alignment between service expectations and funding structures. Members noted fragmented funding streams, heavy reliance on grants and one-time funds, and the complexity of navigating state and federal policy and program requirements.
REET Modernization	Lower relative priority	Viewed as potentially helpful but limited due to revenue volatility and statutory restrictions on allowable uses. Members noted that these constraints reduce its usefulness for supporting ongoing operations.

Pathway Options for Long-Term Fiscal Sustainability

Snohomish County's fiscal challenge is not driven by a single decision point or revenue source, but by the cumulative effect of constrained revenues, rising service costs, and long-term structural pressures. Addressing this challenge requires a combination of actions taken over time.

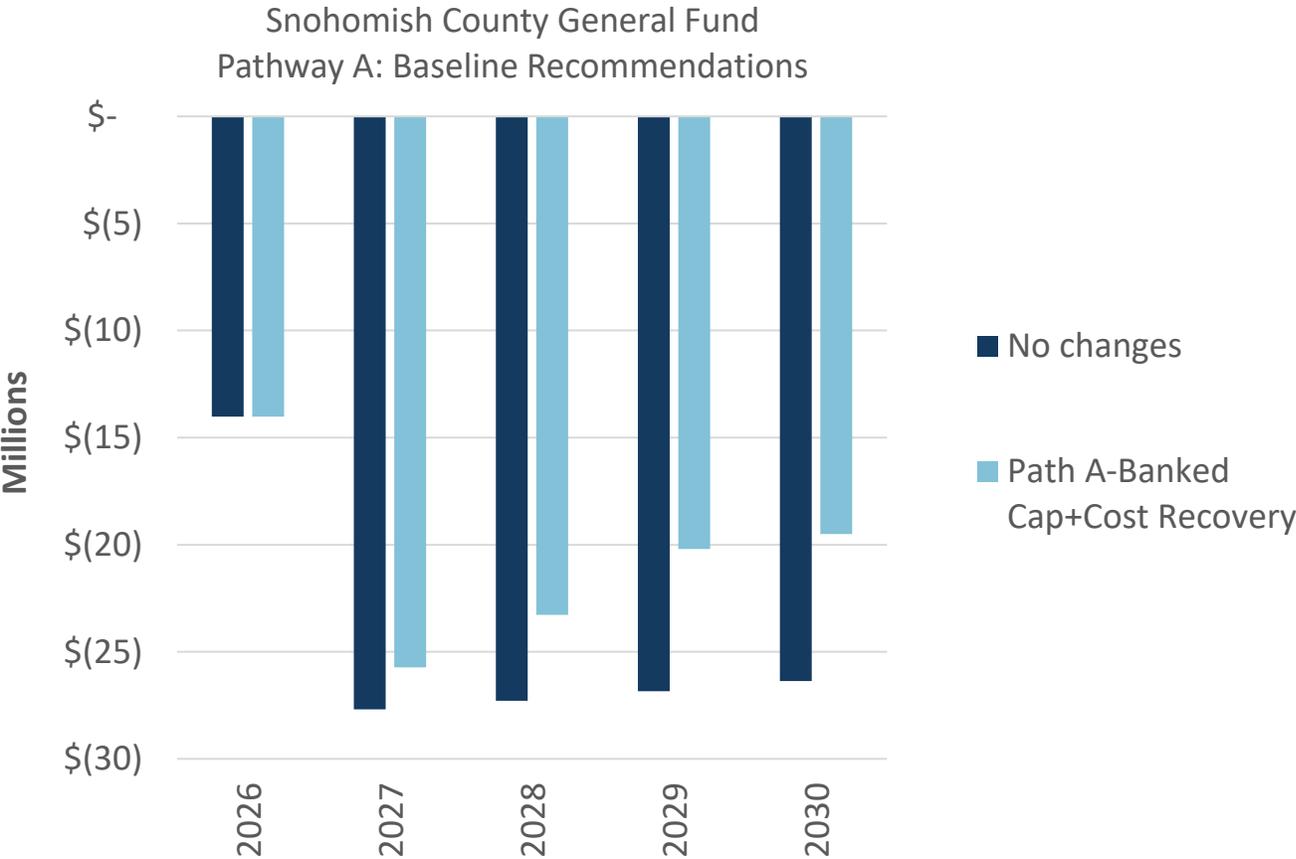
The pathway options below illustrate how different combinations of locally available strategies could be sequenced to improve fiscal stability, and what each combination implies for service levels, workforce impacts, voter engagement, and long-term risk. These pathways are not recommendations; they are intended to support decision-making by clarifying tradeoffs, timing considerations, and the consequences of different choices.



Pathway A: Baseline Actions Only

This pathway reflects implementation of widely available local tools to stabilize revenues and strengthen budget discipline, without introducing new voter-approved or high-impact expenditure actions.

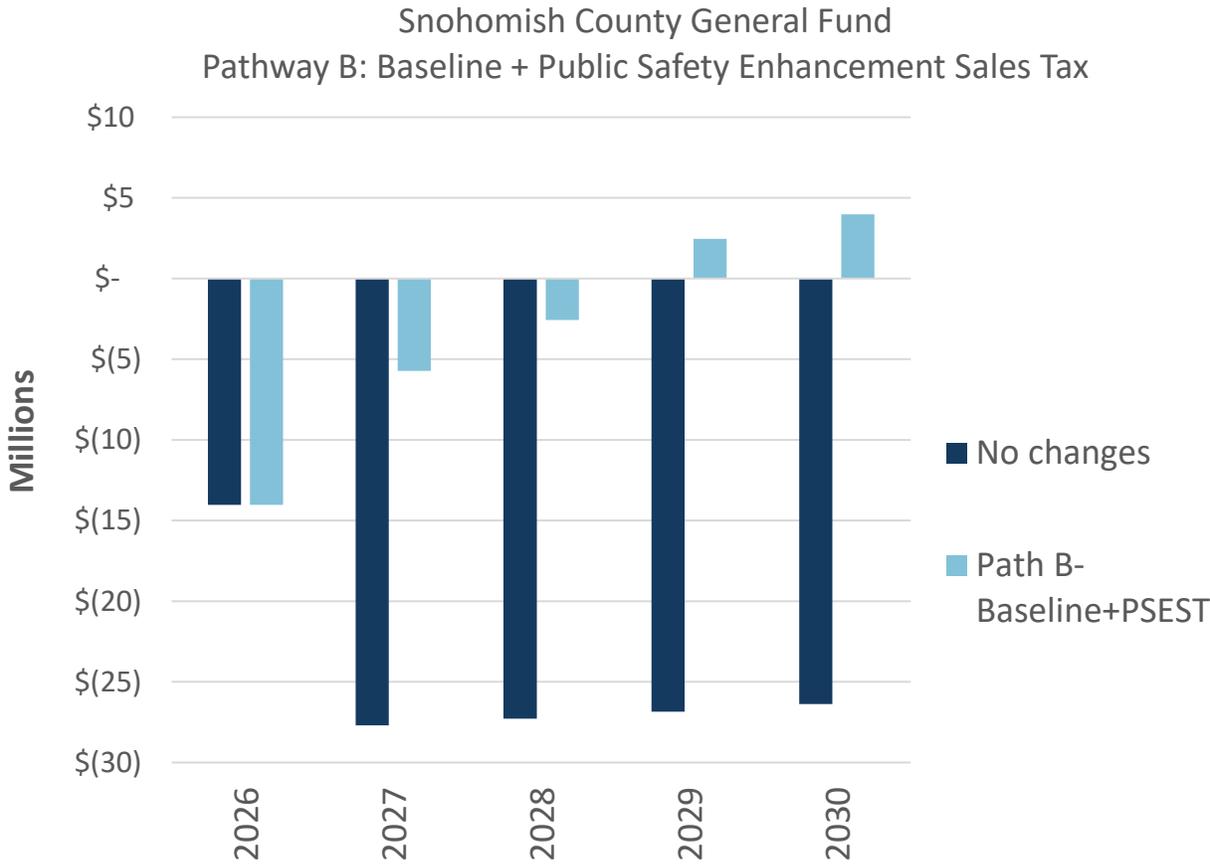
Strategy	Status	Estimated Annual Impact
1% Property Tax Levy Increase	Prioritized	~\$1M
Banked Levy Capacity (Phased)	Prioritized	~\$4M
Transportation Benefit District	Prioritized	~\$6M (Roads Fund)
Fund Balance Target Policy	Ready	Risk reduction
Fee Cost Recovery & Indexing	Ready	~\$2-5M



Pathway B: Baseline Actions Plus Public Safety Revenue

This pathway pairs baseline actions with a councilmanic public safety revenue source to reduce long-term pressure on the general fund and narrow the structural gap.

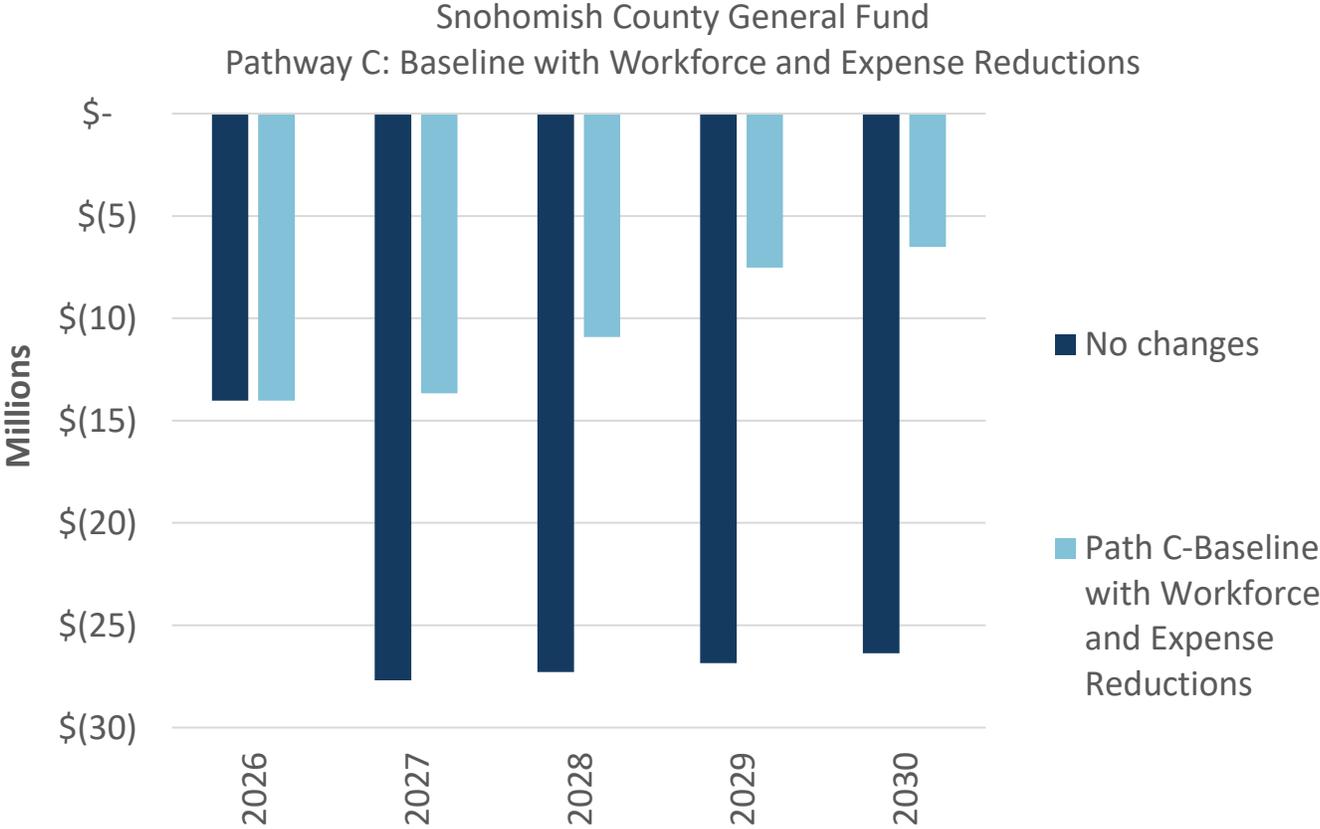
Strategy	Recommendation Status	Estimated Annual Impact
1% Property Tax Levy Increase	Prioritized	~\$1M
Banked Levy Capacity (Phased)	Prioritized	~\$4M
Transportation Benefit District	Prioritized	~\$6M (Roads Fund)
Fund Balance Target Policy	Ready	Risk reduction
Fee Cost Recovery & Indexing	Ready	~\$2-5M
Public Safety Sales Tax (0.1%)	Conditionally Ready	~\$20M



Pathway C: Baseline Actions Plus Workforce and Expense Reductions

This pathway closes a larger share of the fiscal gap through expenditure reductions, including vacancy eliminations and workforce cuts, rather than through new revenue.

Strategy	Recommendation Status	Estimated Annual Impact
1% Property Tax Levy Increase	Prioritized	~\$1M
Banked Levy Capacity (Phased)	Prioritized	~\$4M
Transportation Benefit District	Prioritized	~\$6M (Roads Fund)
Fund Balance Target Policy	Ready	Risk reduction
Fee Cost Recovery & Indexing	Ready	~\$2–5M
Strategic Vacancy Management	Conditionally Ready	\$4.5 million
Workforce and Expense Reductions (2.5%)	Requires Additional Work	\$7.7 million



Pathway D: Baseline Actions Plus Bridge Strategy and Future Revenue Decision

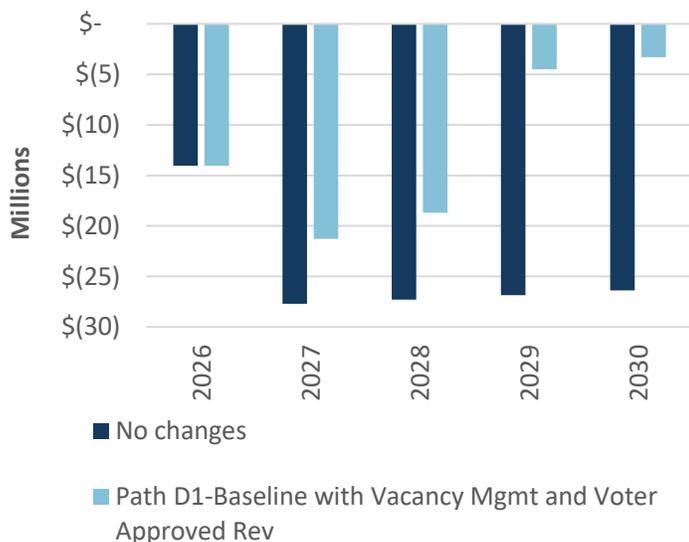
This pathway uses near-term cost containment to stabilize the budget while preserving flexibility for a future voter decision between narrower or broader revenue options.

Strategy	Recommendation Status	Estimated Annual Impact
1% Property Tax Levy Increase	Prioritized	~\$1M
Banked Levy Capacity (Phased)	Prioritized	~\$4M
Transportation Benefit District	Prioritized	~\$6M (Roads Fund)
Fund Balance Target Policy	Ready	Risk reduction
Fee Cost Recovery & Indexing	Ready	~\$2–5M
Strategic Vacancy Management	Conditionally Ready	\$4.5 million

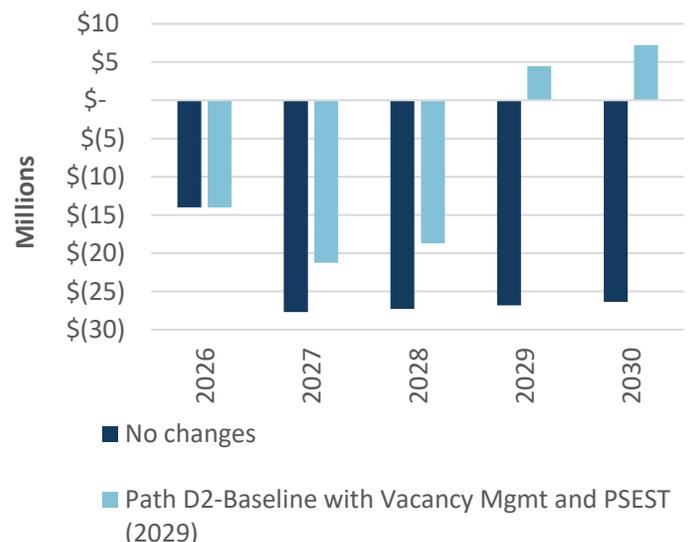
Near-term actions above plus a voter-approved levy OR vote for PSEST with collections starting in 2029.

Strategy	Recommendation Status	Estimated Annual Impact
Voter Approved Revenue Tool	Ready	~\$11M
Public Safety Enhancement Sales Tax (0.1%)	Conditionally Ready	~\$20M

Snohomish County General Fund
Pathway D1: Baseline with Vacancy Management and Voter-Approved Revenue (2029)



Snohomish County General Fund
Pathway D2: Baseline with Vacancy Management and later PSEST Revenue (2029)



Key Takeaways and Implications for Local Leadership

The pathway options outlined above illustrate that Snohomish County’s fiscal challenge cannot be resolved through a single action or decision. Instead, long-term fiscal stability depends on how multiple strategies are combined, sequenced, and sustained over time. Several cross-cutting implications emerge for local leadership:

- **Baseline actions are necessary but not sufficient.** Fully implementing broadly supported strategies within local authority, such as property tax adjustments, transportation funding tools, fee alignment, and fund balance policies, improves stability and discipline but does not eliminate the County’s long-term structural gap.
- **Closing the gap requires a deliberate choice between revenue, reductions, or a combination of both.** The pathway analysis makes clear that different approaches resolve fiscal pressures in fundamentally different ways, with distinct implications for services, workforce capacity, and public trust.
- **Vacancy management can provide short-term relief but is not a standalone solution.** Whether implemented through elimination of vacant positions or other controls, vacancy strategies can slow cost growth and buy time, but do not replace the need for durable, ongoing revenue or structural alignment.
- **Voter-approved revenue tools require early and intentional groundwork.** Successful consideration of future ballot measures depends on advance preparation, including clear issue definition, public education, and trust-building. Delaying this work narrows future options and increases fiscal risk.
- **Workforce and service reductions close gaps more quickly but carry lasting impacts.** Reductions can materially improve the fiscal outlook in the near term, but their effects on service levels, employee morale, and organizational capacity compound over time and may limit future flexibility.
- **A shared public narrative must be built intentionally.** Sustaining fiscal solutions, particularly those involving revenue or service changes, requires advanced education, clear articulation of trade-offs, and visible alignment among community leaders. Communication should begin early, not after decisions are made, and should connect fiscal choices to community outcomes residents value.
- **Sequencing matters.** Early decisions shape which options remain viable in later years. Choices made in the 2027–2028 biennium will influence not only short-term balance, but the County’s ability to pursue sustainable solutions in future budget cycles.

Taken together, these implications underscore that fiscal sustainability is as much about timing, alignment, and tradeoffs as it is about individual strategies.

Looking Ahead

The Fiscal Sustainability Task Force’s work reinforces that Snohomish County’s fiscal challenges are structural and long-term, and that meaningful progress will require sustained attention beyond a single budget cycle. While this report does not recommend a single pathway, it provides a shared foundation to support informed decision-making by the Executive and County Council.

In the near term, several actions can proceed regardless of which pathway is ultimately pursued. These include fully implementing baseline strategies within local authority, strengthening budget discipline and transparency, and beginning groundwork for options that require additional lead time, such as voter-approved revenue tools.

Over time, County leadership will need to make explicit choices about how to balance revenue enhancements, cost containment, and service impacts. The pathway options outlined in this report are intended to clarify those choices and their long-term implications without constraining future decision-making.

Ultimately, fiscal sustainability is not a one-time decision but an ongoing commitment to aligning revenues, expenditures, and community priorities.

