

EXECUTIVE SUMMARY

OKANOGAN COUNTY, COST OF COMMUNITY SERVICES STUDY

Cost of Community Services (COCS) studies provide a baseline of information to help local officials and citizens make informed land use decisions. They offer the benefit of hindsight to see the effect of development patterns to date. They also demonstrate the fiscal importance of privately owned land in farm and forest uses.

The COCS study in Okanogan County found:

- Residential lands generated 86% of all county revenues (including taxes, fees, and grants); commercial and industrial generated 6%; farm, forest and open land generated 5% by; and other lands generated 3%.¹
- Residential lands received (or cost) 92% of the county budget in 2005; commercial and industrial lands cost 3%; farm, forest and open lands cost 2%, and other lands cost 1%.

In other words, **for each \$1 of revenue received from residential properties in fiscal year 2005, Okanogan County spent \$1.06 providing services to those lands.** For each \$1 from commercial and industrial land uses, the county spent 59 cents providing services; for each \$1 received from farm, forest and open land, the county spent 56 cents; and for each \$1 received from other lands, the county spent 62 cents.

Residential land uses created a deficit of \$4.8 million, while the other three land use categories generated surpluses: \$2.2 million from commercial and industrial, \$2.1 million from farm, forest and open land, and almost \$1 million from other lands. **While residential land use contributes the largest amount of revenue, its net fiscal impact is negative.**

Farm, forest and open lands pay more in local tax revenues than they receive in services. Even with a reduced assessed value, **farm, forest and open space land contributes a surplus of revenue to pay for public services for residents of Okanogan County.**

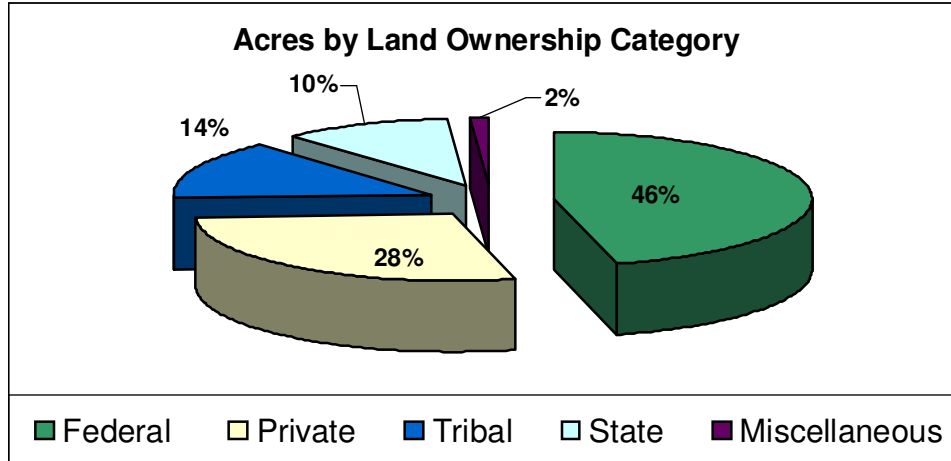
2002 U.S. Census of Agriculture Statistics for Okanogan County:

- 1,486 farms
- 1,241,316 acres of farmland
- 835 acres = average farm size
- \$754,965 = average estimated market value of land and buildings
- \$137.4 million = market value of all agricultural products
- 15,992 farm workers with a total payroll of \$37.3 million

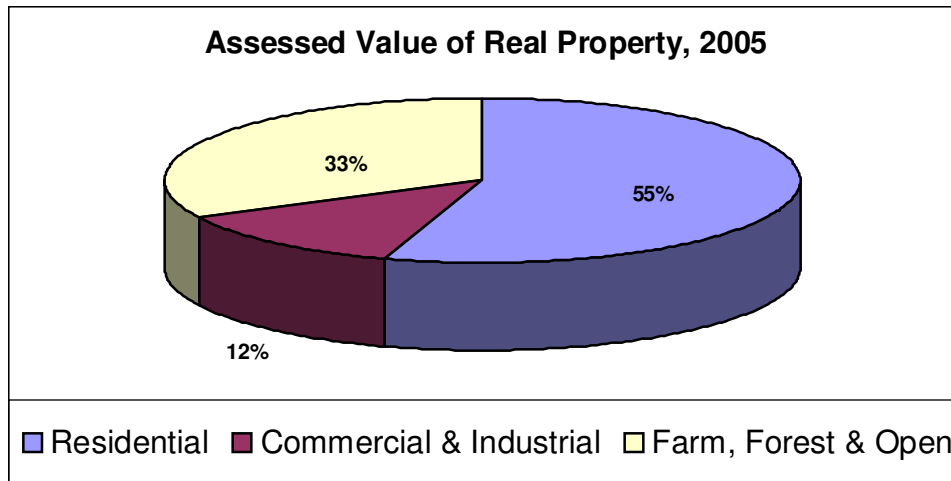
¹ Tax-exempt lands including state, federal and tribal lands.

LAND USE

While Okanogan County is approximately the size of a small state, only 30 percent of its land is in private ownership due to the large amount of state, federal and tribal land.



In 2004, there were approximately 44,000 parcels of private property in the county with an assessed value of more than \$2 billion. Residential property made up the largest portion of this value:



REVENUE AND EXPENSE COMPARISONS

The COCS study compared revenues and costs for each land use type (residential, commercial, farm) in order to understand the total costs to the county by land use category.

Okanogan County property tax revenues were distributed as follows:

- 69% from residential land;
- 12% from commercial and industrial land;
- 19% from farm, forest and open land.

The ratios of revenue generated to cost of services found in Okanogan County are somewhat different from those of other COCS studies. The residential expenditure (\$1.06) is **lower** than the national median (\$1.19). The commercial-industrial expenditure (59 cents) is **higher** than the median (29 cents), and the farm-open space expenditure (56 cents) is **higher** than the median (37 cents).

AFT has typically found lower residential ratios in communities where the commercial and industrial land base is fairly small. In addition the large area and low population density of Okanogan County led to higher than normal road expenditures for all land uses. Road expenditures for farmland were \$1.2 million, or almost half of all the expenditures associated with farm, forest and open land.

CONCLUSIONS

Based on the actual county expenditures in FY 2005, **this COCS study shows the economic importance of farm, forest and open land in Okanogan County.**

- Even with a reduced assessed value (i.e. Open Ag. Tax Classification), agricultural properties contribute a surplus of revenue to pay for public services for county residents.
- Taxes and other revenues from residential development do not cover all the public services residents receive from the county.
- Agricultural lands pay more in local tax revenues than they receive in services. A balance of land uses, including agricultural lands, is needed to provide adequate revenue to pay for these services.

This COCS study justifies tax and land protection incentives to help protect farmland and open space from the pressure of residential development. The COCS study highlights the invisible benefits of farmland in Okanogan County, and provides an important comparison to other counties throughout the nation.

The Methow Conservancy wishes to emphasize that the agricultural economy and its benefits to Okanogan County is most likely to continue if farmers and ranchers are recognized and rewarded. We believe that this study helps to justify voluntary, landowner-driven land protection programs throughout Okanogan County.

Thank you to Okanogan County Commissioner Bud Hover who endorsed this project, to the county department heads who provided data and assistance, and to Carl Mailler of American Farmland Trust who researched and wrote the COCS study.

Table 1. Community Services in Okanogan County, WA		
Service	Cost in 2005	Percent of All Expenditures
Services Studied		
County Government	\$ 31,087,661	30.28 %
School Districts	\$ 61,661,173	60.07 %
Library District	\$ 999,696	0.97 %
Subtotal	\$ 93,748,530	91.32 %
Services Not Studied		
Cemetery Districts	\$ 41,462	0.04 %
Hospital Districts	\$ 881,255	0.86 %
EMS Districts	\$ 693,966	0.68 %
Fire Districts	\$ 927,557	0.90 %
City Services (a)	\$ <u>6,360,276</u>	<u>6.20 %</u>
Total All Services (b)	\$ 102,653,046	100.00 %
(a) Based on a review of property taxes and an assumption that property taxes are about one-third of revenues. (b) Several enterprise funds are not included in this analysis such as T.V., Irrigation, Water and Reclamation Districts.		

Table 2. COCS Study Findings, Okanogan County					
Okanogan County	FY 2005 Actual	Residential	Commercial and Industrial	Farm, Forest and Open	Other (1)
a) Total Revenues	\$ 93,233,134	\$ 80,369,617	\$ 5,397,482	\$ 4,913,609	\$ 2,552,427
b) Total Expenditures	\$ 92,748,834	\$ 85,230,492	\$ 3,177,039	\$ 2,771,549	\$ 1,569,754
Net contribution (a-b)	\$ 484,300	\$ (4,860,875)	\$ 2,220,443	\$ 2,142,060	\$ 982,673
Land use ratio*		\$1.00/ \$1.06	\$1.00 / \$0.59	\$1.00 / \$0.56	\$1.00/ \$ 0.62
(1) Includes state, federal and tribal land. *For each \$1 of revenue generated, the cost of services provided.					