



**Snohomish County
County Executive's Office**

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Snohomish County's Bond Rating Improved

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Standard and Poor's takes County off of negative watch

Snohomish County Executive Aaron Reardon today received confirmation that Standard and Poor's (S&P) has upgraded the County's bond rating outlook from a 'negative watch' to 'stable'. In their official Public Finance statement, S&P cited among other reasons, "The 2005 budget included closure of a \$13.4 million budget gap without raising taxes using a new priorities-based budgeting process."

"The ratings upgrade is welcome news," said Executive Reardon.

In October 2003, prior to Executive Reardon taking office, S&P downgraded the County's bond rating to a negative watch when it became apparent that the County was facing financial difficulties. In 2005, the County faced a projected \$13.4 million deficit, due in large part to the challenge of operating an expanded County jail facility during a period of reduced revenue.

Taking aim at the deficit, Executive Reardon implemented a Citizens Cabinet on Economic Development and established a Priorities of Government budgeting process to restore fiscal accountability. County staff was given direction to re-engineer key services, such as commercial and residential permitting, for efficiency and cost effectiveness.

"I want to thank the County Council for their support in eliminating the 2005 budget deficit, said Executive Reardon. "That decision demonstrated to S&P the County's strong fiscal discipline. We proved we were capable of making tough financial decisions, and it paid off in real dividends."

Today, the County's fiscal health is the best it has been in five years. The 2005 and 2006 budgets are balanced. There have been no new taxes or decreases in County services to the public during this period.

As a result of the County's improved financial position, Executive Reardon's Community Infrastructure Development Initiative (CIDI) to speed the delivery of needed road, surface water and parks infrastructure projects was recently approved and augmented by County Council. Bonds will be floated for a total of \$55 million including \$36 million to build critical infrastructure projects as much as 10 years ahead of schedule.

By starting construction a decade earlier than planned, the County will avoid the high cost of inflation and increased interest rates. CIDI requires no new taxes. The bonds will be paid off by using existing, dedicated fund sources, much of which are generated from growth such as impact fees from new development and real estate taxes levied on the sale of new homes. Revenue from the County road fund and County park impact fees will also be used.

"Our stronger financial position allows us to create a future of our choosing," said Executive Reardon. "Our improved bond rating outlook is one example of how hard work and discipline can benefit the citizens of Snohomish County."

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