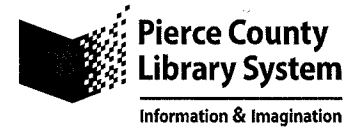

M E M O



Date: July 3, 2012

To: Chair Stephen Albers and Members of the Board of Trustees

From: Clifford Jo, Finance & Business Director

Subject: 2012 Property Values

Two weeks ago the Pierce County Assessor-Treasurer's Office reported another year's drop in assessed values. It reported that Pierce County residences were assessed at an average -11.96% drop in value and commercial properties at an average -3.97% drop.

In December 2011 the Library estimated that the 2013 budget problem would be between \$2.6 and \$3 million. Pierce County's report falls within the high end of that range. Given the information provided by Pierce County and removing cities not in our taxing district (e.g., Puyallup, Tacoma, Fircrest), we calculate that the revaluation puts the Library District at -9.77% of assessed valuation from the previous year, which puts us at -\$3 million budget shortfall ("shortfall" means the net difference between projected revenues and projected expenditures; the revenue shortfall is -\$2.4 million).

Last week The News Tribune mentioned the County Assessor wanting to forego or prematurely end assessing new construction for the purpose of finishing other priorities. (The general valuation schedule is existing property valuations end in late May and new construction valuations end August 31.) If new construction valuation ends prematurely and if no more than 50% is valued in new construction, the budget problem increases by about \$110,000. If no new construction is factored into the Library District's tax base, the budget shortfall increases by \$200,000.

Therefore at this time and until we have the Preliminary Levy Certificate in September, we calculate that our 2013 budget shortfall is \$3 to \$3.2 million pending what happens with what the County Assessor decides.

The Library began planning for this reality beginning in March of this year. Our task was to ascertain the real budget problem after factoring an initial set of reductions. In September, we will inform the Board what the real budget gap is to balance the budget.

See attached reports from the County Assessor; the charts include a breakdown of property value declines by city/location.



Pierce County

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DALE WASHAM
Assessor-Treasurer

Press Release – June 12, 2012 FOR IMMEDIATE RELEASE

2012 Notices of Value being mailed on June 22 to Pierce County Property Owners

On Friday, June 22, the Pierce County Assessor-Treasurer office will begin mailing notices of value for most residential and commercial properties in Pierce County. The notices provide taxpayers with their assessed values as of January 1, 2012. Those values are the base upon which the 2013 property tax statements are calculated later in the year.

The vast majority of the notices, 95% of the total, will show a reduction in value from 2011. The 2012 values reflect the continued weakness of the real estate market, and an accelerating decline across the board for all residential property types. The average residential property value in Pierce County has fallen by 11.96% from the year before, while commercial properties saw their average values decline by 3.97%. Over the past four years, the average value of a residential property in Pierce County has plunged from \$277,674 in 2008 to \$191,402 as of January of this year, a decline of more than 31%. There are differences among neighborhoods however, for example the appraisal area around the communities of DuPont, Steilacoom and Chambers Bay has experienced the lowest drop in values at less than 25%, while the east end of the City of Tacoma, alongside Pacific Avenue, has seen its values decline by more than 38% during the same time period. Commercial properties, whose values actually peaked a year later than their residential counterparts, have only fared slightly better. Since 2009, the average commercial value in the county has declined by some \$233,500, an almost 20% loss of value. A comprehensive annual revaluation report, containing more detail such as year to year value average comparisons, average values by school and fire district, or cities and towns, and lists of individual sales, will be available later this month at the Assessor-Treasurer's website under the Reports link.

<http://www.co.pierce.wa.us/pc/abtus/ourorg/at/Reports.htm>

Pierce County appraises all properties on a six-year revaluation schedule, as mandated by state law. One-sixth of the county is physically inspected every year, while the values for the remaining five-sixths are statistically trended, based on market indicators. At the May 31, 2012 conclusion of year five of the six-year revaluation schedule, the Pierce County Assessor-Treasurer's office has physically inspected 259,665 properties, or slightly more than 80% of the total number of properties in the County. Assessor-Treasurer Dale Washam and his staff remain committed to preserving the integrity of the citizens' property tax levy rates, by maintaining a strict adherence to all statutory requirements, as promised.

IMPORTANT REMINDER: The final day for filing a property tax appeal is 60 days from the mailing date on the notice. Information regarding property tax appeals is located on the back of the value notice or by contacting the Pierce County Board of Equalization at 253-798-7415. For convenience, appeal forms and helpful information are also available at the front counter of the Assessor-Treasurer's Office or electronically at the Assessor-Treasurer's website. <http://www.co.pierce.wa.us/pc/abtus/ourorg/at/appeals.htm>

Additional notices will be mailed in September, if applicable, to reflect changes in value due to new construction.

CONTACT:
Marion Roe,
Assistant to the Assessor-Treasurer,
253-798-7144

WE WORK FOR YOU, THE TAXPAYER.

Pierce County Assessor-Treasurer 2012 Residential Revaluation Report

2012 County-Wide Residential Average Assessed Value Change

2011 Avg Assd Value	\$216,520
2012 Avg Assd Value	\$191,402
Dollar Change in Avg Assd Value	-\$25,118
Average Percent Change	-11.958%

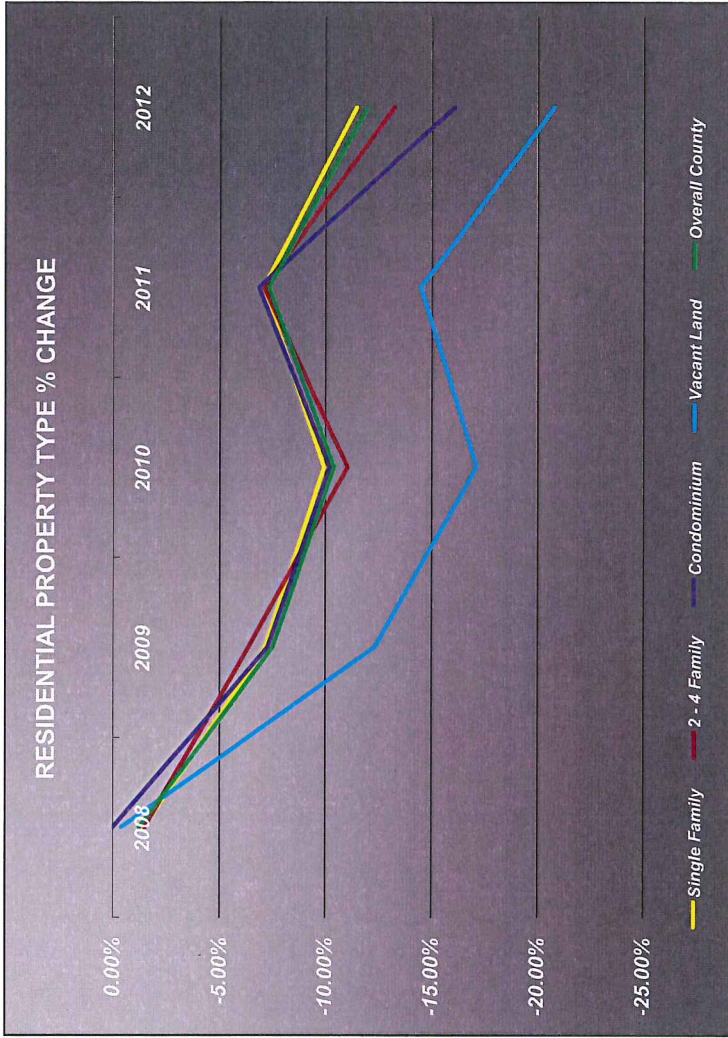
2012 Residential Average Assessed Value Change by Appraisal Area

		2011 Avg Assd Value	2012 Avg Assd Value	Dollar Change in Avg Assd Value	Percent Change
AA	01	\$189,411	\$165,187	-\$24,224	-12.789%
	02	\$210,790	\$178,956	-\$31,834	-15.102%
	03	\$264,441	\$233,806	-\$30,635	-11.585%
	04	\$246,956	\$215,411	-\$31,545	-12.774%
	05	\$195,334	\$173,610	-\$21,724	-11.121%
	06	\$182,066	\$163,724	-\$18,343	-10.075%
	07	\$162,297	\$140,716	-\$21,581	-13.297%
	08	\$210,686	\$186,807	-\$23,879	-11.334%
	09	\$195,197	\$168,908	-\$26,289	-13.468%
	10	\$177,242	\$161,473	-\$15,770	-8.897%
	11	\$306,696	\$275,310	-\$31,386	-10.233%
	12	\$362,188	\$332,730	-\$29,459	-8.134%
	13	\$189,463	\$167,375	-\$22,088	-11.658%
	14	\$218,865	\$192,108	-\$26,756	-12.225%
	15	\$258,408	\$235,405	-\$23,003	-8.902%
	16	\$248,867	\$219,533	-\$29,334	-11.787%
	17	\$141,146	\$121,519	-\$19,627	-13.905%
	18	\$137,307	\$112,652	-\$24,655	-17.956%
Averages		\$216,520	\$191,402	-\$25,118	-11.958%

2012 Residential Average Assessed Value Changes by Property Type

	CONDO	MULTI	SFR	VACANT
2011 Avg Assd Value	\$175,282	\$234,568	\$240,830	\$77,058
2012 Avg Assd Value	\$148,366	\$203,737	\$214,242	\$61,499
Dollar Change in Avg Assd Value	-\$26,916	-\$30,831	-\$26,588	-\$15,559
Avg % Change in App Area Avg Assd Value	-16.050%	-13.219%	-11.457%	-20.782%

PIERCE COUNTY
RESIDENTIAL PROPERTY AVERAGE ASSESSMENT TREND



Property Type	2008	2009	2010	2011	2012
Single Family	-1.49%	-7.18%	-7.09%	-11.46%	-11.96%
2-4 Family	-1.50%	-6.38%	-11.04%	-7.05%	-13.22%
Condominium	-0.01%	-7.28%	-10.22%	-6.86%	-16.05%
Vacant Land	-0.44%	-12.32%	-17.11%	-14.49%	-20.78%
Overall County	-1.27%	-7.55%	-10.42%	-7.33%	-11.96%

Area	YEAR TO YEAR AVERAGE VALUE CHANGE BY APPRAISAL AREA					% Change	Description
	2008	2009	2010	2011	2012		
Area 01	\$ 223,666	\$ 226,998	\$ 195,683	\$ 189,411	\$ 165,187	-26.15%	Eatonville, Ohop Lake, Harts Lake, Kapowsin
Area 02	\$ 277,868	\$ 267,198	\$ 230,974	\$ 210,790	\$ 178,956	-35.60%	Buckley, Wilkeson, Carbonado
Area 03	\$ 360,059	\$ 334,820	\$ 286,012	\$ 264,441	\$ 233,806	-35.08%	Sumner, Pacific, Lakeland Hills, Lake Tapps, Bonney Lake
Area 04	\$ 327,342	\$ 312,462	\$ 265,980	\$ 246,956	\$ 215,411	-34.19%	Edgewood, Fife, Milton, NE Tacoma
Area 05	\$ 256,453	\$ 237,805	\$ 210,882	\$ 195,334	\$ 173,610	-32.30%	Orting Valley to Highway 410
Area 06	\$ 222,580	\$ 205,489	\$ 185,889	\$ 182,066	\$ 163,724	-26.44%	Roy, Yelm, Elk Plain, Frederickson, Graham
Area 07	\$ 215,015	\$ 193,920	\$ 176,048	\$ 162,297	\$ 140,716	-34.36%	Parkland, Spanaway, Brookdale
Area 08	\$ 266,589	\$ 243,439	\$ 224,943	\$ 210,686	\$ 186,807	-29.93%	South Hill Puyallup
Area 09	\$ 255,664	\$ 254,678	\$ 214,497	\$ 195,197	\$ 168,908	-33.93%	Midland, Summit, Puyallup, River Road
Area 10	\$ 227,398	\$ 208,217	\$ 191,878	\$ 177,242	\$ 161,473	-28.99%	Key Peninsula, Longbranch, Vaughn, Elgin
Area 11	\$ 400,993	\$ 370,854	\$ 326,055	\$ 306,696	\$ 275,310	-31.34%	Wauka, Purdy, Maplewood, Crescent Valley, Canterwood, Gig Harbor
Area 12	\$ 454,805	\$ 439,884	\$ 389,806	\$ 362,188	\$ 332,730	-26.84%	Swede Hill, Raft Island, Rosedale, Kopachuck, Warren, Fox Island
Area 13	\$ 222,362	\$ 213,773	\$ 197,021	\$ 189,463	\$ 167,375	-24.73%	Anderson & Ketrion Islands, Dupont, Steilacoom & Chambers Bay
Area 14	\$ 278,767	\$ 256,040	\$ 236,883	\$ 218,865	\$ 192,108	-31.09%	Tillicum, Lakewood
Area 15	\$ 330,089	\$ 307,372	\$ 277,399	\$ 268,408	\$ 235,405	-28.68%	University Place, Fircrest, Tacoma Narrows
Area 16	\$ 309,637	\$ 287,518	\$ 265,609	\$ 248,867	\$ 219,533	-29.10%	Tacoma north of 6th Avenue, Pearl, Ruston
Area 17	\$ 186,668	\$ 176,842	\$ 156,264	\$ 141,146	\$ 121,519	-34.90%	Tacoma south of 6th Avenue, Hilltop, Nalley Valley, Tacoma Mall, Orchard
Area 18	\$ 182,176	\$ 167,263	\$ 148,324	\$ 137,307	\$ 112,652	-38.16%	East Tacoma, south of I-5 along Portland, McKinley, Pacific, Yakima & Sheridan
All Pierce	\$ 277,674	\$ 261,321	\$ 232,175	\$ 216,520	\$ 191,402	-31.07%	